



# 濱海投資有限公司 BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

Stock Code: 8035



Interim Report

# 2013

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Binhai Investment Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## FINANCIAL HIGHLIGHTS

	<b>Unaudited Six months ended 30 June 2013 HK\$'000</b>	Unaudited Six months ended 30 June 2012 HK\$'000 (Restated)	Percentage Change
Revenue	<b>990,895</b>	813,342	22%
Gross profit	<b>202,125</b>	163,727	23%
Profit for the period	<b>77,750</b>	58,472	33%
Basic earnings per share attributable to owners of the Company during the period	<b>0.65 cents</b>	0.49 cents	0.16 cents

  

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000	Percentage Change
Total assets	<b>3,258,736</b>	3,220,300	1%
Total equity	<b>801,678</b>	711,012	13%
Total liabilities	<b>2,457,058</b>	2,509,288	(2%)

The board of Directors (the "Board") of Binhai Investment Company Limited (the "Company") hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013, together with the unaudited comparative figures for the corresponding period in 2012.

## FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Revenue	5	<b>405,684</b>	341,536	<b>990,895</b>	813,342
Costs of sales		<b>(329,491)</b>	(284,275)	<b>(788,770)</b>	(649,615)
<b>Gross profit</b>		<b>76,193</b>	57,261	<b>202,125</b>	163,727
Other income and gains					
— net	7	<b>9,114</b>	(5,533)	<b>14,297</b>	(18,412)
Administrative expenses		<b>(28,315)</b>	(29,005)	<b>(65,376)</b>	(58,664)
		<b>56,992</b>	22,723	<b>151,046</b>	86,651
Interest Waived		<b>—</b>	—	<b>—</b>	11,902
Finance costs	8	<b>(15,790)</b>	(5,954)	<b>(42,479)</b>	(19,769)
Share of results of jointly controlled entities		<b>(43)</b>	(82)	<b>(280)</b>	(235)
<b>Profit before taxation</b>		<b>41,159</b>	16,687	<b>108,287</b>	78,549
Income tax expenses	9	<b>(12,914)</b>	(4,603)	<b>(30,537)</b>	(20,077)
<b>Profit for the period</b>		<b>28,245</b>	12,084	<b>77,750</b>	58,472
<b>Attributable to:</b>					
— Owners of the Company		<b>27,427</b>	11,348	<b>75,858</b>	56,851
— Non-controlling interests		<b>818</b>	736	<b>1,892</b>	1,621
		<b>28,245</b>	12,084	<b>77,750</b>	58,472
<b>Earnings per ordinary share</b>	11				
— basic (HK cents)		<b>0.24 cents</b>	0.1 cents	<b>0.65 cents</b>	0.49 cents
— diluted (HK cents)		<b>0.24 cents</b>	0.1 cents	<b>0.65 cents</b>	0.49 cents

## Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
<b>Comprehensive income</b>				
Profit for the period	28,245	12,084	77,750	58,472
<b>Other comprehensive income:</b>				
Exchange differences	7,105	(13,236)	12,916	(17,170)
Other comprehensive income	7,105	(13,236)	12,916	(17,170)
<b>Total comprehensive income for the period</b>	<b>35,350</b>	<b>(1,152)</b>	<b>90,666</b>	<b>41,302</b>
<b>Attributable to:</b>				
– Owners of the Company	34,339	(2,014)	88,500	39,543
– Non-controlling interests	1,011	862	2,166	1,759
<b>Total comprehensive income for the period</b>	<b>35,350</b>	<b>(1,152)</b>	<b>90,666</b>	<b>41,302</b>

## Condensed Consolidated Balance Sheet

		Unaudited As at 30 June 2013 HK\$'000	Audited As at 31 December 2012 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		48,408	48,390
Property, plant and equipment	12	1,897,942	1,792,701
Interests in jointly controlled entities		19,467	19,679
Deferred income tax assets		8,076	8,678
		<b>1,973,893</b>	1,869,448
<b>Current assets</b>			
Inventories		70,175	70,975
Trade and other receivables	13	423,209	351,058
Amount due from immediate holding company		—	3,636
Pledged bank deposit		31,505	31,074
Cash and cash equivalents		670,244	818,231
		<b>1,195,133</b>	1,274,974
Asset held for sale	20	89,710	75,878
		<b>1,284,843</b>	1,350,852
<b>Total assets</b>		<b>3,258,736</b>	3,220,300
<b>EQUITY</b>			
<b>Owners of the Company</b>			
Share capital			
— Ordinary shares	14	59,928	59,928
— Convertible preference shares	14	170,000	170,000
— Redeemable preferences shares	14	430,000	430,000
Share premium		424,737	424,737
Other reserves		124,165	111,523
Accumulated losses		(427,612)	(503,470)
		<b>781,218</b>	692,718
<b>Non-controlling interests</b>		<b>20,460</b>	18,294
<b>Total equity</b>		<b>801,678</b>	711,012

## Condensed Consolidated Balance Sheet

		<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	<b>1,306,247</b>	1,062,497
Derivative financial instrument		<b>12,868</b>	24,337
		<b>1,319,115</b>	1,086,834
<b>Current liabilities</b>			
Trade and other payables	15	<b>727,227</b>	784,953
Amount due to immediate holding company		<b>17,990</b>	—
Current income taxation liabilities		<b>41,259</b>	43,604
Borrowings	16	<b>351,467</b>	593,897
		<b>1,137,943</b>	1,422,454
<b>Total liabilities</b>		<b>2,457,058</b>	2,509,288
<b>Total equity and liabilities</b>		<b>3,258,736</b>	3,220,300
<b>Net current liabilities</b>		<b>146,900</b>	(71,602)
<b>Total assets less current liabilities</b>		<b>2,120,793</b>	1,797,846

## Consolidated Statement of Changes In Equity

Changes in equity of the Group during the six months ended 30 June 2013 and 2012 are as follows:

	Unaudited						
	Owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Other Reserves HK\$'000	Accu- mulated losses HK\$'000			
<b>Balance at 1 January 2012</b>	659,928	424,737	125,996	(639,032)	571,629	14,087	585,716
Common control business combination (Note 4)	–	–	65,276	444	65,720	–	65,720
<b>Balance at 1 January 2012, as restated</b>	659,928	424,737	191,272	(638,588)	637,349	14,087	651,436
<b>Comprehensive income</b>							
Profit for the period	–	–	–	56,851	56,851	1,621	58,472
<b>Other comprehensive income</b>							
Exchange differences	–	–	(17,308)	–	(17,308)	138	(17,170)
<b>Total comprehensive income for the period</b>	–	–	(17,308)	56,851	39,543	1,759	41,302
<b>Balance at 30 June 2012, as restated</b>	659,928	424,737	173,964	(581,737)	676,892	15,846	692,738
<b>Balance at 1 January 2013</b>	659,928	424,737	111,523	(503,470)	692,718	18,294	711,012
<b>Comprehensive income</b>							
Profit for the period	–	–	–	75,858	75,858	1,892	77,750
<b>Other comprehensive income</b>							
Exchange differences	–	–	12,642	–	12,642	274	12,916
<b>Total comprehensive income for the period</b>	–	–	12,642	75,858	88,500	2,166	90,666
<b>Balance at 30 June 2013</b>	659,928	424,737	124,165	(427,612)	781,218	20,460	801,678

## Condensed Consolidated Cash Flow Statement

	<b>Unaudited Six months ended 30 June</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000 (Restated)
<b>Net cash generated from operating activities</b>	<b>81,057</b>	37,927
<b>Net cash used in investing activities</b>	<b>(176,134)</b>	(283,398)
<b>Net cash (used in)/generated from financing activities</b>	<b>(60,074)</b>	100,879
<b>Net decrease in cash and cash equivalents</b>	<b>(155,151)</b>	(144,592)
Cash and cash equivalents at beginning of the period	<b>818,231</b>	528,402
Exchange differences	<b>7,164</b>	21,151
<b>Cash and cash equivalents at end of the period</b>	<b>670,244</b>	404,961

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, with its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, and its principal place of business in Hong Kong is at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The ordinary shares of the Company are listed on GEM.

### 2. BASIS OF PREPARATION

This condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules.

### 3. ACCOUNTING POLICIES

The financial information has been on historical cost basis.

The principle accounting policies adopted are consistent with those adopted in the annual financial statements for the period ended 31 December 2012.

The Group has adopted the new/revised accounting standards and interpretations effective for the accounting period beginning on or after 1 January 2013. Adoption of such new/revised accounting standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.

#### 4. BUSINESS COMBINATION

On 26 October 2012, the Group entered into an agreement with TEDA Hong Kong Property Company Limited ("TEDA HK"), the immediate holding company of the Group, for the Group to purchase six entities ("Six Subsidiaries") which TEDA HK was interested in at a consideration of RMB66,124,793.

The acquisition has been accounted for as a common control combination for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants in preparing the consolidated financial statements. The condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared on the basis as if the current group structure had been in existence throughout the period presented.

The effect of those restatements described above on the condensed consolidated income statement during the six months ended 30 June 2012 is as follows:

	For the six months ended 30 June 2012 (Unaudited)			
	The Group before the acquisition HK\$'000	Six Subsidiaries HK\$'000	Adjustments HK\$'000	Consolidated HK\$'000
Revenue	784,723	33,242	(4,623)	813,342
Costs of sales	(628,082)	(26,156)	4,623	(649,615)
<b>Gross profit</b>	156,641	7,086	–	163,727
Other income and losses – net	(18,431)	19	–	(18,412)
Administrative expenses	(51,741)	(6,923)	–	(58,664)
Interest Waived	11,902	–	–	11,902
Finance costs – net	(19,813)	44	–	(19,769)
Share of results of jointly controlled entities	(235)	–	–	(235)
<b>Profit before taxation</b>	78,323	226	–	78,549
Income tax expenses	(19,264)	(813)	–	(20,077)
<b>Profit for the period</b>	59,059	(587)	–	58,472

## 5. SEGMENT INFORMATION

The Group currently organises its operations into four reportable operating segments. The principal activities of the reportable segments are as follows:

On-site gas sales	– Wholesale of liquefied petroleum gas (“LPG”) to individual agents directly from the suppliers’ depots
Bottled gas sales	– Sales of bottled gas
Piped gas sales	– Sales of piped gas through the Group’s pipeline networks
Connection service	– Construction of gas pipelines and installation of appliances to connect customers to the Group’s pipeline networks under connection contracts

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The chief operating decision makers of the Group have been identified as the executive directors of the Company (the “Executive Directors”).

The Executive Directors assess the performance of the operating segments based on segment results. Segment results are measured as gross profit of each segment.

Amounts of segment assets and liabilities of the Group are not reviewed by the Executive Directors or otherwise regularly provided to the Executive Directors.

Three months ended 30 June 2013	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
<b>Revenue</b>					
– Tianjin TEDA Tsinlien Gas Co., Ltd. (“TEDA Gas”), Tianjin Eco-city Energy Investment Construction Co., Ltd. (“Tianjin Eco- city”), Tianjin Pipe Group Corporation (“Tianjin Pipe”) and its associates	–	–	78,689	–	78,689
– Other customers	49,668	4,401	197,024	75,902	326,995
<b>Revenue from external customers</b>	<b>49,668</b>	<b>4,401</b>	<b>275,713</b>	<b>75,902</b>	<b>405,684</b>
<b>Segment results</b>	<b>1,564</b>	<b>446</b>	<b>30,474</b>	<b>43,709</b>	<b>76,193</b>
– Other income and gains – net					9,114
– Administrative expenses					(28,315)
– Finance costs – net					(15,790)
– Share of results of jointly controlled entities					(43)
<b>Profit before income tax</b>					<b>41,159</b>
<i>Other information for reportable segments:</i>					
Depreciation	(133)	(79)	(14,215)	(175)	(14,602)
Amortization	(25)	(2)	(343)	(31)	(401)

Three months ended 30 June 2012 (Restated)	Unaudited				
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
<b>Revenue</b>					
– TEDA Gas, Tinajin Eco-city, Tianjin Pipe and its associates	–	–	123,864	–	123,864
– Other customers	57,239	4,352	88,696	67,385	217,672
<b>Revenue from external customers</b>	57,239	4,352	212,560	67,385	341,536
<b>Segment results</b>	532	(35)	14,440	42,324	57,261
– Other income and losses – net					(5,533)
– Administrative expenses					(29,005)
– Finance costs – net					(5,954)
– Share of results of jointly controlled entities					(82)
<b>Profit before income tax</b>					16,687
<i>Other information for reportable segments:</i>					
Depreciation	(232)	(34)	(10,077)	(260)	(10,603)
Amortization	(48)	(3)	(211)	(53)	(315)

Six months ended 30 June 2013	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
<b>Revenue</b>					
– TEDA Gas, Tianjin Eco-city, Tianjin Pipe and its associates	–	–	227,808	–	227,808
– Other customers	127,430	9,003	434,473	192,181	763,087
<b>Revenue from external customers</b>	127,430	9,003	662,281	192,181	990,895
<b>Segment results</b>	3,335	805	79,336	118,649	202,125
– Other income and gains – net					14,297
– Administrative expenses					(65,376)
– Finance costs – net					(42,479)
– Share of results of jointly controlled entities					(280)
<b>Profit before income tax</b>					108,287
<i>Other information for reportable segments:</i>					
Depreciation	(376)	(119)	(28,218)	(549)	(29,262)
Amortization	(74)	(6)	(593)	(107)	(780)

Six months ended 30 June 2012 (Restated)	Unaudited					Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000		
<b>Revenue</b>						
– TEDA Gas, Tianjin Eco-city, Tianjin Pipe and its associates	–	–	237,337	–		237,337
– Other customers	127,680	9,608	265,958	172,759		576,005
<b>Revenue from external customers</b>	127,680	9,608	503,295	172,759		813,342
<b>Segment results</b>	1,263	(726)	28,868	134,322		163,727
– Other income and losses – net						(18,412)
– Administrative expenses						(58,664)
– Interest waived						11,902
– Finance costs – net						(19,769)
– Share of results of jointly controlled entities						(235)
<b>Profit before income tax</b>						78,549
<i>Other information for reportable segments:</i>						
Depreciation	(919)	(43)	(14,634)	(839)		(16,435)
Amortization	(63)	(10)	(180)	(110)		(363)

**6. EXPENSES BY NATURE**

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Costs of sales	<b>314,829</b>	274,096	<b>761,319</b>	634,238
Depreciation	<b>14,602</b>	10,603	<b>29,262</b>	16,435
Amortisation	<b>401</b>	315	<b>780</b>	363
Other expenses	<b>27,974</b>	28,266	<b>62,785</b>	57,243
Total cost of sales and administrative expenses	<b>357,806</b>	313,280	<b>854,146</b>	708,279

**7. OTHER INCOME AND GAINS – NET**

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Interest income	–	(1,163)	–	(643)
Income from management of disposed subsidiaries	–	172	–	234
Income from management of TEDA Gas	–	338	–	675
Gain/(loss) on disposal of assets	<b>(52)</b>	(427)	<b>(103)</b>	(443)
Fair value loss on derivative financial instrument	<b>8,877</b>	(7,204)	<b>11,469</b>	(18,810)
Others	<b>289</b>	2,751	<b>2,931</b>	575
	<b>9,114</b>	(5,533)	<b>14,297</b>	(18,412)

## 8. FINANCE COSTS

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Bank borrowings repayable in full within 5 years	<b>13,519</b>	13,133	<b>31,329</b>	17,323
Bond repayable in full within 5 years	<b>10,232</b>	—	<b>20,142</b>	-
Other borrowing costs	<b>731</b>	1,027	<b>1,215</b>	2,336
Interest on amounts due to Tianjin TEDA Investment Holding Co., Ltd. ("TEDA")	—	133	—	331
Interest on amounts due to Tianjin Tsinlien Asset Management Co., Ltd. ("Tsinlien Asset Management")	—	—	—	1,156
Guarantee fee paid to TEDA and Tianjin TEDA Group Company Limited ("TEDA Group")	—	—	—	799
Exchange (gain)/loss	<b>(8,106)</b>	3,169	<b>(4,474)</b>	5,706
Finance costs	<b>16,376</b>	17,462	<b>48,212</b>	27,651
Less: Amounts capitalised as part of the cost of property, plant and equipment	<b>143</b>	(11,508)	<b>(3,698)</b>	(7,882)
Total finance cost	<b>16,519</b>	5,954	<b>44,514</b>	19,769
Finance income	<b>(729)</b>	—	<b>(2,035)</b>	—
Net financial costs	<b>15,790</b>	5,954	<b>42,479</b>	19,769

## 9. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2012: Nil).

Subsidiaries established in the People's Republic of China (the "PRC") are subject to the PRC enterprise income tax ("EIT") at the rate of 25% (2012: 25%).

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000 (Restated)
Current taxation:				
– Current tax on profits for the period	12,805	7,493	29,936	24,497
<b>Total current taxation</b>	<b>12,805</b>	<b>7,493</b>	<b>29,936</b>	<b>24,497</b>
Deferred taxation:				
Tax losses	109	(2,890)	601	(4,420)
<b>Total deferred taxation</b>	<b>109</b>	<b>(2,890)</b>	<b>601</b>	<b>(4,420)</b>
Income tax expense	<b>12,914</b>	<b>4,603</b>	<b>30,537</b>	<b>20,077</b>

## 10. DIVIDEND

No dividend was declared in respect of the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share of the Company is based on the following data:

	Unaudited Three months ended 30 June 2013		Unaudited Six months ended 30 June 2013	
	HK\$'000	2012 HK\$'000 (Restated)	HK\$'000	2012 HK\$'000 (Restated)
<b>Earnings</b>				
Profit attributable to the owners of the Company	<b>27,427</b>	11,348	<b>75,858</b>	56,851
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	<b>11,659,478,667</b>	11,659,478,667	<b>11,659,478,667</b>	11,659,478,667
Effect of dilutive potential ordinary shares arising from share options	-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>11,659,478,667</b>	11,659,478,667	<b>11,659,478,667</b>	11,659,478,667

*Note:* The calculation has taken into account the 5,666,666,666 new ordinary shares to be issued upon the conversion of the 170 million convertible preference shares as these preference shares will be automatically converted into ordinary shares of the Company by the tenth anniversary of issue.

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Unaudited As at 30 June 2012 HK\$'000 (Restated)
<b>Opening net book amount</b>	<b>1,792,701</b>	1,092,010
Additions	<b>107,282</b>	504,204
Disposal	<b>(103)</b>	(443)
Depreciation	<b>(29,262)</b>	(16,435)
Exchange differences	<b>27,324</b>	33,972
<b>Closing net book amount</b>	<b>1,897,942</b>	1,613,308

**13. TRADE AND OTHER RECEIVABLES**

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
Trade receivables	<b>268,948</b>	206,795
less: Provision for impairment	<b>(44,667)</b>	(44,319)
Notes receivables	<b>224,281</b>	162,476
	<b>29,619</b>	18,582
	<b>253,900</b>	181,058
Advances to suppliers	<b>153,842</b>	173,248
less: Provision for impairment	<b>(86,026)</b>	(84,821)
	<b>67,816</b>	88,427
Prepayments and other receivables	<b>67,249</b>	55,571
less: Provision for impairment	<b>(7,258)</b>	(7,156)
	<b>59,991</b>	48,415
Receivables from related parties (Note 19)	<b>41,502</b>	33,158
	<b>423,209</b>	351,058

The carrying amounts of the Group's trade and other receivables are principally denominated in Renminbi.

The Group's credit sales are generally on a credit term of three months to a year. Ageing analysis of the trade receivables is as follows:

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
0 – 90 days	<b>122,851</b>	97,751
91 – 180 days	<b>49,974</b>	32,030
181 – 360 days	<b>39,767</b>	19,512
Over 360 days	<b>56,356</b>	57,502
	<b>268,948</b>	206,795
Less: Provision for impairment of trade receivable	<b>(44,667)</b>	(44,319)
	<b>224,281</b>	162,476

**14. SHARE CAPITAL**

	<b>Unaudited As at 30 June 2013</b>		<b>Audited As at 31 December 2012</b>	
	<b>Number of shares Million</b>	<b>Amounts HK\$'000</b>	<b>Number of shares Million</b>	<b>Amounts HK\$'000</b>
Ordinary shares of HK\$0.01 each				
Authorised:	<b>15,000</b>	<b>150,000</b>	15,000	150,000
Issued and fully paid:	<b>5,993</b>	<b>59,928</b>	5,993	59,928
Convertible Preference Shares of HK\$1.00 each				
Authorised:	<b>170</b>	<b>170,000</b>	170	170,000
Issued and fully paid:	<b>170</b>	<b>170,000</b>	170	170,000
Redeemable Preference Shares of HK\$50.00 each				
Authorised:	<b>9</b>	<b>430,000</b>	9	430,000
Issued and fully paid:	<b>9</b>	<b>430,000</b>	9	430,000
<b>Total Authorised:</b>		<b>750,000</b>		<b>750,000</b>
<b>Issued and fully paid:</b>		<b>659,928</b>		<b>659,928</b>

**15. TRADE AND OTHER PAYABLES**

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	<b>Audited As at 31 December 2012 HK\$'000</b>
Trade payables	<b>195,655</b>	250,549
Advance from customers	<b>117,793</b>	134,737
Other payables	<b>397,730</b>	364,332
Accrued expenses	<b>16,049</b>	28,508
Amounts due to related parties (Note 19)	—	6,827
	<b>727,227</b>	784,953

The carrying amounts of the Group's trade and other payables are principally denominated in Renminbi.

The ageing analysis of the trade payables was as follows:

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
0 – 90 days	<b>77,157</b>	87,381
91 – 180 days	<b>40,607</b>	32,895
181 – 360 days	<b>30,023</b>	36,896
Over 360 days	<b>47,868</b>	93,377
	<b>195,655</b>	250,549

## 16. BORROWINGS

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
<b>Non-current liabilities</b>		
Secured over shares of subsidiaries (Note (a))	<b>459,975</b>	468,396
Unsecured (Note (b))	<b>265,159</b>	5,000
Bond (Note (c))	<b>620,506</b>	610,139
	<b>1,345,640</b>	1,083,535
Less: Amounts due within one year included in current liabilities	<b>(39,393)</b>	(21,038)
	<b>1,306,247</b>	1,062,497
<b>Current liabilities</b>		
Unsecured	<b>312,074</b>	572,859
Current portion of long-term borrowings	<b>39,393</b>	21,038
	<b>351,467</b>	593,897

The effective annual interest rates at the balance sheet date are as follows:

	<b>Unaudited As at 30 June 2013</b>	Audited As at 31 December 2012
– PRC banks	<b>6.0%-7.2%</b>	6.0%-7.87%
– Hong Kong bank	<b>2.4%-5.41%</b>	2.4%-4%
– Bond	<b>6.50%</b>	6.50%

*Notes:*

- (a) In November 2011, the Group entered into a 7-year bank borrowing facilities of HK\$622,400,000 with Hong Kong syndicate banks. The borrowings are secured by the interests in certain of the Group's subsidiaries and are guaranteed by the Company. They carry interest at HIBOR plus 3.5% per annum from the first utilisation date up to (but excluding) the second anniversary of the facility agreement and HIBOR plus 4% per annum thereafter, and are repayable semi-annually up to 30 September 2018. The fair value of this long-term borrowing is approximate to its carrying amount.
- (b) On 25 January 2013 Tianjin Binda Gas Enterprise Company Limited (a wholly-owned subsidiary of the Group) entered into a 3-year loan agreement for a facility of USD35,000,000 with Standard Chartered Bank (Hong Kong) Limited. The borrowing is unsecured and is guaranteed by the Company, and carries interest at LIBOR plus 5% per annum. The fair value of such long-term borrowing is close to its carrying amount.
- (c) On 18 October 2012, the Group issued RMB500,000,000 bonds ("the Bonds"). The Bonds carry interest at 6.5% per annum payable semi-annually in arrear and will mature in 2015. The listing of and permission to deal with the Bonds on The Stock Exchange of Hong Kong Limited by way of debt issues to professional investors became effective on 25 October 2012.

**17. COMMITMENTS**

- (a) Capital expenditure and property development commitment of the Group at the balance sheet date contracted but not yet incurred is as follows:

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
Property, plant and equipment	<b>300,328</b>	24,707
Property under development	<b>2,145</b>	2,145
	<b>302,473</b>	26,852

- (b) The Group had future aggregate minimum lease payments under non-cancelable operating leases in respect of buildings are as follows:

	<b>Unaudited As at 30 June 2013 HK\$'000</b>	Audited As at 31 December 2012 HK\$'000
Not later than one year	<b>2,760</b>	5,358
Later than one year and not later than five years	<b>3,407</b>	5,744
Later than five years	<b>908</b>	4,366
	<b>7,075</b>	15,468

Note: The above amounts include a lease commitment with a subsidiary of TEDA (Note 19).

**18. FINANCIAL GUARANTEE**

The Company has given guarantee of approximately HK\$861 million (as at 31 December 2012: HK\$701 million) to subsidiaries in respect of bank borrowings, HK\$754 million of which had been utilized as at 30 June 2013.

## 19. RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the condensed consolidated interim financial information, the followings are significant related party transactions entered between the Group and its related parties during the six months ended 30 June 2013:

	<b>Unaudited Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	<i>HK\$'000</i> (Restated)
<b>(a) Transactions with holding company:</b>		
Income from management of disposed subsidiaries	—	234
Interest expenses	—	(331)
Interest waived by Tsinlien Assets Management	—	11,902
<b>(b) Transactions with fellow subsidiaries:</b>		
Sale of gas to TEDA Gas	<b>72,341</b>	62,394
Sale of gas to Tianjin Pipe and its associates	<b>155,467</b>	148,410
Sale of gas to former subsidiaries	—	4,748
Sale of gas to Tianjin Eco-city	<b>19,845</b>	2,165
Sale of gas to Tianjin Sai-ru Machinery Equipment Company Limited ("Sai Rui")	<b>8,367</b>	251
Income from management of TEDA Gas	—	675
Rental charges of office premises to TEDA Real Property Development Co., Ltd.	—	(2,018)
Insurance premium paid to Bohai Property Insurance Company Limited ("Bohai")	<b>(29)</b>	(1,660)
Guarantee fee paid to TEDA Group	—	(799)

	<b>Unaudited Six months ended 30 June 2013 HK\$'000</b>		2012 HK\$'000 (Restated)
<b>(c) Key management compensation:</b>			
Fees	<b>(1,328)</b>		(1,304)
Salaries, share options and other allowances	<b>(4,967)</b>		(1,826)
Pension costs	<b>(102)</b>		(63)
	<b>Unaudited As at 30 June 2013 HK\$'000</b>		Audited As at 31 December 2012 HK\$'000
<b>(d) Balances with fellow subsidiaries:</b>			
Account receivable from Tianjin Pipe and its associates	<b>26,953</b>		21,381
Account receivable from TEDA Gas	<b>7,272</b>		—
Account receivable from Tianjin Eco-city	<b>98</b>		6,898
Management fee receivable from TEDA Gas	<b>4,696</b>		4,630
Account receivable from Sai Rui	<b>2,483</b>		(6,131)
Account receivable from Tianjin Xing Cheng Investment and Development Company Limited	<b>—</b>		249
Insurance premium payable to Bohai	<b>—</b>		(696)

**(e) Transactions/balances with other state owned enterprises in the PRC**

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-controlled entities"). The Directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

During the period, the Group's significant transactions with these state controlled entities are mainly purchases of gases. As at the end of the period, the majority of the Group's cash and bank balances and borrowings are also with state controlled banks.

**20. ASSET HELD FOR SALE**

	<b>Group</b>	
<i>Note</i>	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000 (Restated)
Land use rights	<b>12,909</b>	12,728
Construction costs and capitalised expenditure	<b>76,801</b>	63,150
	<b>89,710</b>	75,878

Asset held for sale is located in Tianjin Airport Economic Area in Binhai New Area, the PRC and is located on the land held under land use rights for commercial use with a term of 40 years from 31 December 2009. As approved by the Board on 25 June 2012, the Group plans to dispose of the asset.

The Group is in the process of applying for the title document of the land use rights. The Directors believe that the title documents will be obtained in due course without significant additional cost.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review**

The Group is principally engaged in the construction of gas pipeline networks, the provision of connection services and the sale of LPG and piped gas.

### **Connection Services**

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 30 June 2013, the Group's total gas pipeline network was approximately 1,528 kilometers, representing an increase of 39 kilometers of the pipeline network from 1,489 kilometers as at 31 December 2012. During the six months ended 30 June 2013, the connection service fees amounted to HK\$192,181,000, representing an increase of HK\$19,422,000 or 11% as compared with HK\$172,759,000 for the corresponding period last year.

### **Piped Gas Sales**

During the six months ended 30 June 2013, consumption of piped gas by residential and industrial customers amounted to approximately  $1,183 \times 10^6$  and  $6,355 \times 10^6$  mega-joules respectively, as compared with  $815 \times 10^6$  and  $4,823 \times 10^6$  mega-joules respectively for the same period last year. For the six months ended 30 June 2013, the piped gas sales income of the Group amounted to HK\$662,281,000, representing an increase of HK\$158,986,000 or 32% as compared with HK\$503,295,000 for the corresponding period last year.

### **Property Development**

As approved by the Board on 25 June 2012, the Group intends to sell the property under development. The Directors believe that such proposed sale will not have any significant financial impact to the Group.

## Prospects

As we look to the future, there are both opportunities and challenges ahead. Although there is great downward pressure on domestic economic situation, the general idea of the new administration of the PRC Government of deepening economic reform has become increasingly clear, and the relevant reform measures have been implemented in a step-by-step manner, providing new impetus for the long-term growth of the PRC domestic economy. In particular, as the strategic emerging industries, new energy, energy conservation and environmental protection are supported by a series of policies. The prospects of the development of natural gas industry will be very broad.

In accordance with the primary tasks of 2013 that the Company has decided on, the Company has made new achievements in the enhancement of the asset utilization efficiency, assets integration, information construction. During the financial period, the Group continued to maintain a rapid growth in its gas business. The connection service fees, especially the piped gas sales, had increased significantly. With a promising prospect of the natural gas industry in the PRC and a variety of resources that the Company has accumulated, the Company is confident to maintain the rapid growth of its performance.

## **Financial Review**

### ***Gross Profit Margin***

For the six months ended 30 June 2013, the gross profit of the Group was HK\$202,125,000 (for the six months ended 30 June 2012: HK\$163,727,000) and the gross profit margin for the Group was 20.4% (for the six months ended 30 June 2012: 20.1%).

For the six months ended 30 June 2013, the gross profit margin of the Group's piped gas sales was 12.0%, representing an increase of 110% as compared with the gross profit margin of its piped gas sales of 5.7% for the corresponding period last year. In November 2012, the Group commenced sourcing piped gas from Yong Tang Qin for some of its projects which lowered the cost of sourcing gas, and at the same time the gross profit margin of the Group's piped gas supply was raised due to an increase in the consumption of gas by industrial customers with higher gross profit margin.

### ***Administrative Expenses***

Administrative expenses of the Group for the six months ended 30 June 2013 was HK\$65,376,000, representing an increase of HK\$6,712,000 or 11% as compared to HK\$58,664,000 for the corresponding period last year. Management cost comprising labor cost increased as the Group further expanded its operating scale.

### ***Profit attributable to owners of the Company***

The profit attributable to owners of the Company was approximately HK\$75,858,000 for the six months ended 30 June 2013, representing an increase of HK\$19,007,000 or 33% as compared to HK\$56,851,000 for the corresponding period in last year.

Basic earnings per share of the Company for the six months ended 30 June 2013 was HK0.65 cents, as compared to HK0.49 cents for the corresponding period last year.

***Interest Rate Swap Contract***

For the six months ended 30 June 2013, the Group recognized a profit on the change in fair value of derivative financial instrument of HK\$11,469,000 (loss for the six months ended 30 June 2012: HK\$18,810,000). In order to minimize the risk of rising interest rates and to control borrowing costs, the Group entered into an interest rate swap contract with Standard Chartered Bank London with an aggregate notional amount of HK\$571,635,500 to control the future interest charges ("Swap Contract"). The deferred payment interest rate swap contract will be effective on 30 September 2013 and will be terminated on 30 September 2018 ("Termination Day"). Pursuant to the Swap Contract, the Group will pay interest at a fixed rate at 2.25%, and will receive interest at floating rate with reference to the HIBOR as published by the Hong Kong Associate of Bank. Before the Termination Day, the changes in the fair value of the Swaps Contract do not have a significant impact on the Group's cash flow. In view of the market interest rates at historically lows, the fair value of the Swap Contract will be adjusted to economic situation and interest rates. The Group believes that such arrangements are advantageous to the Group in the long run.

***Liquidity and financial resources***

As at 30 June 2013, the total borrowings of the Group were HK\$1,657,714,000 (as at 31 December 2012: HK\$1,656,394,000) and the cash and bank deposit of the Group was HK\$701,749,000 (as at 31 December 2012: HK\$849,305,000). As at 30 June 2013, the Group had consolidated current assets of HK\$1,284,843,000 and its current ratio was 1.13. As at 30 June 2013, the Group had a gearing ratio of approximately 212%, measured by the ratio of total consolidated borrowings of HK\$1,657,714,000 to total equity (includes all capital and reserves of the Group excluding non-controlling interests) of HK\$781,218,000.

***Borrowings Structure***

As at 30 June 2013, the total borrowings of the Group were HK\$1,657,714,000 (as at 31 December 2012: HK\$1,656,394,000). Borrowings from Hong Kong syndicated banks of HK\$459,975,000 were denominated in Hong Kong Dollars, secured by pledge of interests in certain of the Group's subsidiaries, bearing interests at a floating rate. The borrowing from Standard Chartered Bank of USD35,000,000 was unsecured and denominated in Hong Kong Dollars. Borrowings from Bank of Tianjin were denominated in RMB and unsecured, bearing interest at a fixed rate of 7.20%. RMB borrowings from other banks in the PRC were guaranteed, bearing interest at prevailing market rates. The Bonds of RMB500,000,000 were issued at 100 per cent of the issue size and unsecured, bearing interest at a rate of 6.50 per cent. As at 30 June 2013, short-term borrowings and the current portion of long-term borrowings amounted to HK\$358,956,000, while the remaining were long-term borrowings falling due after one year or more.

***Directors' opinion on sufficiency of working capital***

In view of the Group's current stable financial and liquidity positions and in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present needs. Taking into account the expected financial performance and net cash to be generated from operation of the Group, the available banking facilities and written confirmation supplied by TEDA stating its intention to extend payment term of amounts due to it upon maturity for twelve months if necessary, the Directors believe that the Group is able to meet its liabilities as when the fall due.

***Risks created by exchange rate fluctuations***

The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of the respective group entities. Certain bank balances and bank borrowings are denominated in HK Dollars and US Dollars which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange risks and will consider hedging significant foreign currency exposure should the need arise.

***Charge over the Group's assets***

As at 30 June 2013, the Group had pledged bank deposits of HK\$31,505,000.

In November 2011, the Group entered into bank borrowings facilities of HK\$622,400,000 with two syndicated banks in Hong Kong. The borrowings are secured by the interests in certain of the Group's subsidiaries and guaranteed by the Company.

Save as disclosed above, there were no charges over of any the Group's assets as at 30 June 2013.

***Significant acquisitions and disposals***

The Group had no significant acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2013.

***Contingent Liabilities***

As at 30 June 2013, the Group did not have any significant contingent liabilities.

**Event after the balance sheet date**

On 25 July 2013, the Company announced the issue of HK\$310,000,000 1.0% convertible bonds due 2016 (the "Convertible Bonds"). The Convertible Bonds will be convertible in the circumstances set out in their terms and conditions into ordinary shares of HK\$0.01 each in the issued and paid up share capital of the Company at an initial conversion price of HK\$0.3690 per Share (subject to adjustments). Assuming full conversion of the Convertible Bonds at the initial conversion price, the Convertible Bonds will be convertible into 840,108,401 ordinary shares of the Company (the "Conversion Shares"), representing approximately 14.02% of the issued ordinary share capital of the Company as at the date of such announcement. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the ordinary shares of the Company then in issue on the relevant conversion date. None of the Convertible Bonds are placed with any connected persons of the Company. The net proceeds from the issue of the Convertible Bonds are intended to be used by the Group for the payment of pipeline construction payables and the repayment of current borrowings, and for working capital purposes.

On 26 July 2013, the Company announced that TEDA HK, the controlling shareholder of the Company which directly holds approximately 50.13% of the total issued ordinary shares, has notified the Company that it entered into an agreement on 26 July 2013 to dispose of 37,804,878 convertible preference shares of the Company to some of the subscribers (or associate thereof) of the Convertible Bonds, and such investors are third parties independent of and not connected with the Company.

**Employees**

As at 30 June 2013, the Group had 1,384 employees (2012: 1,312). For the six months ended 30 June 2013, the salaries and wages of the employees was HK\$56,432,000 (2012: HK\$47,698,000).

The Group offers competitive remuneration to staff, with discretionary bonus and share options granted to eligible staff based on individual and company performance.

## OTHER INFORMATION

### Interests and Short Positions of Directors, Chief Executives, Substantial Shareholders and other Persons in the Shares and Underlying Shares of the Company

#### (a) *Interests and short positions of the Directors and the chief executives in the share capital of the Company and its associated corporations*

As at 30 June 2013, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), Chapter 571 of the Laws of Hong Kong) which were required to be: (a) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	Capacity	Interest in ordinary shares of the Company				Interests in underlying ordinary shares pursuant to share options	Total interest in ordinary shares and underlying shares	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2013
		Personal interests	Corporate interests	Family interests	Total interests in shares			
Mr. Gao Liang	Beneficial owner	-	-	-	-	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Dai Yan	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Wang Gang	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	Beneficial owner	1,000,000	-	-	1,000,000	2,000,000	3,000,000	0.05%
Mr. Tse Tak Yin	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%

Details of the Director's interests in share options granted by the Company are set out below under the heading "Director's rights to acquire shares".

### **Director's rights to acquire shares**

Pursuant to the share option scheme adopted by the Company on 20 August 2010, the Company granted options on its ordinary shares to the Directors, the details of such options outstanding as at 1 January 2013 and as at 30 June 2013 were as follows:

<b>Name of Director</b>	<b>Date of grant</b>	<b>Exercise Period</b>	<b>Exercise Price (HK\$)</b>	<b>Number of ordinary shares subject to outstanding options as at 1 January 2013</b>	<b>Number of ordinary shares subject to outstanding options as at 30 June 2013</b>	<b>Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2013</b>
Mr. Gao Liang	27.9.2010	27.9.2010 – 26.9.2020	0.56	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Dai Yan	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Wang Gang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Tse Tak Yin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%

*Note:* The exercisable period of the above share options is 10 years from the date of grant.

Save as disclosed above, as at 30 June 2013, there were no other interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations entered in the register kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rules 5.46 of the GEM Listing Rules.

**(b) Interests and short positions of substantial shareholders and other persons in the share capital of the Company**

As at 30 June 2013, the persons (not being a Director or chief executive of the Company) or companies who had interests or short positions in the shares or underlying shares of the Company which were notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO are listed as follows:

Name of shareholder	Position	Capacity	Interest in ordinary share of the Company				Total interest	Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2013
			Beneficial interest	Family interest	Corporate interest	Other interest		
Tsinlien Group Company Limited ("Tsinlien")	Long	Interest of controlled corporation	-	-	496,188,000 (Note 1)	1,333,333,333 (Note 2)	1,829,521,333	30.53%
	Short	Nominee for another person	-	-	1,333,333,333 (Note 3)	-	1,333,333,333	22.25%
Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	-	-	8,670,653,873 (Note 3)	-	8,670,653,873	144.68%

Name of shareholder	Position	Capacity	Interest in ordinary share of the Company				Total interest	Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2013
			Beneficial interest	Family interest	Corporate interest	Other interest		
Tianjin Development Holdings Limited	Long	Interest of controlled corporation	-	-	496,188,000 (Note 1)	-	496,188,000	8.28%
Tianjin Investment Holdings Limited	Long	Interest of controlled corporation	-	-	496,188,000 (Note 1)	-	496,188,000	8.28%
Santa Resources Limited	Long	Beneficial owner	496,188,000 (Note 1)	-	-	-	496,188,000	8.28%
Mr. Shum Ka Sang ("Mr. Shum")	Long	Beneficial owner/ Interest of controlled corporation	15,650,000	-	749,350,000 (Note 4)	-	765,000,000	12.77%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	749,350,000 (Note 4)	-	-	-	749,350,000	12.50%
Ms. Wu Man Lee	Long	Interest of spouse	-	765,000,000 (Note 5)	-	-	765,000,000	12.77%

*Notes:*

1. The interest disclosed represents the interest in the Company held by Santa Resources Limited, a company which is directly wholly-owned by Tianjin Development Holdings Limited, a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange. Tsinlien, through Tianjin Investment Holdings Limited which it wholly-owns, is a controlling shareholder of Tianjin Development Holdings Limited.
2. These 1,333,333,333 ordinary shares of HK\$0.01 each in the Company ("Shares") represent the 1,333,333,333 potential Shares which are issuable assuming full conversion of the 40,000,000 Convertible Preference Shares issued to the syndicated banks under the Settlement Agreement, pursuant to which Cavalier Asia Limited ("Tsinlien BVI"), a wholly-owned subsidiary of Tsinlien, has agreed to buy back such Convertible Preference Shares from the syndicated banks on the 5th anniversary of the date of issue of such Convertible Preference Shares. Tsinlien BVI has agreed to transfer such Convertible Preference Shares to TEDA HK, a wholly-owned subsidiary of TEDA, after completion of acquisition from the syndicated banks.
3. These 8,670,653,873 Shares represent (i) 3,003,987,207 Shares held by TEDA HK, a wholly-owned subsidiary of TEDA; (ii) 4,333,333,333 potential Shares which are issuable to TEDA HK assuming full conversion of 130,000,000 Convertible Preference Shares held by TEDA HK; (iii) 1,333,333,333 potential Shares that TEDA HK will acquire from Tsinlien BVI as referred to Note 2 above.
4. Wah Sang Gas Development Group (Cayman Islands) Limited is wholly-owned by Mr. Shum. The corporate interests held by Mr. Shum represent his deemed interests in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.
5. Ms. Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such Shares owned by her spouse, Mr. Shum.

Other than as disclosed above, as at 30 June 2013, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital.

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 20 August 2010, the shareholders of the Company approved a new share option scheme (the "2010 Scheme") in place of the previous scheme which has lapsed.

No share option was granted, exercised, cancelled or lapsed under the 2010 Scheme during the six months ended 30 June 2013.

Details of movement of share options granted under the 2010 Scheme during the six months ended 30 June 2013 were as follows:

Grantee	Date of grant	Exercise Period (Note)	Exercise Price (HK\$)	Number of ordinary shares subject to outstanding options as at 1 January 2013	Number of ordinary shares subject to outstanding options as at 30 June 2013	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2013
Directors	27.9.2010	27.9.2010 – 26.9.2020	0.56	46,000,000	46,000,000	0.77%
Employees	27.9.2010	27.9.2010 – 26.9.2020	0.56	28,000,000	28,000,000	0.47%
Total				74,000,000	74,000,000	1.24%

Notes: The exercisable period of the share options is 10 years from the date of grant.

## **INTERESTS OF COMPLIANCE ADVISER**

Pursuant to the Compliance Adviser Agreement dated 7 May 2009 between the Company and WAG Worldsec Corporate Finance Limited ("WAG Worldsec"), WAG Worldsec was appointed as the compliance adviser of the Company for the period from 12 May 2009 to the date that the Company issues its financial results for the third full financial year after the date of resumption of trading. The appointment of WAG Worldsec had terminated.

Save as disclosed above, none of WAG Worldsec or its directors, employees or associates had any interests in the securities of the Company or any member of the Group, nor any rights to subscribe or nominate others to subscribe for the securities of the Company or any members of the Group.

## **DIRECTORS' INTEREST IN CONTRACTS**

No Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party which subsisted at any time during the six months ended 30 June 2013.

## **LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER**

On 29 November 2011, Binhai Investment Hong Kong Limited, a wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into a credit facility agreement (the "Facility Agreement") with Standard Chartered Bank (Hong Kong) Limited and China Development Bank Corporation Hong Kong Branch for a loan facility in the aggregate amount of HK\$622,400,000 for a term of seven years. Loan funds are used for company operations and business development. Pursuant to the terms of the Facility Agreement, if TEDA ceases to be the single largest shareholder (whether directly or indirectly) of the Company, the facility commitments of the lenders under the Facility Agreement maybe cancelled and all outstanding

loans and accrued interests may be declared to be immediately due and payable. TEDA currently through TEDA HK holds approximately 50.13% of the total issued ordinary share capital of the Company.

## INTERESTS IN COMPETING BUSINESS

During the period, save for the interests acquired by TEDA (through TEDA HK) in certain former subsidiaries of the Group, the disposal of which to Tsinlien BVI pursuant to an agreement dated 28 May 2008 between Tsinlien BVI and a subsidiary of the Group (as amended) was deemed to have completed in May 2009, none of the Directors or the controlling shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group. Although some of the business carried out by the former subsidiaries of the Group is similar to the business of the Group, they are in different locations. Therefore, the Directors are of the view that the business of the former subsidiaries do not compete directly with the business of the Group.

As at 30 June 2013, the names, nature of business and details of ownership of TEDA HK in the former subsidiaries of the Group were as follows:

Name of former subsidiary	Nature of Business	% of interests
1 Jinan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
2 Xuzhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
3 Huaining Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
4 Suqian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
5 Xinyi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
6 Weishan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in accordance with the GEM Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Mr. Lau Siu Ki, Kevin, Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Ip Shing Hing, J.P.. Mr. Lau, the chairman of the Audit Committee, and Mr. Tse are qualified accountants. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2013 and has provided advice and comments on this report.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Dealings in securities of the Company by Directors shall be notified to and acknowledged by the Chairman of the Board in accordance with required standard of time.

All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 June 2013.

## CORPORATE GOVERNANCE CODE COMPLIANCE

During the six months ended 30 June 2013, the Company had complied with the code provisions under the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

## **PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2013.

By order of the Board  
**Binhai Investment Company Limited**  
**Gao Liang**  
*Executive Director*

Hong Kong, 8 August 2013

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Zhang Bing Jun and Mr. Gao Liang, five non-executive Directors, namely, Mr. Shen Xiao Lin, Mr. Zhang Jun, Mr. Dai Yan, Mr. Wang Gang and Ms. Zhu Wen Fang, and four independent non-executive Directors, namely, Mr. Ip Shing Hing, J.P., Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Lau Siu Ki, Kevin.*