



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

Stock Code: 2886

Interim Report **2015**

The board (the "Board") of directors (the "Directors") of Binhai Investment Company Limited (the "Company" and together with its subsidiaries, the "Group") presents the following unaudited consolidated results of the Group for the six months ended 30 June 2015 (the "Period") together with the comparative unaudited figures for the corresponding period in 2014. The unaudited condensed interim consolidated financial statements have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June 2015 HK\$'000	Unaudited Six months ended 30 June 2014 HK\$'000	Percentage Change
Revenue	1,318,838	1,261,811	5%
Gross profit	284,177	214,924	32%
Profit for the period	101,084	84,509	20%
Basic earnings per share attributable to owners of the Company during the period (Note)	8.42 cents	0.71 cent	1.36 cents

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000	Percentage Change
Total assets	5,619,130	3,988,555	41%
Total equity	1,136,429	1,083,450	5%
Total liabilities	4,482,701	2,905,105	54%

Note:

On 14 May 2015, the Company implemented a share consolidation on the basis that every ten issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK\$0.10 each.

To reflect the effect of the above share consolidation in the comparison of basic earnings per share attributable to owners of the Company, the basic earnings per share for the six months ended 30 June 2014 is adjusted to 7.06 cents. On such basis the change of basic earnings per share attributable to owners of the Company during the Period is 1.36 cents.

FINANCIAL INFORMATION

Interim Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
	<i>Note</i>		
Revenue	6	1,318,838	1,261,811
Cost of sales	8	(1,034,661)	(1,046,887)
Gross profit		284,177	214,924
Administrative expenses	8	(75,613)	(61,334)
Other income and gains — net	7	2,785	24,445
		211,349	178,035
Finance income	9	3,011	3,705
Finance expenses	9	(62,441)	(65,310)
Finance expenses — net	9	(59,430)	(61,605)
Share of profit of investments accounted for using the equity method		600	958
Profit before income tax		152,519	117,388
Income tax expenses	10	(51,435)	(32,879)
Profit for the period		101,084	84,509
Attributable to:			
— Owners of the Company		98,922	82,789
— Non-controlling interests		2,162	1,720
		101,084	84,509
Earnings per ordinary share	12		
— basic (<i>HK cents</i>)		8.42 cents	0.71 cent
— diluted (<i>HK cents</i>)		8.42 cents	0.71 cent

Interim consolidated statement of comprehensive income

	Unaudited	
	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Comprehensive income		
Profit for the period	101,084	84,509
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(5,359)	(22,999)
Total comprehensive income for the period	95,725	61,510
Attributable to:		
– Owners of the Company	93,616	60,431
– Non-controlling interests	2,109	1,079
Total comprehensive income for the period	95,725	61,510

Interim condensed consolidated balance sheet

	Note	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Land use rights		48,920	50,286
Property, plant and equipment	13	2,711,928	2,583,654
Investments accounted for using the equity method		57,013	56,513
Trade and other receivables	14	48,158	42,090
		2,866,019	2,732,543
Current assets			
Inventories		66,376	53,716
Trade and other receivables	14	666,430	572,490
Restricted cash	17(e)	636,845	21,605
Cash and cash equivalents		1,238,748	463,236
		2,608,399	1,111,047
Asset held for sale	21	144,712	144,965
		2,753,111	1,256,012
Total assets		5,619,130	3,988,555
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital			
– Ordinary shares	15	117,435	93,931
– Convertible preference shares	15	–	70,512
– Redeemable preferences shares	15	430,000	430,000
Share premium		157,522	110,514
Other reserves		(86,266)	(79,084)
Retained earnings		486,465	428,413
		1,105,156	1,054,286
Non-controlling interests		31,273	29,164
Total equity		1,136,429	1,083,450

Interim condensed consolidated balance sheet

	<i>Note</i>	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	17	1,779,771	846,633
Derivative financial instrument	22	73,609	91,935
		1,853,380	938,568
Current liabilities			
Trade and other payables	16	884,360	947,887
Amount due to immediate holding company		5,437	5,557
Current income taxation liabilities		61,952	55,855
Borrowings	17	1,677,572	957,238
		2,629,321	1,966,537
Total liabilities		4,482,701	2,905,105
Total equity and liabilities		5,619,130	3,988,555
Net current assets/(liabilities)		123,790	(710,525)
Total assets less current liabilities		2,989,809	2,022,018

Interim consolidated statement of changes in equity

Changes in equity of the Group during the six months ended 30 June 2015 and 2014 are as follows:

	Unaudited						
	Attributable to Owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2014	659,955	1,141	(56,574)	243,141	847,663	24,432	872,095
Comprehensive income							
Profit for the period	–	–	–	82,789	82,789	1,720	84,509
Other comprehensive income							
Currency translation differences	–	–	(22,358)	–	(22,358)	(641)	(22,999)
Total comprehensive income for the period	–	–	(22,358)	82,789	60,431	1,079	61,510
Ordinary shares issued for exercising of conversion rights – convertible bonds	813	43,129	–	–	43,942	–	43,942
Ordinary shares issued for exercising of conversion rights – convertible preference shares	(64,293)	(64,293)	–	–	–	–	–
Dividends relating to 2013	–	–	–	(30,384)	(30,384)	–	(30,384)
Total transfers with owners, recognised directly in equity	(63,480)	107,422	–	(30,384)	13,558	–	13,558
Balance at 30 June 2014	596,475	108,563	(78,932)	295,546	921,652	25,511	947,163
Balance at 1 January 2015	594,443	110,514	(79,084)	428,413	1,054,286	29,164	1,083,450
Comprehensive income							
Profit for the period	–	–	–	98,922	98,922	2,162	101,084
Other comprehensive income							
Currency translation differences	–	–	(5,306)	–	(5,306)	(53)	(5,359)
Total comprehensive income for the period	–	–	(5,306)	98,922	93,616	2,109	95,725
Ordinary shares issued for exercising of conversion rights – convertible preference shares	(47,008)	47,008	–	–	–	–	–
Forfeiture of employee share options	–	–	(1,876)	1,876	–	–	–
Dividends relating to 2014	–	–	–	(42,746)	(42,746)	–	(42,746)
Total transfers with owners, recognised directly in equity	(47,008)	47,008	(1,876)	(40,870)	(42,746)	–	(42,746)
Balance at 30 June 2015	547,435	157,522	(86,266)	486,465	1,105,156	31,273	1,136,429

Interim consolidated statement of cash flows

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Cash generated from operations	160,424	159,518
Income tax paid	(45,338)	(37,750)
Net cash generated from operating activities	115,086	121,768
Cash flows from investing activities		
Interest paid	(23,535)	(15,505)
Purchase of property, plant and equipment	(234,559)	(204,995)
Assets held for sale	—	9,349
Purchase of land use rights	(1,017)	(140)
Proceeds from disposal of property, plant and equipment, land use rights and assets held for sales	—	26,106
Increase in restricted cash	(615,240)	(2,407)
Interest received	3,011	3,706
Net cash used in investing activities	(871,340)	(183,886)
Cash flows from financing activities		
Proceeds from issuance of US dollar bond	1,544,500	—
Proceeds from notional cash pool	617,823	—
Proceeds from borrowings	249,626	—
Repayments of borrowings	(775,000)	(39,498)
Termination settlement amount of interest rate swap paid	(27,606)	—
Interest paid	(19,126)	(40,397)
Commitment and agency fee paid	(11,828)	—
Dividend paid	(42,746)	(30,384)
Net cash generated from/(used in) financing activities	1,535,643	(110,279)
Net increase/(decrease) in cash and cash equivalents	779,389	(172,397)
Cash and cash equivalents at beginning of the period	463,236	685,085
Exchange difference on cash	(3,877)	(8,442)
Cash and cash equivalents at end of the period	1,238,748	504,247

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, and has its principal place of business at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are hereafter together referred to as the Group.

For the purpose of these financial statements, the Directors regard Tianjin TEDA Investment Holding Co., Ltd. ("TEDA") as the ultimate holding company.

On 14 May 2015, the Company implemented a share consolidation on the basis that every ten issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK\$0.10 each.

This condensed consolidated interim financial information is presented in HK dollars ("HK\$"), unless otherwise stated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

The financial information has been on historical cost basis.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2014.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in any risk management policies since the year end.

5.2 *Liquidity risk*

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. For long-term borrowings of RMB500,000,000 bond which were reclassified as current borrowings as at 30 June 2015, the Group expects settlement within 2015 by the issuance of US\$200,000,000 bond on 6 May 2015.

5.3 *Fair value estimation*

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's liabilities that are measured at fair value at 30 June 2015.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative liability component of convertible bonds	—	—	73,609	73,609

The financial instrument classified as level 3 is the derivative component of the convertible bonds, the fair value of which is determined using valuation models and unobservable inputs. The significant unobservable inputs are stock price and volatility of the convertible bonds.

The following table presents the Group's liabilities that are measured at fair value at 31 December 2014.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities				
Financial liabilities at fair value through profit or loss				
Interest rate swap contract	—	20,054	—	20,054
Derivative liability component of convertible bonds	—	—	71,881	71,881
Total liabilities	—	20,054	71,881	91,935

There were no transfers of financial instruments of the Group between different levels of the fair value hierarchy during the period.

There were no other changes in valuation techniques during the Period.

For the Period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

As the Group early repaid the syndicated loan of HK\$775,000,000, the Group accordingly terminated the Swap Contract in advance on 23 June 2015. The termination settlement amount was HK\$27,606,000.

Financial instruments in level 3

The following table presents the changes in level 3 instrument, which is the derivative liability component of the convertible bonds for the Period.

	Derivative financial instruments HK\$'000
As at 31 December 2014	71,881
Changes in fair value	1,728
As at 30 June 2015	73,609
Total losses for the Period included in profit or loss for liabilities held at the end of the period, under "Other income and gains – net"	(1,728)
Changes in unrealised losses for the Period included in profit or loss at the end of the Period	(1,728)

5.4 Fair value of financial assets and liabilities measured at amortised cost

Except for the derivative financial instruments, the carrying amounts of the Group's financial assets including cash and cash equivalents, restricted cash and trade and other receivables (except for the prepayments), and financial liabilities including trade and other payables (except for the advance from customers, staff salaries and welfare payables and accrued taxes other than income tax) and short-term borrowings obtained at variable rates, approximate their fair value due to their short maturity. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.

6. 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 makers 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.

Six months ended 30 June 2015	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
	Revenue				
– 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	–	–	368,451	–	368,451
– Other customers	11,637	8,172	672,764	257,814	950,387
Revenue from external customers	11,637	8,172	1,041,215	257,814	1,318,838
Segment results	(1,774)	1,298	103,200	181,453	284,177
– Other income and gains – net					2,785
– Administrative expenses					(75,613)
– Finance expenses – net					(59,430)
– Share of gains of investments accounted for using the equity method					600
Profit before income tax					152,519
<i>Other information for reportable segments:</i>					
Depreciation	(21)	(72)	(38,439)	(405)	(38,937)
Amortisation	(10)	(10)	(801)	(193)	(1,014)

Six months ended 30 June 2014	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
Revenue					
–TEDA Gas, Tianjin Eco-city, Tianjin Pipe and its associates	–	–	339,736	–	339,736
– Other customers	82,212	10,236	554,919	274,708	922,075
Revenue from external customers	82,212	10,236	894,655	274,708	1,261,811
Segment results	89	1,141	25,026	188,668	214,924
– Other income and gains – net					24,445
– Administrative expenses					(61,334)
– Finance expenses – net					(61,605)
– Share of gains of investments accounted for using the equity method					958
Profit before income tax					117,388

Other information for reportable segments:

Depreciation	(160)	(65)	(35,375)	(479)	(36,079)
Amortisation	(70)	(10)	(709)	(210)	(999)

7. OTHER INCOME AND GAINS – NET

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Other income		
Assembling service	1,526	2,091
Other gains or losses – net:		
Gain on disposal of property, plant and equipment and land use rights	7,130	15,731
Fair value (loss)/gain on derivative financial instruments – net	(9,280)	5,497
Others	3,409	1,126
	2,785	24,445

8. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Cost of sales	997,805	1,013,052
Depreciation	38,937	36,079
Amortisation	1,014	999
Other expenses	72,518	58,091
Total cost of sales and administrative expenses	1,110,274	1,108,221

9. FINANCE INCOME AND EXPENSES

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Interest on bank borrowings wholly repayable within 5 years	39,209	26,676
Interest on RMB bonds wholly repayable within 5 years	22,352	22,557
Interest expense on convertible bonds	14,701	13,625
Interest on US Dollar bonds wholly repayable within 3 years	8,295	—
Other borrowing costs	279	—
Net foreign exchange losses on financing activities	1,140	22,190
Finance expenses	85,976	85,048
Less: Amounts capitalised as part of the cost of property, plant and equipment	(23,535)	(19,738)
Total finance expenses	62,441	65,310
Finance income	(3,011)	(3,705)
Net finance expenses	59,430	61,605

10. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2014: 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% (2014: 25%).

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Current tax:		
Current tax on profits for the period	51,435	29,814
Deferred tax:		
Utilisation of deferred tax assets recognised on previous tax losses	—	3,065
Income tax expenses	51,435	32,879

11. DIVIDEND

A dividend of HK\$42,746,301.82 that related to the year ended of 31 December 2014 was paid in June 2015 (2014: HK\$30,384,114.20).

No interim dividend was declared in respect of the Period (for the six months ended 30 June 2014: Nil).

12. EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2015	2014
Earnings		
Profit attributable to owners of the Company (HK\$'000)	98,922	82,789
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	1,174,348,951	11,722,827,421

Note:

During the Period, conversion rights in respect of the convertible preference shares in the principal amount of HK\$70,512,195 were exercised, pursuant to which 2,350,406,499 new ordinary shares were issued.

On 14 May 2015, the Company implemented a share consolidation on the basis that every ten issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK\$0.10 each. As a result of the share consolidation, the weighted average number of ordinary shares was 1,174,348,951 consolidated ordinary shares. The basic earnings per share attributable to the owners of the Company during the Period is thus 8.42 cents.

For the purpose of comparison of the basic earnings per share attributable to the owners of the Company for the Period with that for the six month ended 30 June 2014, the basic earnings per share attributable to the owners of the Company for the six months ended 30 June 2014 is adjusted to 7.06 cents to reflect the effect of the above share consolidation. Under such comparison the change of basic earnings per share attributable to the owners of the Company for the Period is 1.36 cents.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense and fair value of derivative component less the tax effect, where applicable. The exercise of share options would have no material dilutive effect to the earnings per share. Since the impact of conversion of convertible bonds on earnings per share is anti-dilutive, for the Period, diluted earnings per share equaled to basic earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Unaudited As at 30 June 2015 HK\$'000	Unaudited As at 30 June 2014 HK\$'000
Opening net book amount	2,583,654	2,250,548
Additions	174,029	191,608
Disposal	(6,434)	(10,376)
Depreciation	(38,937)	(36,079)
Reversal of impairment charge	4,245	—
Currency translation differences	(4,629)	(58,770)
Closing net book amount	2,711,928	2,336,931

14. TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Trade receivables	362,699	339,981
Less: Provision for impairment	(47,494)	(51,370)
	315,205	288,611
Notes receivables	158,204	56,394
	473,409	345,005
Advances to suppliers	200,424	193,340
Less: Provision for impairment	(82,107)	(82,398)
	118,317	110,942
Prepayments and other receivables	49,510	51,936
Less: Provision for impairment	(8,413)	(8,453)
	41,097	43,483
Receivables from related parties (Note 20)	81,765	115,150
Less: non-current portion: long term prepayment	(48,158)	(42,090)
Current portion	666,430	572,490

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:

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
0 – 90 days	108,509	181,137
91 – 180 days	23,862	19,755
181 – 360 days	111,132	41,236
Over 360 days	119,196	97,853
	362,699	339,981
Less: Provision for impairment of trade receivables	(47,494)	(51,370)
	315,205	288,611

15. SHARE CAPITAL

	Unaudited As at 30 June 2015		Audited As at 31 December 2014	
	Number of shares Thousand	Amounts HK\$'000	Number of shares Thousand	Amounts HK\$'000
Ordinary shares of HK\$0.10 each for 2015 and ordinary shares of HK\$0.01 each for 2014 (<i>Note 12(a)</i>) Authorised:	1,500,000	150,000	15,000,000	150,000
Fully paid:				
As at beginning of the period/year	939,308	93,931	5,995,522	59,955
Share issued on exercise of convertible bonds	—	—	81,301	813
Share issued on exercise of convertible preferential shares	235,040	23,504	3,316,260	33,163
As at end of the period/year	1,174,348	117,435	9,393,083	93,931
Convertible preference shares of HK\$1.00 each (<i>Note</i>) Authorised:	170,000	170,000	170,000	170,000
Fully paid:				
As at beginning of the period/year	70,512	70,512	170,000	170,000
Converted to ordinary shares	(70,512)	(70,512)	(99,488)	(99,488)
As at end of the period/year	—	—	70,512	70,512
Redeemable preference shares of HK\$50.00 each, issued and fully paid	8,600	430,000	8,600	430,000
Total				
Authorised:		750,000		750,000
Issued and fully paid:		547,435		594,443

Note:

The Company issued 130 million convertible preference shares to Cavalier Asia Limited on 4 May 2009 which were subsequently transferred to TEDA Hong Kong Property Company Limited (“TEDA HK”) in August 2011, and 40 million convertible preference shares to syndicate banks on 7 May 2009 which were subsequently transferred to TEDA HK on 7 May 2014. These convertible preference shares were:

- not entitled to dividend;
- non-voting;
- non-redeemable and at zero coupon;
- convertible at a price of HK\$0.03 per share (before the share consolidation) at the option of the holder from the date immediately after the fifth anniversary of the date of issuance but before the tenth anniversary; and
- to be automatically converted by the Company after the tenth anniversary of the date of issue.

During the Period, conversion rights in respect of the remaining outstanding 70,512,195 convertible preference shares were exercised, pursuant to which 2,350,406,499 new ordinary shares of HK\$0.01 each were issued.

16. TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Trade payables	311,128	312,099
Advance from customers	89,729	106,699
Other payables	455,197	500,199
Accrued expenses	28,098	28,354
Amounts due to related parties (<i>Note 20</i>)	208	536
	884,360	947,887

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:

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
0 — 90 days	102,833	109,763
91 — 180 days	16,222	31,827
181 — 360 days	66,883	43,381
Over 360 days	125,190	127,128
	311,128	312,099

17. BORROWINGS

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Non-current		
US Dollar bond (<i>Note (a)</i>)	1,533,364	—
RMB bond (<i>Note (b)</i>)	622,904	621,793
Convertible bonds (<i>Note (c)</i>)	246,407	233,097
Secured over shares of subsidiaries (<i>Note (d)</i>)	—	761,434
	2,402,675	1,616,324
Less: Amounts due within one year included in current liabilities	(622,904)	(769,691)
	1,779,771	846,633
Current		
Notional cash pool (<i>Note (e)</i>)	617,823	—
Unsecured	436,845	187,547
RMB bond	622,904	621,793
Current portion of long-term borrowings	—	147,898
	1,677,572	957,238

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

	Unaudited As at 30 June 2015	Audited As at 31 December 2014
– PRC banks	6.26%	6.60%
– Convertible Bond	13.13%	13.13%
– RMB Bond	7.25%	7.25%
– US Dollar Bond	3.25%	—
– Notional cash pool	0.35%	—
– Hong Kong bank	—	3.86%~3.87%

Notes:

- (a) On 6 May 2015, the Company issued the bonds in the aggregate principal amount of US\$200,000,000. The bonds will mature on 6 May 2018, unless earlier redeemed, or purchased and cancelled in accordance with the terms stated in the agreement. At maturity, the bonds are payable at 100% of the principal amount thereof. The bonds carried interest at a rate of 3.25% per annum, payable semi-annually in arrears.
- (b) On 18 October 2012, the Group issued RMB500,000,000 bonds. The bonds carried interest at a rate of 6.50% per annum payable semi-annually in arrears 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.
- (c) On 5 August 2013, the Company issued convertible bonds due in 2016 in an aggregate principal amount of HK\$310,000,000, which are convertible into fully-paid ordinary shares of the Company with a par value of HK\$0.01 each. Based on the initial conversion price of HK\$0.3690 per share (subject to adjustments), a maximum of 840,108,401 ordinary shares will be allotted and issued upon the exercise in full of the conversion rights attached to the convertible bonds.

The conversion price of the convertible bonds was adjusted from HK\$0.3690 per ordinary share of par value HK\$0.01 each to HK\$0.3648 per ordinary share of par value HK\$0.01 each after the record date for the 2013 final dividend of the Company on 12 May 2014. Such adjustment was in accordance with the terms of the convertible bonds and is applicable to those convertible bonds which had not yet been converted at the time the adjustment took effect. The outstanding convertible bonds in the principal amount of HK\$279,000,000 which had not yet been converted were convertible into 764,802,631 ordinary shares at the adjusted conversion price of HK\$0.3648 per ordinary share of par value HK\$0.01 each.

On 14 May 2015, upon the share consolidation becoming effective, the conversion price of the outstanding convertible bonds was adjusted from HK\$0.3648 per ordinary share of par value HK\$0.01 each to HK\$3.648 per consolidated ordinary share of par value HK\$0.1 each. The outstanding convertible bonds in the principal amount of HK\$279,000,000 which have not yet been converted will be convertible into 76,480,263 consolidated ordinary shares at the adjusted conversion price of HK\$3.648 per consolidated ordinary share of par value HK\$0.1 each.

Conversion rights in respect of convertible bonds in the principal amount of HK\$31,000,000 had been exercised, pursuant to which 2,710,027 and 81,300,813 new ordinary shares were issued on 12 December 2013 and 17 February 2014 respectively. These became 8,401,084 consolidated ordinary shares after the share consolidation.

Since the denominated currency (HK\$) of the convertible bonds is different from the functional currency (RMB) of the Company, their conversion options will be settled by the Company delivering a fixed number of its own shares in exchange for a variable amount of cash in the Company's functional currency. Consequently, the conversion options are not equity instruments and are therefore classified as derivative financial liabilities.

- (d) On 30 June 2014, the Group entered into a 3 year bank borrowing facilities agreement of HK\$930,000,000 with certain Hong Kong syndicate banks. On 26 August 2014, the amount of the facilities was adjusted to HK\$775,000,000. The loans carried interest at HIBOR plus 3.5% per annum. The said facilities were used for refinancing the existing indebtedness of the Group and for general corporate purposes.

The first and second drawdown loans of HK\$451,000,000 and HK\$324,000,000 were completed on 10 July 2014 and 19 September 2014 respectively. The loans were early repaid on 29 June 2015.

- (e) On 14 May 2015, the Group entered into a notional cash pooling agreement with China Merchants Bank. Binhai Investment (Hong Kong) Co., Ltd pledged RMB500,000,000 Non-Resident Account ("NRA account"), and in return, Binhai Investment (Tianjin) Co., Ltd. received RMB495,000,000 credit line with a period of 5 month, dating from 14 May 2015 to 13 October 2015. As at the end of the Period, RMB 495,000,000 has been drawn down used for the purchase of short-term financial products. This arrangement is mainly used to increase earnings on monetary management before repaying RMB 500,000,000 bonds as stated in note (b). The pledged bank deposit interest rates was equal to the bank loan interest rate of 0.35%.

The notional cash pool made the Group restricted cash increased by RMB500,000,000, short-term loans increased by RMB495,000,000 and cash and cash equivalents decreased by RMB5,000,000.

18. COMMITMENTS

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

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Property, plant and equipment	283,784	421,729

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

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Not later than one year	6,241	4,950
Later than one year and not later than five years	8,039	4,530
Later than five years	5,143	4,118
	19,423	13,598

19. FINANCIAL GUARANTEE

The Company has given guarantee of approximately HK\$187 million (as at 31 December 2014: HK\$787 million) to subsidiaries in respect of bank borrowings, HK\$187 million of which had been utilised as at 30 June 2015.

20. RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the condensed consolidated interim financial information, the followings are significant transactions entered into between the Group and its related parties during the Period:

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
(a) Transactions with fellow subsidiaries:		
Sale of gas to Tianjin Pipe and its associates	295,232	295,414
Sale of gas to TEDA Gas	72,549	44,322
Sale of gas to Tianjin Sai-rui Machinery Equipment Company Limited ("Sai Rui")	23,137	21,913
Provision of connection service to Tianjin TEDA Zhongtang Investment&Development Co., Ltd ("TEDA Zhongtang")	8,138	5,705
Sale of gas to Tianjin YAT-SEN Scientific Industrial Park International Inc ("Tianjin YAT-SEN")	778	—
Sale of gas to Tianjin TEDA Binhai Station Construction Company Limited ("TEDA Binhai Station")	692	609
Sale of gas to Tianjin Eco-city	670	29,575
Provision of connection service to Tianjin YAT-SEN	364	—
Sale of gas to Tianjin Xing Cheng Investment Development Co.,Ltd.("Tianjin Xingcheng")	70	—
Sale of gas to TEDA Zhongtang	40	51
Provision of connection service to Tianjin Xing Cheng	26	1,950
Insurance premium paid to Bohai Property Insurance Company Limited ("Bohai")	(2,528)	(1,254)
Provision of connection service to TEDA Binhai Station	—	56
Purchase of steel pipe materials from TPCO & TISCO Welding Pipe Corporation Co., Ltd ("Tianguan Taigang")	—	(5,773)

	Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
(b) Key management compensation:		
Fees	(1,428)	(1,328)
Salaries, share options and other allowances	(14,350)	(12,077)
Pension costs	(84)	(103)

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
(c) Balances with fellow subsidiaries:		
Accounts receivable from Tianjin Pipe and its associates	31,888	73,945
Accounts receivable from Tianjin Xingcheng	16,242	13,618
Advances to Tianguan Taigang	10,464	11,965
Accounts receivable from TEDA Gas	13,097	8,438
Accounts receivable from TEDA Zhongtang	8,972	4,651
Accounts receivable from Tianjin YAT-SEN	752	68
Accounts receivable from Tianjin Eco-city	350	1,638
Accounts receivable from Sai Rui	—	764
Other receivables from TEDA	—	63
Account advance received from TEDA Binhai Station	(208)	(536)

(d) 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 as 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.

21. ASSET HELD FOR SALE

	Unaudited As at 30 June 2015 HK\$'000	Audited As at 31 December 2014 HK\$'000
Property under development		
Land use rights	18,949	18,982
Construction costs and capitalised expenditure	125,763	125,983
	144,712	144,965

The property under development is located in Tianjin Airport Economic Area in Binhai New Area, the PRC and is situated 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 such property under development.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited As at 30 June 2015		Audited As at 31 December 2014	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swap contract (Note)	—	—	—	20,054
Derivative component of convertible bonds (Note 17(c))	—	73,609	—	71,881
	—	73,609	—	91,935

Note:

On 23 December 2011, the Group entered into a deferred payment interest rate swap contract with Standard Chartered Bank London, with an aggregate notional amount of HK\$571,635,500 (the "Swap Contract"). The Swap Contract became effective on 30 September 2013, and would expire on 30 September 2018.

Pursuant to the Swap Contract, the Group shall pay interest at a fixed rate of 2.25%, and will receive interest at a floating rate with reference to the HIBOR as published by the Hong Kong Association of Bank, semi-annually on 31 March and 30 September commencing from 30 September 2013 and up to the termination date. All settlements of the Swap Contract are aggregated and settled on the termination date of the Swap Contract.

As the Group repaid the syndicated loan of HK\$775,000,000, the Group early terminated the Swap Contract on 23 June 2015. The termination settlement amount was HK\$27,606,000.

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 2015, the Group's total gas pipeline network was approximately 1,851 kilometers, representing an increase of 61 kilometers of the pipeline network from 1,790 kilometers as at 31 December 2014. During the Period, the connection service fees amounted to HK\$257,814,000, representing a decrease of HK\$16,894,000 or 6% as compared with HK\$274,708,000 for the corresponding period last year.

Piped Gas Sales

During the Period, consumption of piped gas by residential and industrial customers amounted to approximately $1,491 \times 10^6$ and $8,012 \times 10^6$ mega-joules respectively, as compared with $1,279 \times 10^6$ and $7,475 \times 10^6$ mega-joules respectively for the corresponding period last year. For the Period, the piped gas sales income of the Group amounted to HK\$1,041,215,000, representing an increase of HK\$146,560,000 or 16% as compared with HK\$894,655,000 for the corresponding period last year. With the improvement of the pipe network, the increase in industrial users led to a greater growth in gas consumption.

Property Development

As the real estate business does not match the Group's strategic direction which has been focusing on the development of the gas business, and taking into account the impact of the control policy of the PRC on real estate business, the Group plans to dispose of the property under development.

Prospects

As the finest green energy, natural gas has been consistently supported by the Chinese national policy. The state has recently launched a series of natural gas uses and air pollution control policies to promote the implementation of the work on “Coal to Gas” and “Oil to Gas”. In addition, a more rigid requirement for the aspects of the haze governance in the region of Beijing-Tianjin-Hebei and other areas was raised.

The Group believes that the outlook of the natural gas industry remains vast. The National Development and Reform Commission issued the “National Climate Change Plan (2014-2020)” (the “Plan”) in November 2014. Based on the Plan, the domestic natural gas consumption will reach 360 billion cubic meters by 2020. The domestic natural gas transport trunk and branch lines construction currently improving and gas supply growth has recorded more than double digits. The reform of natural gas price will gradually stimulate the demand for natural gas.

In the next half of the financial year, the national economic restructuring will continue and meanwhile short-term pressures will last due to the economic slowdown. However, the Group will strive to achieve sustainable and rapid growth by seizing the opportunities of favorable state policies, benefit from the integration of the Beijing-Tianjin-Hebei region as well as from our business in the haze control industry, and take advantage of a variety of conditions of the Tianjin Free Trade Zone and the Tianjin Binhai New Area.

Looking to the future and facing new opportunities as well as potential challenges, the Group will increase its efforts of market development in the Tianjin Binhai New Area, Beijing-Tianjin-Hebei region and other areas, and expand the scale of customers and marketing as well as the gas sales volume. Moreover, we will continue to strengthen our awareness of cost management, reduce management costs, and improve management efficiency. With our excellent management model and management team, we will continue to build the core competitiveness of the Group and create greater value for our shareholders, employees and the community.

Financial Review

Gross Profit Margin

For the Period, the gross profit of the Group was HK\$284,177,000 (for the six months ended 30 June 2014: HK\$214,924,000) and the gross profit margin for the Group was 21.5% (for the six months ended 30 June 2014: 17.0%).

For the Period, the gross profit margin of the Group's piped gas sales was 9.9%, representing an increase of 7.1 percentage points or 254% as compared with 2.8% for the corresponding period last year. On 28 February 2015, the National Development and Reform Commission announced to adjust the natural gas city-gate prices for non-residential use. Effective from 1 April 2015, the price of incremental volume has been reduced by RMB0.44 per cubic metre and the price of existing volume has been increased by RMB0.04 per cubic metre. Due to the high proportion of the Group's incremental gas, the price adjustment has substantially improved the gross profit margin of the Group's piped gas. In addition, the Company has developed a new gas source. The competitive supply price reduced the Company's procurement costs.

Administrative Expenses

Administrative expenses of the Group for the Period was HK\$75,613,000, representing an increase of HK\$14,279,000 or 23% as compared to HK\$61,334,000 for the corresponding period last year. The substantial increase in administrative expenses was mainly due to the Group's issuance of US dollar bonds during the Period and the reversal of impairment of assets in the corresponding period last year.

Profit attributable to owners of the Company

The profit attributable to owners of the Company was approximately HK\$98,922,000 for the Period, representing an increase of HK\$16,133,000 or 19% as compared to HK\$82,789,000 for the corresponding period last year.

Basic earnings per share of the Company for the Period was HK8.42 cents, as compared to a HK1.36 cents increase for the corresponding period last year after share consolidation.

Interest Rate Swap Contract

For the Period, the Group recognised a loss in the change in fair value of derivative financial instruments of HK\$7,552,000 (Loss for the six months ended 30 June 2014: HK\$3,378,000). In order to minimise the risk of rising interest rates and control borrowing costs, the Group entered into an Swap Contract with Standard Chartered Bank London with an aggregate notional amount of HK\$571,635,500 to control future interest charges. The deferred payment Swap Contract took effect on 30 September 2013 and would expire on 30 September 2018 (“Termination Day”). Pursuant to the Swap Contract, the Group would pay interest at a fixed rate of 2.25%, and would receive interest at a floating rate with reference to the HIBOR as published by the Hong Kong Association of Bank.

As the Group early repaid the syndicated loan of HK\$775,000,000 in June 2015, and the Group terminated the Swap Contract accordingly on 23 June 2015. The termination settlement amount was HK\$27,606,000.

Liquidity and financial resources

As at 30 June 2015, the total borrowings of the Group were HK\$3,457,343,000 (as at 31 December 2014: HK\$1,803,871,000) and the cash and bank deposit of the Group was HK\$1,875,593,000 (as at 31 December 2014: HK\$484,841,000). As at 30 June 2015, the Group had consolidated current assets of HK\$2,753,111,000 and its current ratio was 1.05. As at 30 June 2015, the Group had a gearing ratio of approximately 313%, measured by the ratio of total consolidated borrowings of HK\$3,457,343,000 to total equity (includes all capital and reserves of the Group excluding non-controlling interests) of HK\$1,105,156,000.

Borrowings Structure

As at 30 June 2015, the total borrowings of the Group amounted to HK\$3,457,343,000 (as at 31 December 2014: HK\$1,803,871,000). Unsecured borrowings from PRC banks were denominated in RMB, also bearing interest at a floating rate. Unsecured bonds of US Dollars 200,000,000 were issued at 100% of the issue price, bearing interest at a rate of 3.25%. Unsecured bonds of RMB500,000,000 were issued at 100% of the issue price, bearing interest at a rate of 6.50%. Notional cash pool withdrew RMB495,000,000 pledged NRA account of RMB500,000,000 bearing interest at a rate of 0.35%. The outstanding Convertible Bonds of HK\$279,000,000 were issued at an issue price of 100%; unsecured, bearing interest at a rate of 1.00%. As at 30 June 2015, short-term borrowings and current portion of long-term borrowings amounted to HK\$1,677,572,000, while the remainder were long-term borrowings falling due after one year or above.

Directors' opinion on sufficiency of working capital

In view of the Group's current stable financial 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 operations of the Group and the available banking facilities, the Directors believe that the Group is able to meet its liabilities as and when they fall due.

Exposure to 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 Group's respective entities. Certain bank balances and bank borrowings are denominated in HK Dollars and US Dollars which expose the Group to foreign currency exchange 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 2015, the Group had pledged bank deposits of HK\$636,845,000 (as at 31 December 2014: HK\$21,605,000).

Save as disclosed above, there were no charges over of any the Group's assets as at 30 June 2015.

Convertible Bonds

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

The issuance of the convertible bonds by the Company to the subscribers at an aggregate principal amount of HK\$310,000,000 was completed on 5 August 2013.

The conversion price of the convertible bonds was adjusted from HK\$0.3690 per ordinary share of par value HK\$0.01 each to HK\$0.3648 per ordinary share of par value HK\$0.01 each after the record date for the 2013 final dividend of the Company on 12 May 2014. Such adjustment was in accordance with the terms of the convertible bonds and was applicable to those convertible bonds which had not yet been converted at the time the adjustment took effect. The outstanding convertible bonds in the principal amount of HK\$279,000,000 which had not yet been converted would be convertible into 764,802,631 ordinary shares at the adjusted conversion price of HK\$0.3648 per ordinary share of par value HK\$0.01 each.

On 14 May 2015, upon the share consolidation of the Company taking effect, the conversion price of the outstanding convertible bonds was adjusted from HK\$0.3648 per ordinary share of par value HK\$0.01 each to HK\$3.648 per consolidated ordinary share of par value HK\$0.10 each. The outstanding convertible bonds in the principal amount of HK\$279,000,000 which have not yet been converted will be convertible into 76,480,263 consolidated ordinary shares at the adjusted conversion price of HK\$3.648 per consolidated ordinary share of par value HK\$0.10 each.

As at 30 June 2015, convertible bonds in the principal amount of HK\$31,000,000 (as at 31 December 2014: HK\$31,000,000) had been converted into 84,010,840 ordinary shares at a conversion price of HK\$0.3690 per ordinary share of par value HK\$0.01 each. These became 8,401,084 consolidated ordinary shares after the share consolidation.

Final Dividend

Based on the annual profit of the Company for the year ended 31 December 2014 and taking into account the financial position of the Company, the Board recommended a total final dividend of up to HK\$42,808,800 (the "Final Dividend") for the year ended 31 December 2014 (HK\$30,384,114.20 for the year ended 31 December 2013). The Final Dividend was approved by the holders of ordinary shares at the annual general meeting of the Company held on 13 May 2015 (the "AGM"), and was paid before the end of June 2015. The actual amount of the total dividend paid was HK\$ 42,746,301.82.

Interim Dividend

The Board does not declare an interim dividend for the Period (2014: Nil).

Significant acquisition and disposals

The Group had no significant acquisitions and disposals of subsidiaries and affiliated companies during the Period.

Contingent Liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 30 June 2015, the Group had 1,473 employees (as at 31 December 2014: 1,487). For the Period, the salaries and wages of the employees was HK\$66,343,000 (for the six months end 30 June 2014: HK\$64,126,000).

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 2015, the interests or short positions of the Directors and the chief executive 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities (the “Main Board Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were as follows:

Name of Director		Interest in ordinary shares				Interests in underlying ordinary shares pursuant to share options	Total interests in ordinary shares and underlying ordinary shares	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2015
		Personal interests	Corporate interests	Family interests	Total interests			
Mr. GAO Liang	Beneficial owner	–	–	–	–	1,000,000	1,000,000	0.09%
Mr. ZHANG Jun	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Mr. WANG Gang	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Ms. ZHU Wen Fang	Beneficial owner	–	–	–	–	700,000	700,000	0.06%
Mr. IP Shing Hing, J.P.	Beneficial owner	–	–	–	–	200,000	200,000	0.02%
Professor Japhet Sebastian LAW	Beneficial owner	100,000	–	–	100,000	200,000	300,000	0.03%
Mr. TSE Tak Yin	Beneficial owner	–	–	–	–	200,000	200,000	0.02%
Mr. LAU Siu Ki, Kevin	Beneficial owner	–	–	–	–	200,000	200,000	0.02%

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 2015 and as at 30 June 2015 were as follows:

Name of Director	Date of grant	Exercise Period	Exercise Price (Note (2)) (HK\$)	Number of	Number of	Approximate
				ordinary shares subject to outstanding options as at 1 January 2015	ordinary shares subject to outstanding options as at 30 June 2015 (Note (2))	percentage of the Company's total issued ordinary share capital as at 30 June 2015
Mr. GAO Liang	27.9.2010	27.9.2010 – 26.9.2020	5.6	10,000,000	1,000,000	0.09%
Mr. ZHANG Jun	27.9.2010	27.9.2010 – 26.9.2020	5.6	7,000,000	700,000	0.06%
Mr. WANG Gang	27.9.2010	27.9.2010 – 26.9.2020	5.6	7,000,000	700,000	0.06%
Ms. ZHU Wen Fang	27.9.2010	27.9.2010 – 26.9.2020	5.6	7,000,000	700,000	0.06%
Mr. IP Shing Hing, J.P.	27.9.2010	27.9.2010 – 26.9.2020	5.6	2,000,000	200,000	0.02%
Professor Japhet Sebastian LAW	27.9.2010	27.9.2010 – 26.9.2020	5.6	2,000,000	200,000	0.02%
Mr. TSE Tak Yin	27.9.2010	27.9.2010 – 26.9.2020	5.6	2,000,000	200,000	0.02%
Mr. LAU Siu Ki, Kevin	27.9.2010	27.9.2010 – 26.9.2020	5.6	2,000,000	200,000	0.02%

Notes:

- (1) The exercisable period of the above share options is 10 years from the date of grant.
- (2) Upon the share consolidation taking effect on 14 May 2015, the total number of shares that will be issued upon the exercise of the outstanding share options held by Directors under the share option scheme had been adjusted from 39,000,000 ordinary shares of HK\$0.01 each to 3,900,000 consolidated ordinary shares of HK\$0.10 each, and the exercise price of such options had also been adjusted from HK\$0.56 per ordinary share of HK\$0.01 each to HK\$5.60 per consolidated ordinary share of HK\$0.10 each.

Save as disclosed above, as at 30 June 2015, there were no other interests or short positions of the Directors and the chief executive 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 the Model Code.

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

As at 30 June 2015, the persons (not being a Director or chief executive of the Company) or companies who or which 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 shareholders	Position	Capacity	Interest in ordinary shares/underlying ordinary shares						Total	Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2015
			Number of Ordinary Shares				Number of underlying Ordinary Shares			
			Beneficial interest	Family interest	Corporate interest	Other interest	Corporate interest	Other interest		
Tianjin TEDA Investment Holding Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	–	–	741,049,127	–	–	–	741,049,127	63.10%
Mr. SHUM Ka Sang ("Mr. SHUM")	Long	Beneficial owner/ Interest of controlled Corporation/ Interest of Spouse	1,926,000	127,924 (Note 2)	73,804,600 (Note 1)	–	–	–	75,858,524	6.46%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	72,804,600 (Note 1)	–	–	–	–	–	72,804,600	6.20%
Ms. WU Man Lee	Long	Beneficial owner/ Interest of spouse	127,924	75,730,600 (Note 2)	–	–	–	–	75,858,524	6.46%
China Everbright Limited ("CEL")	Long	Interest of controlled corporation/ Interest of any parties to an agreement	–	–	36,300,812 (Note 3)	26,504,066 (Note 4)	24,479,165 (Note 3)	17,872,807 (Note 4)	106,156,850	8.95%
China Everbright Holdings Company Limited ("CEHCL")	Long	Interest of controlled corporation/ Interest of any parties to an agreement	–	–	36,300,812 (Note 3)	26,504,066 (Note 4)	24,479,165 (Note 3)	17,872,807 (Note 4)	106,156,850	8.95%
China Everbright Group Limited	Long	Interest of controlled corporation/ Interest of any parties to an agreement	–	–	36,300,812 (Note 3)	26,504,066 (Note 4)	24,479,165 (Note 3)	17,872,807 (Note 4)	106,156,850	8.95%
Central Huijin Investment Ltd.	Long	Interest of controlled corporation	–	–	36,300,812 (Note 3)	26,504,066 (Note 4)	24,479,165 (Note 3)	17,872,807 (Note 4)	106,156,850	8.95%

Name of shareholders	Position	Capacity	Interest in ordinary shares/underlying ordinary shares						Total	Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2015
			Number of Ordinary Shares			Number of underlying Ordinary Shares				
			Beneficial interest	Family interest	Corporate interest	Other interest	Corporate interest	Other interest		
Forebright Partners Limited ("Forebright")	Long	Interest of controlled corporation/ Interest of any parties to an agreement	-	-	26,504,066 (Note 5)	12,723,576 (Note 6)	17,872,807 (Note 5)	8,580,043 (Note 6)	65,680,492	5.59%
CSOF III GP Limited ("CSOF III")	Long	Interest of controlled corporation/ Interest of any parties to an agreement	-	-	26,504,066 (Note 5)	12,723,576 (Note 6)	17,872,807 (Note 5)	8,580,043 (Note 6)	65,680,492	5.59%
China Special Opportunities Fund III, L.P. ("China Special")	Long	Interest of controlled corporation/ Interest of any parties to an agreement	-	-	26,504,066 (Note 5)	12,723,576 (Note 6)	17,872,807 (Note 5)	8,580,043 (Note 6)	65,680,492	5.59%

Notes:

1. Wah Sang Gas Development Group (Cayman Islands) Limited is a company entirely owned by Mr. Shum. The corporate interest held by Mr. Shum refers to his deemed interests in the 72,804,600 ordinary shares held by Wah Sang Gas Development Group (Cayman Islands) Limited and in the 1,000,000 ordinary shares held by another corporation 100%-controlled by Mr. Shum.
2. Ms. Shum and Ms. Wu are a couple and are deemed to be interested in such ordinary shares by virtue of the interests in such ordinary shares owned by each other.
3. CEHCL, through a number of direct and indirect wholly-owned subsidiaries, holds 49.74% interests in CEL. The corporate interests in 36,300,812 ordinary shares represent (i) 12,723,576 ordinary shares held by Everbright Inno Investments Limited ("Everbright Inno"), a wholly-owned subsidiary of Windsor Venture Limited ("Windsor"), which is a wholly-owned subsidiary of CEL; and (ii) 23,577,236 ordinary shares held by Energy Empire Limited ("Energy Empire"), a wholly-owned subsidiary of China Everbright Venture Capital Limited, which is a wholly-owned subsidiary of CEL. The corporate interests in 24,479,165 underlying ordinary shares represent potential ordinary shares issuable upon conversion of the convertible bonds, and are held respectively as to (i) 8,580,043 underlying ordinary shares by Everbright Inno and (ii) 15,899,122 underlying ordinary shares by Energy Empire. Central Huijin Investment Ltd. holds 55.67% interest in China Everbright Group Ltd., which in turn wholly-owns CEHCL. Accordingly, Central Huijin Investment Ltd., China Everbright Group Ltd., CEHCL and CEL are each deemed to be interested in both of the aforesaid 36,300,812 ordinary shares and 24,479,165 underlying ordinary shares.

4. The 26,504,066 ordinary shares and 17,872,807 underlying ordinary shares (which are issuable upon conversion of the convertible bonds) are both held by CSOF Inno Investments Limited ("CSOF Inno"), a wholly-owned subsidiary of China Special, which is controlled by CSOF III (which owns 1.45% commitment in China Special). Forebright is interested in 90% of CSOF III. Windsor (an indirect wholly-owned subsidiary of CEHCL held through CEL) is a party to an agreement under section 317 of the SFO with Forebright and CSOF III, and accordingly, Central Huijin Investment Ltd., China Everbright Group Ltd., CEHCL and CEL are each deemed to be interested in both of the aforesaid 26,504,066 ordinary shares and 17,872,807 underlying ordinary shares.
5. The corporate interests in 26,504,066 ordinary shares and 17,872,807 underlying ordinary shares (which are issuable upon conversion of the convertible bonds) are both held by CSOF Inno, a wholly-owned subsidiary of China Special, which is controlled by CSOF III (which owns 1.45% commitment in China Special). Forebright is interested in 90% of CSOF III. Accordingly, Forebright, CSOF III and China Special are each deemed to be interested in both of the aforesaid 26,504,066 ordinary shares and 17,872,807 underlying ordinary shares.
6. The 12,723,576 ordinary shares and 8,580,043 underlying ordinary shares (which are issuable upon conversion of the convertible bonds) are both held by Everbright Inno, a wholly-owned subsidiary of Windsor. Forebright and CSOF III are parties to an agreement under section 317 of the SFO with Windsor, and accordingly, Forebright, CSOF III and China Special (which is controlled by CSOF III, which in turn is held as to 90% by Forebright) are each deemed to be interested in both of the aforesaid 12,723,576 ordinary shares and 8,580,043 underlying ordinary shares.

Other than as disclosed above, as at 30 June 2015, 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 AGM 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.

Pursuant to the 2010 Scheme, the Company granted 90,500,000 share options to the Directors and certain employees under continuous contract with the Group on 27 September 2010. Upon the share consolidation of the Company taking effect on 14 May 2015, the total number of shares that will be issued upon the exercise of the outstanding share options under the share option scheme was adjusted from 55,500,000 ordinary shares of HK\$0.01 each to 5,550,000 consolidated ordinary shares of HK\$0.10 each, and the exercise price of such options had also been adjusted from HK\$0.56 per ordinary share of HK\$0.01 each to HK\$5.60 per consolidated ordinary share of HK\$0.10 each. For the Period, 650,000 of these share options lapsed.

Details of movement of share options granted under the 2010 Scheme during the Period (number of share options and the exercise price stated in the table below were adjusted after share consolidation taking effect on 14 May 2015) 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 2015	Number of options lapsed during the period	Approximate percentage of the Company's total issued ordinary share capital as at	
						Number of ordinary shares subject to outstanding options as at 30 June 2015	30 June 2015
Directors	27.9.2010	27.9.2010 – 26.9.2020	5.6	3,900,000	–	3,900,000	0.33%
Employees	27.9.2010	27.9.2010 – 26.9.2020	5.6	2,300,000	(650,000)	1,650,000	0.14%
Total				6,200,000	(650,000)	5,550,000	0.47%

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

CHANGE IN DIRECTOR'S INFORMATION

Mr. LI Wei, a non-executive Director, has been appointed the managing director of Forebright Investment Management L.P. (Shenzhen) (深圳市光遠投資管理合夥企業(有限合夥)) since 2014. He worked as the managing director of Shenzhen Everbright Investment Consultant Company Limited (深圳市光控投資諮詢有限公司) from 2008 to 2014.

Mr. LAU Siu Ki Kevin, an independent non-executive Director, was appointed as the company secretary of Hung Fook Tong Group Holdings Limited (鴻福堂集團控股有限公司), a company listed on the Stock Exchange (stock code 1446), with effect from 13 May 2015.

Save as disclosed above and as at the date of this Period, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Main Board Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in accordance with the Main Board 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 Period and has provided advice and comments on the interim 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 the Model Code. Trading of securities by Directors shall be approved by the chairman of the Board and shall be entered into in accordance with the time frame and the number for securities approved.

All Directors have confirmed, following specific enquiries by the Company, that they had complied with the required standard of dealings as set out in the Model Code from 1 January 2015 to 30 June 2015 and its Code of Conduct during the Period.

CORPORATE GOVERNANCE CODE COMPLIANCE

During the Period, the Company had complied with the code provisions set out in the Corporate Governance Code set out in Appendix 14 to the Main Board 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 Period.

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

Hong Kong, 21 August 2015

As at the date of this report, the Board comprises two executive Directors, namely, Mr. ZHANG Bing Jun and Mr. GAO Liang, six non-executive Directors, namely, Mr. SHEN Xiao Lin, Mr. ZHANG Jun, Mr. WANG Gang, Ms. ZHU Wen Fang, Mr. LI Wei and Ms. SHI Jing, 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.