



Interim Report 2011



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
Dr. Wang Jiandong
Mr. Bai Zhisheng
Mr. Zhang Wenli
Mr. Sun Zengyin
Dr. Gong Jing
Mr. Wang Zhiyong

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

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

882.HK

PRINCIPAL BANKERS

Industrial and Commercial Bank
of China (Asia) Limited
CITIC Bank International Limited
Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
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
Hyatt Regency Tianjin Hotel

STRATEGIC AND OTHER INVESTMENTS

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

Business Structure

UTILITIES

Company Name	Shareholding	Principal Activity
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 Activity
Tsinlien Realty Limited	100%	Operation of Courtyard by Marriott Hong Kong
Tianjin First Hotel Ltd.	75%	Operation of Hyatt Regency Tianjin Hotel

STRATEGIC AND OTHER INVESTMENTS

Company Name	Shareholding	Principal Activity
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
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

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Continuing operations:			
Revenue	4	1,703,808	1,632,587
Cost of sales		(1,596,332)	(1,414,669)
Gross profit		107,476	217,918
Other income	5	47,400	13,245
Other gains, net	6	23,991	18,456
General and administrative expenses		(194,217)	(140,030)
Other operating expenses		(16,140)	(13,393)
Finance costs		(11,168)	(6,628)
Share of profits (losses) of			
Associates		349,922	272,042
Jointly controlled entities		(1,654)	(9,643)
Profit before tax		305,610	351,967
Tax expense	7	(48,063)	(32,138)
Profit for the period from continuing operations		257,547	319,829
Operation of toll roads:			
Loss for the period		—	(3,599)
Port services:			
Gain on deemed disposal of interest in a subsidiary	8	—	620,111
Profit for the period from operation of toll roads and port services		—	616,512
Profit for the period	9	257,547	936,341

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
	Notes		
Attributable to:			
Owners of the Company		219,181	904,805
Non-controlling interests		38,366	31,536
		257,547	936,341
		HK cents	HK cents
Earnings per share	10		
Basic:			
From continuing operations		20.53	26.96
From operation of toll roads and port services		—	57.80
		20.53	84.76
Diluted:			
From continuing operations		20.52	26.96
From operation of toll roads and port services		—	57.80
		20.52	84.76
Interim dividend	11	—	—

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		HK\$'000	HK\$'000
Note		(unaudited)	(unaudited)
	Profit for the period	257,547	936,341
	Other comprehensive income (losses):		
	Currency translation differences		
	– the Group	96,726	32,779
	– associates	85,462	29,810
	– jointly controlled entities	378	272
	Release of exchange reserve and available-for-sale revaluation reserve upon completion of deemed disposal of interest in a subsidiary	–	(367,642)
	Change in fair value of available-for-sale financial assets	(34,733)	(163,742)
	Deferred taxation on fair value change of available-for-sale financial assets	–	(8,536)
	Share of other comprehensive loss of an associate		
	– available-for-sale revaluation reserve	(2,324)	(421)
	Total comprehensive income for the period	403,056	458,861
	Attributable to:		
	Owners of the Company	351,775	419,925
	Non-controlling interests	51,281	38,936
		403,056	458,861

Condensed Consolidated Balance Sheet

As at 30 June 2011

		30 June 2011	31 December 2010
	Notes	HK\$'000	HK\$'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,217,808	1,111,473
Land use rights		52,811	51,970
Interest in associates	13	5,133,236	4,744,622
Interest in jointly controlled entities		15,662	16,938
Deferred tax assets		99,169	133,379
Available-for-sale financial assets	14	292,332	464,768
Deposit paid for acquisition of property, plant and equipment		156,446	—
		6,967,464	6,523,150
Current assets			
Inventories		3,555	5,005
Amounts due from jointly controlled entities		26,243	25,645
Amounts due from ultimate holding company		1,176	1,066
Amounts due from related companies		94,903	42,361
Amounts due from investee companies		5,151	16,833
Trade receivables	15	666,426	717,302
Other receivables, deposits and prepayments	15	462,736	1,596,762
Financial assets at fair value through profit or loss		414,620	440,767
Entrusted deposits	16	1,439,951	331,909
Restricted bank balance		16,835	10,576
Time deposits with maturity over three months		462,922	417,321
Cash and cash equivalents		2,496,274	2,521,111
		6,090,792	6,126,658
Assets held for sale	17	676,171	523,859
		6,766,963	6,650,517
Total assets		13,734,427	13,173,667

Condensed Consolidated Balance Sheet

As at 30 June 2011

		30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
	Notes		
EQUITY			
Owners of the Company			
Share capital		106,747	106,747
Reserves		9,126,350	8,774,509
		9,233,097	8,881,256
Non-controlling interests		597,687	525,477
Total equity		9,830,784	9,406,733
LIABILITIES			
Non-current liability			
Deferred tax liabilities		9,002	8,798
Current liabilities			
Trade payables	18	347,044	273,613
Notes payable		48,099	35,253
Other payables and accruals		1,027,910	982,720
Amounts due to related companies		91,273	78,884
Amounts due to non-controlling interests		43,114	42,127
Bank borrowings	19	2,172,484	2,167,735
Current tax liabilities		86,550	101,017
		3,816,474	3,681,349
Liabilities directly associated with assets classified as held for sale	17	78,167	76,787
		3,894,641	3,758,136
Total liabilities		3,903,643	3,766,934
Total equity and liabilities		13,734,427	13,173,667
Net current assets		2,872,322	2,892,381
Total assets less current liabilities		9,839,786	9,415,531

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Owners of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (losses):						
Currency translation differences						
— the 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 by non-controlling interests	—	—	—	—	20,929	20,929
Share-based payment	—	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 Changes in Equity

For the six months ended 30 June 2011

	Owners of the Company				Non-controlling interests	Total
	Share capital	Other reserves	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2010 (audited)	106,747	7,667,264	1,060,370	8,834,381	1,941,965	10,776,346
Profit for the period	—	—	904,805	904,805	31,536	936,341
Other comprehensive income (losses):						
Currency translation differences						
— the Group	—	25,379	—	25,379	7,400	32,779
— associates	—	29,810	—	29,810	—	29,810
— jointly controlled entities	—	272	—	272	—	272
Release of exchange reserve and available-for-sale revaluation reserve upon completion of deemed disposal of interest in a subsidiary	—	(367,642)	—	(367,642)	—	(367,642)
Change in fair value of available-for-sale financial assets	—	(163,742)	—	(163,742)	—	(163,742)
Deferred taxation on fair value change of available-for-sale financial assets	—	(8,536)	—	(8,536)	—	(8,536)
Share of other comprehensive loss of an associate — available-for-sale revaluation reserve	—	(421)	—	(421)	—	(421)
Total comprehensive (loss) income for the period	—	(484,880)	904,805	419,925	38,936	458,861
Capital contributions by non-controlling interests	—	—	—	—	6,881	6,881
Transfer of reserves and release of non-controlling interests upon completion of deemed disposal of interest in a subsidiary	—	(238,181)	238,181	—	(1,176,077)	(1,176,077)
Transfer between reserves	—	4,195	(4,195)	—	—	—
	—	(233,986)	233,986	—	(1,169,196)	(1,169,196)
At 30 June 2010 (unaudited)	106,747	6,948,398	2,199,161	9,254,306	811,705	10,066,011

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Note	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash from operating activities		310,662	419,364
Net cash used in investing activities		(303,988)	(676,086)
Net cash (used in) from financing activities		(96,581)	136,667
Net decrease in cash and cash equivalents		(89,907)	(120,055)
Cash and cash equivalents at 1 January		2,523,326	2,723,485
Effect of foreign exchange rate changes		64,727	22,340
Cash and cash equivalents at 30 June		2,498,146	2,625,770
Analysis:			
Cash and cash equivalents		2,496,274	2,359,062
Cash and cash equivalents classified as assets held for sale, relating to operation of			
— toll roads		—	266,708
— hotel	17	1,872	—
		2,498,146	2,625,770

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments 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 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except that in the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The adoption of these new or revised HKFRSs did not result in significant impact on the Group's results and financial position or significant changes in the Group's accounting policies and presentation of these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets ³
HKAS 19 (as revised in 2011)	Employee Benefits ³
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

³ Effective for annual periods beginning on or after 1 January 2012

Notes to the Condensed Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The above new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and shall be effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a series of judgements.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments.

The Group has already commenced an assessment of the impact of these new or revised HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of performance and financial position.

Notes to the Condensed Consolidated Financial Statements

3. CRITICAL ACCOUNTING JUDGMENTS

Estimates and judgments 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 2010, the judgement and the key source of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the condensed consolidated financial statements are discussed below.

On 2 March 2011, the Company was informed by the Finance Bureau of Tianjin Economic and Technological Development Area ("TEDA Finance Bureau") that the basis of calculating the supplemental income to be granted by TEDA Finance Bureau to the utility businesses of the Group will be a lump sum to be negotiated between the Company and 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 this interim financial information, the Group, after discussion with TEDA Finance Bureau, has accrued an amount of such supplemental income for the six months ended 30 June 2011 ("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 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 reviewed by the chief operating decision-makers that are used to make strategic decisions. The chief operating decision-makers assess the performance of the operating segments based on a measure of profit after tax.

The Group has five operating 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 operating segments.

(a) Utilities

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

(b) Hotels

This segment derives revenue from the 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 2011					
	Continuing operations					
	Utilities (note (i)) HK\$'000	Hotels HK\$'000	Winery HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Total operating segments 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 profits 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 expenses	(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 amortisation	33,830	14,821	–	–	–	48,651

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2010							
	Continuing operations							
	Utilities (note (i)) HK\$'000	Hotels HK\$'000	Winery HK\$'000	Port services HK\$'000	Elevators and escalators HK\$'000	Sub-total HK\$'000	Operation of toll roads (note (ii)) HK\$'000	Total operating segments HK\$'000
Segment revenue	1,594,582	38,005	—	—	—	1,632,587	—	1,632,587
Operating profit (losses) before interest	125,722	(12,400)	—	—	—	113,322	(2,995)	110,327
Interest income	4,343	10	—	—	—	4,353	913	5,266
Finance costs	(829)	(614)	—	—	—	(1,443)	—	(1,443)
Share of profits of associates	—	—	51,144	47,448	169,998	268,590	—	268,590
Profit (losses) before tax	129,236	(13,004)	51,144	47,448	169,998	384,822	(2,082)	382,740
Tax (expenses) credit	(32,740)	610	—	—	—	(32,130)	(1,517)	(33,647)
Segment results — profit (losses) for the period	96,496	(12,394)	51,144	47,448	169,998	352,692	(3,599)	349,093
Non-controlling interests	(7,292)	3,655	—	—	(29,342)	(32,979)	479	(32,500)
Profit (losses) attributable to owners of the Company	89,204	(8,739)	51,144	47,448	140,656	319,713	(3,120)	316,593
Segment results — profit (losses) for the period includes:								
Depreciation and amortisation	44,231	12,452	—	—	—	56,683	—	56,683

Notes to the Condensed Consolidated Financial Statements

4. SEGMENT INFORMATION (Continued)

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Reconciliation of profit for the period		
Total operating segments	318,451	349,093
Operation of toll roads	—	3,599
Corporate and others (note (iii))	(60,904)	(32,863)
Profit for the period from continuing operations	257,547	319,829

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\$993,800,000, HK\$170,400,000 and HK\$488,300,000, respectively (30 June 2010: approximately HK\$934,500,000, HK\$160,800,000 and HK\$499,300,000, respectively).

The above revenue also included government supplemental income of approximately HK\$131,088,000 (30 June 2010: approximately HK\$208,400,000) granted by TEDA Finance Bureau.

- (ii) This was related to the Group's toll roads operations, namely (a) Tianjin Jinzheng Transportation Development Company Limited ("Jinzheng") which operated the Eastern Outer Ring Road; and (b) Golden Horse Resources Limited ("Golden Horse") which held 60% equity interest in Jinbin Expressway.

The operation of toll roads ceased to be an operating segment for the Group upon completion of the disposal of Jinzheng and Golden Horse in December 2010.

- (iii) These principally include (a) results of the Group's other non-core businesses which are not categorised as operating 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	
	2011 HK\$'000	2010 HK\$'000
Interest income	41,399	11,971
Rental income	2,761	—
Sundries	3,240	1,274
	47,400	13,245

6. OTHER GAINS, NET

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net (loss) gain on financial assets held for trading		
— listed	(4,523)	(3,578)
— unlisted	12,009	7,328
Net gain (loss) on disposal of property, plant and equipment	124	(3,316)
Net exchange gain	19,262	18,022
Others	(2,881)	—
	23,991	18,456

Notes to the Condensed Consolidated Financial Statements

7. TAX EXPENSE

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	(13,063)	(37,505)
Deferred tax	(35,000)	5,367
	(48,063)	(32,138)

No provision for Hong Kong profits tax has been made as there was no estimated assessable profit derived from Hong Kong for the period (six months ended 30 June 2010: nil).

The Group's PRC subsidiaries are subject to PRC EIT at 25%. For those subsidiaries, i.e. electricity, water and heat companies currently subject to a preferential tax rate of 24%, the tax rate will be gradually increased to 25% by 2012.

The deferred tax charge for the current period is mainly related to a reversal of a deferred tax asset relating to tax losses that was recognised in prior years. As a result of revised operating budgets, certain tax losses are no longer expected to be utilised in the foreseeable future and accordingly, the related deferred tax asset was reversed during the current interim period.

8. GAIN ON DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

As detailed in the consolidated financial statements for the year ended 31 December 2010, the Group's interest in Tianjin Port was diluted from 67.33% to 21% (the "Deemed Disposal of Tianjin Port") and a gain of approximately HK\$620 million was recognised by the Group.

After completion of the Deemed Disposal of Tianjin Port, Tianjin Port ceased to be a subsidiary and became an associate of the Group. The Group has adopted equity accounting in respect of its interest in Tianjin Port and the Group continues to participate in the business of port services through its 21% interest in Tianjin Port which constitutes a reportable operating segment of the Group (Note 4).

Notes to the Condensed Consolidated Financial Statements

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Profit for the period is arrived at after charging:		
Employee benefit expense (including directors' emoluments)	159,259	118,919
Purchase of electricity, water and steam for sale	1,381,998	1,223,996
Depreciation	47,113	58,067
Amortisation of land use rights	3,537	843
Provision for impairment of trade receivables	6,097	8,037
Operating lease expense on		
– plants, pipelines and networks	72,920	60,009
– land and buildings	3,195	2,736

10. 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			
	2011 Continuing operations HK\$'000	2010 Continuing operations HK\$'000	2010 Operation of toll roads and port services HK\$'000	Sub-total HK\$'000
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	219,181	287,814	616,991	904,805
Number of shares	Thousand	Thousand	Thousand	
Number of ordinary shares for the purpose of basic earnings per share	1,067,470	1,067,470	1,067,470	
Number of ordinary shares taking into account of share options for the purpose of diluted earnings per share	1,067,915	1,067,470	1,067,470	

The share options have no dilutive effect on basic earnings per share for 2010.

Notes to the Condensed Consolidated Financial Statements

11. DIVIDENDS

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK\$138,539,000 (six months ended 30 June 2010: approximately HK\$64,111,000) for the purpose of expanding the Group's business.

13. INTEREST IN ASSOCIATES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Group's share of net assets		
– Listed shares in Hong Kong		
– Dynasty	910,327	886,237
– Tianjin Port	3,141,388	3,045,447
– Unlisted shares in Otis China	949,277	686,164
– Other unlisted shares	132,244	126,774
	5,133,236	4,744,622
Market value of listed shares		
– Dynasty	1,277,820	2,399,400
– Tianjin Port	1,913,906	2,379,451

Interest in associates at the end of the reporting period included goodwill of approximately HK\$1,125,047,000 (31 December 2010: approximately HK\$1,124,949,000).

Notes to the Condensed Consolidated Financial Statements

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	notes	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Equity securities			
Listed, at market value	(a)	248,094	282,827
Unlisted	(b)	44,238	181,941
		292,332	464,768

notes:

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

As at 30 June 2011, the market value of the 8.28% equity interest amounted to approximately HK\$248,094,000 (31 December 2010: approximately HK\$282,827,000) and the unrealised fair value loss of approximately HK\$34,733,000 (six months ended 30 June 2010: approximately HK\$163,742,000) was recognised in other comprehensive income.

- (b) During the period ended 30 June 2011, approximately HK\$141,943,000 of the unlisted available-for-sale financial assets was reclassified to assets held for sale as the management has decided, and expected to be able, to complete the disposal of such financial asset on or before the end of 2011 (Note 17(c)).

The remaining unlisted available-for-sale financial assets were principally equity investment in certain entities established and operating in the PRC. They are mainly denominated in Renmimbi.

Notes to the Condensed Consolidated Financial Statements

15. TRADE AND OTHER RECEIVABLES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade receivables — gross (note (i))	794,163	836,112
Less: provision for impairment	(127,737)	(118,810)
Trade receivables — net (note (ii))	666,426	717,302
Other receivables, deposits and prepayments		
Consideration receivable for disposal of Jinzheng	334,397	1,408,922
Other receivables, deposits and prepayments	128,339	187,840
	462,736	1,596,762

notes:

- (i) The various group companies have different credit policies which are dependent on the practice of the markets and the businesses which they operate. In general, credit periods of 30 to 180 days are granted to corporate customers of the Group's hotel operations. No credit terms are granted to customers in the utilities segment.

As at 30 June 2011, the government supplemental income receivable of approximately HK\$239,449,000 (31 December 2010: approximately HK\$400,045,000) was due from TEDA Finance Bureau as referred to in Note 4(i). Annual government supplemental income receivable does not have credit terms and the amount is to be finalised by TEDA Finance Bureau after the end of each financial year. Continuous settlements have been received by the Group in the past years.

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	367,016	500,487
31 to 90 days	38,303	23,236
91 to 180 days	47,307	17,623
Over 180 days	213,800	175,956
	666,426	717,302

Notes to the Condensed Consolidated Financial Statements

16. ENTRUSTED DEPOSITS

During the period ended 30 June 2011, the Group placed in and withdrew from a PRC financial institution entrusted deposits of approximately HK\$1,429,000,000 and approximately HK\$351,000,000 respectively. The balance of such entrusted deposits as at 30 June 2011 amounted to approximately HK\$1,439,900,000 which carried guaranteed rates of return ranging from 5.31% to 8.00%.

17. ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

The assets held for sale and their liabilities directly associated with the assets held for sale as at the end of the reporting period are mainly related to the Group's operation of hotels, with details as follows:

		30 June 2011 HK\$'000	31 December 2010 HK\$'000
	notes		
Assets held for sale			
– hotel operation of Hyatt Hotel (as defined below)	(a)	363,963	357,686
– properties held for sale	(b)	170,265	166,173
– available-for-sale financial assets	(c)	141,943	–
		676,171	523,859
Liabilities directly associated with assets held for sale			
– hotel operation of Hyatt Hotel	(a)	78,167	76,787

Notes to the Condensed Consolidated Financial Statements

17. ASSETS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

notes:

- (a) As disclosed in the consolidated financial statements for the year ended 31 December 2010, the Group had decided and commenced to dispose of its entire 75% interest in a subsidiary that holds interest in a hotel property in Tianjin, Hyatt Regency Tianjin Hotel ("Hyatt Hotel"). The following is a summary of the assets and their directly associated liabilities relating to the operation of Hyatt Hotel:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Assets		
Property, plant and equipment	116,083	115,957
Land use rights	221,714	219,783
Trade receivables	52	56
Other receivables, deposits and prepayments	24,242	19,675
Cash and cash equivalents	1,872	2,215
Total assets	363,963	357,686
Liabilities		
Other payables and accruals	1,443	1,811
Deferred tax liabilities	76,724	74,976
Total liabilities	78,167	76,787

- (b) As a result of the disposal of an associate in prior year, the Group was transferred ownership of 26 properties located in Shenzhen and Tianjin. The management has decided, and expected to be able, to dispose of these properties within the next twelve months from the end of last reporting period. Accordingly, these properties are classified as assets held for sale.
- (c) On 22 June 2011, the Group entered into a sale and purchase agreement to dispose of its entire 6.62% interest in Tianjin Xinzhan Expressway Co., Ltd. (天津新展高速公路有限公司, "Tianjin Xinzhan") to Tianjin Expressway Group Co., Ltd., one of the shareholders of Tianjin Xinzhan, at a cash consideration of RMB118,100,000 (equivalent to approximately HK\$ 141,943,000). Tianjin Xinzhan is a joint venture established in the PRC and operates the Tangjin Expressway in Tianjin. The management has decided, and expected to be able, to complete the disposal on or before the end of 2011. Accordingly, this investment was reclassified from non-current available-for-sale financial asset to assets held for sale.

Notes to the Condensed Consolidated Financial Statements

18. TRADE PAYABLES

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	33,636	17,058
31 to 90 days	13,195	38,931
91 to 180 days	1,017	15
Over 180 days	299,196	217,609
	347,044	273,613

19. BANK BORROWINGS

During the current period, the Group did not raise any new borrowings, nor did it repay any existing borrowings. During the period ended 30 June 2010, the Group raised borrowings of approximately HK\$102,623,000.

At the end of the reporting period, all borrowings were repayable within one year and carried interest rates at 0.78% to 5.48% (31 December 2010: 0.78% to 5.48%) per annum.

On 29 July 2011, the term loan facility of HK\$2,000,000,000 was fully repaid.

Notes to the Condensed Consolidated Financial Statements

20. CAPITAL COMMITMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Authorised but not contracted for in respect of		
– Improvements on plant and machinery	745,553	576,961
– Acquisition of properties	–	57,579
– Capital injection to a subsidiary	–	48,202
– Capital injection for establishment of a jointly controlled entity	30,062	29,377
	775,615	712,119
Contracted but not provided for in respect of		
– Property, plant and machinery	198,824	49,716
– Capital injection in an associate	185,962	181,727
– Capital injection in a jointly controlled entity	12,146	11,870
	396,932	243,313

21. RELATED PARTY DISCLOSURES

The Group is controlled by Tsinlien Group Company Limited (“Tsinlien”), a company incorporated in Hong Kong, which owns approximately 54.40% of the Company’s shares as at 30 June 2011. The remaining 45.60% of the Company’s shares is widely held.

Tsinlien is a state-owned enterprise and is controlled by Tianjin Municipal Government. In accordance with HKAS 24 (Revised) *Related Party Disclosures*, government-related entities and their subsidiaries directly or indirectly 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.

Notes to the Condensed Consolidated Financial Statements

21. RELATED PARTY DISCLOSURES (Continued)

During the current period, except for the government supplemental income granted by TEDA Finance Bureau to the utilities business (Note 4), 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 deposits and the corresponding interest income and part of sales and purchases of goods and services (such as sale and purchase of utilities including electricity and water which constituted majority of the Group's purchases). The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed, as appropriate.

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	
	2011 HK\$'000	2010 HK\$'000
Operating lease expenses for land	688	783
Operating lease expenses for plants, pipelines and networks	73,075	59,531
Purchase of steam for sale	433,190	376,698

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

Notes to the Condensed Consolidated Financial Statements

21. RELATED PARTY DISCLOSURES (Continued)

(I) Related party transactions (Continued)

(b) Key management compensation

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Fees	890	853
Salaries and other emoluments	4,011	4,289
	4,901	5,142

(II) Related party balances

Details of the Group's outstanding balances with related parties are set out on the condensed consolidated balance sheet. The balances are unsecured, interest free and have no fixed repayment term.

Management Discussion and Analysis

REVIEW OF BUSINESS

Utilities

The Group's utility businesses are mainly operating in Tianjin Economic and Technological Development Area ("TEDA") to supply 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 and with a planned area of 33 square kilometres in the east and 48 square kilometres in the west, 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 the TEDA. It also provides services in relation to maintenance of power supply equipment and electric power related technological consulting. Currently, the installed transmission capacity of Electricity Company is approximately 528,680 kVA.

For the six months ended 30 June 2011, the Electricity Company reported revenue of approximately HK\$993.8 million and profit of approximately HK\$9.4 million, representing an increase of 6% and a decrease of 77% respectively over the corresponding period of last year. The drop in profit was mainly due to the change of policy and decrease in supplemental income from the TEDA Finance Bureau. The total quantity of electricity sold for the period was approximately 1,250,213,000 kWh, representing an increase of 6% 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 the TEDA. It is also engaged in installation and maintenance of water pipes, tap water related technological consulting, and retail and wholesale of water pipes and related parts. The daily water supply capacity of the Water Company is approximately 400,000 tonnes.

Management Discussion and Analysis

For the period under review, the Water Company reported revenue of approximately HK\$170.4 million and profit of approximately HK\$1.7 million, representing an increase of 6% and a decrease of 87% respectively over the same period of last year. The drop in profit was mainly due to the change of policy and decrease in the supplemental income from the TEDA Finance Bureau. Total quantity of water sold for the period was approximately 23,487,000 tonnes, representing an increase of 6% over the same period of 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 the TEDA. The Heat & Power Company has steam transmission pipelines of approximately 300 kilometres and more than 60 processing stations in the 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\$488.3 million and profit of approximately HK\$198,000, representing a decrease of 2% and a decrease of 99.5% respectively over the same period of last year. The decline in profit was due to the change of policy and decrease in supplemental income from the TEDA Finance Bureau. The total quantity of steam sold was approximately 2,235,000 tonnes, a decrease of 0.4% 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 2011, Courtyard Hotel’s revenue increased by 35% to approximately HK\$51 million and a loss of approximately HK\$26.8 million was recorded. There would be a profit of approximately HK\$8.3 million if excluding a one-off deferred tax of HK\$35 million. The good performance was benefited from the improvement of economy in Hong Kong and its excellent service which leads to the rise of room rate. During the period under review, the average occupancy rate was up to approximately 84% from 76% in the same period of last year.

Management Discussion and Analysis

Hyatt Regency Tianjin Hotel

Hyatt Regency Tianjin Hotel (“Hyatt Hotel”) has been closed since July 2009 and was classified as an asset held for sale last year. It is still undergoing the process of disposal. For the period under review, it recorded a loss of approximately HK\$12.3 million.

Strategic and Other Investments

Winery

During the period under review, the revenue of Dynasty Fine Wines Group Limited (“Dynasty”) (stock code: 828) increased by 0.7% to approximately HK\$791 million and profit attributable to owners of Dynasty dropped by 54% to approximately HK\$53 million. Sales volume decreased by 4% to 30,900,000 bottles. Red wine accounted for approximately 81% of total sales revenue. The poor performance was mainly due to drop of sales volume in Eastern China region and increase in cost of raw materials and manufacturing overheads.

Dynasty contributed to the Group a profit of approximately HK\$23.5 million in the first half of 2011, representing a decrease of 54% over 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% to approximately HK\$7,501 million and profit attributable to owners of Tianjin Port was approximately HK\$370 million. The satisfactory result benefited from the improvement in market demand which leads to the increase of cargo handling and growth of container throughput and rise in unit price. 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\$77.8 million, representing an increase of 64% over the same period of last year.

Management Discussion and Analysis

Elevators and Escalators

Otis Elevator (China) Investment Company Limited (“Otis China”) has continued to generate satisfactory results during the period under review. Its revenue for the first half of 2011 amounted to approximately HK\$7,904 million, representing an increase of 31% over the same period in 2010.

For the six months ended 30 June 2011, Otis China contributed to the Group a profit (after non-controlling interests) of approximately HK\$202.4 million, representing an increase of 44% over the same period of last year. The Group believes that the investment in elevators and escalators business will continue to bring in satisfactory returns.

Investment in Binhai Investment Company Limited

During the period under review, the Group had 8.28% equity interest in Binhai Investment Company Limited (“Binhai Investment”) (stock code: 8035). As at 30 June 2011, the market value of the Group’s interest in Binhai Investment was approximately HK\$248 million (31 December 2010: approximately HK\$282.8 million) and the unrealized fair value loss of approximately HK\$34.8 million was recognised in other comprehensive income.

Disposal of Investment in Tangjin Expressway

On 22 June 2011, the Group through its wholly-owned subsidiary, Godia Holdings Limited, entered into a sale and purchase agreement with Tianjin Expressway Group Co., Ltd. (天津高速公路集團有限公司) (“Tianjin Expressway Group”) for the disposal of its entire 6.62% equity interest in Tianjin Xinzhan Expressway Co., Ltd. (天津新展高速公路有限公司) (“Xinzhan”) at a cash consideration of RMB118,100,000 (the “Disposal”).

Xinzhan is owned by the Company, Tianjin Expressway Group and Grace Crystal Limited as to 6.62%, 33.38% and 60% respectively and is principally engaged in construction, operation, management and maintenance of Tangjin Expressway, Tianjin north section and provision of related services.

Completion of the Disposal is subject to, inter alia, approvals from relevant governmental authorities in the PRC and shall take place within 7 business days after all the conditions are fulfilled. The Disposal is expected to be completed by the end of 2011.

Management Discussion and Analysis

PROSPECT

The global economy in the second half of this year is still full of uncertainties, such as debt crisis in the Euro zone and the U.S., and high inflation risk, etc., these are all vital challenges which need to be faced. The Central Government has tighten its monetary policy in order to contain inflation. It is expected that China's overall economy will continue to enjoy a stable growth. The promising development prospect of Tianjin City has offered excellent opportunities for the Group to undergo further reorganization. The Group will continue to orderly carry out various projects by leveraging its strong financial position and prepare for the challenges and opportunities ahead.

LIQUIDITY AND CAPITAL RESOURCES ANALYSIS

As at 30 June 2011, the Group's total cash on hand and total bank borrowings stood at approximately HK\$2,978 million and approximately HK\$2,172 million respectively (31 December 2010: approximately HK\$2,951 million and approximately HK\$2,168 million respectively). The bank borrowings of approximately HK\$2,172 million will mature within one year.

The gearing ratio as measured by total borrowings to shareholders' funds was at approximately 23% as at 30 June 2011 (31 December 2010: approximately 24%).

Of the total HK\$2,172 million bank borrowings outstanding as at 30 June 2011, HK\$2,000 million was subject to floating rate with a spread of 0.47% over HIBOR of relevant interest periods and RMB50 million (equivalent to approximately HK\$60 million) was calculated at the benchmark rate of the People's Bank of China. The remaining RMB94 million (equivalent to approximately HK\$113 million) of bank borrowing was fixed rate debt with annual interest rate of 5.31%.

As at 30 June 2011, 92% (31 December 2010: 92%) of the Group's total bank borrowings was denominated in HK dollars, 8% (31 December 2010: 8%) 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

The Company and its subsidiary companies had a total of approximately 1,200 employees at the end of the period of which 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 all its employees in Hong Kong. The contributions are based on a fixed percentage of the members' salaries.

CHARGE ON ASSETS

As at 30 June 2011, restricted bank balance of approximately HK\$16.8 million was pledged against notes payable of approximately HK\$48 million.

Other Information

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2011, 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	3,000,000	0.28%
Mr. Wu Xuemin	1,800,000	0.17%
Mr. Dai Yan	2,300,000	0.22%
Dr. Wang Jiandong	1,500,000	0.14%
Mr. Bai Zhisheng	800,000	0.07%
Mr. Zhang Wenli	800,000	0.07%
Mr. Sun Zengyin	800,000	0.07%
Dr. Gong Jing	500,000	0.05%
Mr. Wang Zhiyong	900,000	0.08%
Mr. Cheung Wing Yui, Edward	800,000	0.07%
Dr. Chan Ching Har, Eliza	300,000	0.03%
Dr. Cheng Hon Kwan	800,000	0.07%
Mr. Mak Kwai Wing, Alexander	300,000	0.03%
Ms. Ng Yi Kum, Estella	300,000	0.03%

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	2,300,000	0.04%
Mr. Dai Yan	Tianjin Port	Personal interest	Beneficial owner	1,100,000	0.02%
Mr. Bai Zhisheng	Dynasty	Personal interest	Beneficial owner	2,300,000	0.18%

Save as disclosed above, as at 30 June 2011, 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\$	Number of share options				As at 30 Jun 2011	Exercise Period
			As at 1 Jan 2011	During the period				
				Granted	Exercised	Lapsed		
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
Wu Xuemin	16/12/2009	5.75	1,800,000	–	–	–	1,800,000	16/12/2009–24/05/2017
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
Wang Jiandong	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
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
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
Sun Zengyin	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
Gong Jing	16/12/2009	5.75	500,000	–	–	–	500,000	16/12/2009–24/05/2017
Wang Zhiyong	16/12/2009	5.75	900,000	–	–	–	900,000	16/12/2009–24/05/2017
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
Chan Ching Har, Eliza	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
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
Mak Kwai Wing, Alexander	16/12/2009	5.75	300,000	–	–	–	300,000	16/12/2009–24/05/2017
Ng Yi Kum, Estella	03/12/2010	6.07	300,000	–	–	–	300,000	03/12/2010–24/05/2017
Zheng Daoquan	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 (note 1)	–	16/12/2009–24/05/2017
Continuous contract employees	16/12/2009	5.75	1,400,000	–	–	–	1,400,000	16/12/2009–24/05/2017
Total			18,600,000	–	–	2,300,000	–	16,300,000

Other Information

SHARE OPTION SCHEME (Continued)

notes:

1. The share options of Mr. Zheng Daoquan lapsed on 31 March 2011 due to his resignation as director of the Company on 31 December 2010.
2. No share option had been granted under the Share Option Scheme during the six months ended 30 June 2011.

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 2011, 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	580,705,143 (L)	54.40%
	2	Interest of controlled corporation	220,298,109 (S)	20.64%
Blackrock, Inc.	3	Interest of controlled corporation	142,713,665 (L)	13.37%
		Interest of controlled corporation	2,379,065 (S)	0.22%
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 2011, Tsinlien directly held 4,538,000 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 6,128,000 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 142,223,305 shares and a short position of 1,971,205 shares of the Company as at 9 August 2011.
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 2011, the Company had not been notified by any person or corporation, other than the directors or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2011.

Other Information

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. By 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 2011.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of 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 2011.

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

- (i) On 21 November 2006, the Company entered into a facility agreement (the "2006 Facility Agreement") with a syndicate of lenders (the "Lenders"), pursuant to which a term loan facility of up to HK\$860 million and a revolving/term loan facility of up to HK\$1,140 million totalling HK\$2,000 million (the "Facility") was made available to the Company by the Lenders with a term of 60 months from the date of the 2006 Facility Agreement.

Pursuant to the 2006 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.

Other Information

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES (Continued)

If any of the abovementioned events of default occurs, it will confer on the Lenders the right to cancel the Facility and declare all outstanding borrowings and interest as immediately due and payable on demand.

The Facility had been repaid in full on 29 July 2011.

- (ii) On 18 February 2011, the Company entered into a facility agreement (the “2011 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 2011 Facility Agreement.

Pursuant to the 2011 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

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 2011.

By Order of the Board

Yu Rumin

Chairman

Hong Kong, 26 August 2011



TO THE BOARD OF DIRECTORS OF
TIANJIN DEVELOPMENT HOLDINGS LIMITED
天津發展控股有限公司
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 31, which comprises the condensed consolidated balance sheet of Tianjin Development Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2011 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 this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 Interim Financial Information

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The interim financial information of the Group for the six-month period ended 30 June 2010 was reviewed by another auditor who expressed an unmodified conclusion on 27 August 2010 on that information.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2011