



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)
Stock Code: 2886



清潔能源 倡導者



2016

Interim Report

The board (the "Board") of directors (the "Directors") of Binhai Investment Company Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2016 (the "Period") together with the comparative unaudited figures for the corresponding period in 2015. 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 2016 HK\$'000 | Unaudited Six months ended 30 June 2015 HK\$'000 | Percentage Change |
|--|---|---|----------------------|
| Revenue | 1,076,932 | 1,330,997 | (19%) |
| Gross profit | 258,501 | 284,177 | (9%) |
| Profit for the period | 80,948 | 101,084 | (20%) |
| Basic earnings per share attributable to owners of the Company during the period | 6.66 cents | 8.42 cents | (1.76) cents |

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 | Percentage Change |
|-------------------|--|---|----------------------|
| Total assets | 4,181,685 | 3,967,942 | 5% |
| Total equity | 1,166,006 | 1,179,037 | (1%) |
| Total liabilities | 3,015,679 | 2,788,905 | 8% |

FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

| | | Unaudited Six months ended 30 June | |
|---|-------------|---|------------------|
| | <i>Note</i> | 2016 HK\$'000 | 2015 HK\$'000 |
| Revenue | 6 | 1,076,932 | 1,330,997 |
| Cost of sales | 9 | (818,431) | (1,046,820) |
| Gross profit | | 258,501 | 284,177 |
| Other income | 7 | 5,280 | 3,550 |
| Other gains and losses | 8 | (27,095) | 1,859 |
| General and administrative expenses | 9 | (73,034) | (79,377) |
| Interest income | 10 | 898 | 3,011 |
| Interest expenses | 10 | (36,071) | (61,301) |
| Share of results of investments accounted for using the equity method | | 429 | 600 |
| Profit before income tax | | 128,908 | 152,519 |
| Income tax expenses | 11 | (47,960) | (51,435) |
| Profit for the period | | 80,948 | 101,084 |
| Attributable to: | | | |
| – Owners of the Company | | 78,169 | 98,922 |
| – Non-controlling interests | | 2,779 | 2,162 |
| | | 80,948 | 101,084 |
| Earnings per ordinary share | 13 | | |
| – basic (<i>HK cents</i>) | | 6.66 | 8.42 |
| – diluted (<i>HK cents</i>) | | 6.66 | 8.42 |

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

| | Unaudited Six months ended 30 June | |
|---|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Comprehensive income | | |
| Profit for the period | 80,948 | 101,084 |
| Other comprehensive income: | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| Currency translation differences | (35,262) | (5,359) |
| Total comprehensive income for the period | 45,686 | 95,725 |
| Attributable to: | | |
| — Owners of the Company | 43,914 | 93,616 |
| — Non-controlling interests | 1,772 | 2,109 |
| Total comprehensive income for the period | 45,686 | 95,725 |

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

| | Note | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|---|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Land use rights | | 50,780 | 45,249 |
| Property, plant and equipment | 14 | 2,701,583 | 2,732,293 |
| Investments accounted for using the equity method | | 54,745 | 55,488 |
| Advance payment for pipeline construction | 15 | 47,735 | 52,189 |
| Long-term deposit | | 8,065 | — |
| | | 2,862,908 | 2,885,219 |
| Current assets | | | |
| Inventories | | 48,467 | 52,668 |
| Trade and other receivables | 15 | 557,196 | 549,135 |
| Restricted cash | | 12,366 | 12,631 |
| Cash and cash equivalents | | 569,448 | 331,184 |
| | | 1,187,477 | 945,618 |
| Asset held for sale | 22 | 131,300 | 137,105 |
| | | 1,318,777 | 1,082,723 |
| Total assets | | 4,181,685 | 3,967,942 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | | |
| — Ordinary shares | 16 | 117,435 | 117,435 |
| — Redeemable preferences shares | 16 | 430,000 | 430,000 |
| Share premium | | 157,522 | 157,522 |
| Other reserves | | (180,405) | (144,707) |
| Retained earnings | | 607,298 | 586,403 |
| | | 1,131,850 | 1,146,653 |
| Non-controlling interests | | 34,156 | 32,384 |
| Total equity | | 1,166,006 | 1,179,037 |

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

| | Note | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|--|------|--|---|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | 1,537,657 | 1,533,411 |
| Obligations under finance lease — due after one year | 19 | 216,011 | — |
| | | 1,753,668 | 1,533,411 |
| Current liabilities | | | |
| Trade and other payables | 17 | 806,322 | 930,770 |
| Amount due to immediate holding company | | 5,437 | 5,069 |
| Current income taxation liabilities | | 46,448 | 48,966 |
| Borrowings | 18 | 356,528 | 260,896 |
| Obligations under finance lease — due within one year | 19 | 47,276 | — |
| Derivative financial instrument | 23 | — | 9,793 |
| | | 1,262,011 | 1,255,494 |
| Total liabilities | | 3,015,679 | 2,788,905 |
| Total equity and liabilities | | 4,181,685 | 3,967,942 |
| Net current assets/(liabilities) | | 56,766 | (172,771) |
| Total assets less current liabilities | | 2,919,674 | 2,712,448 |

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

Changes in equity of the Group during the six months ended 30 June 2016 and 2015 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 2015 | 594,443 | 110,514 | (79,084) | 428,413 | 1,054,286 | 29,164 | 1,083,450 |
| 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 | – | – | – | – | – |
| Employee share options lapsed | – | – | (1,876) | 1,876 | – | – | – |
| Dividends relating to 2014 | – | – | – | (42,746) | (42,746) | – | (42,746) |
| | (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 |
| Balance at 1 January 2016 | 547,435 | 157,522 | (144,707) | 586,403 | 1,146,653 | 32,384 | 1,179,037 |
| Profit for the period | – | – | – | 78,169 | 78,169 | 2,779 | 80,948 |
| Other comprehensive income | | | | | | | |
| Currency translation differences | – | – | (34,255) | – | (34,255) | (1,007) | (35,262) |
| Total comprehensive income for the period | – | – | (34,255) | 78,169 | 43,914 | 1,772 | 45,686 |
| Employee share options lapsed | – | – | (1,443) | 1,443 | – | – | – |
| Dividends relating to 2015 | – | – | – | (58,717) | (58,717) | – | (58,717) |
| | – | – | (1,443) | (57,274) | (58,717) | – | (58,717) |
| Balance at 30 June 2016 | 547,435 | 157,522 | (180,405) | 607,298 | 1,131,850 | 34,156 | 1,166,006 |

Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

| | Unaudited Six months ended 30 June | |
|--|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Cash flows from operating activities | | |
| Cash generated from operations | 145,055 | 160,424 |
| Income tax paid | (50,478) | (45,338) |
| Net cash generated from operating activities | 94,577 | 115,086 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (124,336) | (234,559) |
| Purchase of land use rights | (7,066) | (1,017) |
| Interest received | 898 | 3,011 |
| No change/(Increase) in restricted cash | — | (615,240) |
| Net cash used in investing activities | (130,504) | (847,805) |
| Cash flows from financing activities | | |
| Proceeds from sale and leaseback transactions | 268,817 | — |
| Proceeds from borrowings | 80,645 | 249,626 |
| Interest paid | (27,261) | (42,661) |
| Transaction cost of borrowings paid | (14,785) | (11,828) |
| Dividend paid | (58,717) | (42,746) |
| Proceeds from issuance of US dollar bond | — | 1,544,500 |
| Proceeds from notional cash pool | — | 617,823 |
| Repayments of borrowings | — | (775,000) |
| Termination settlement amount of interest rate swap paid | — | (27,606) |
| Net cash generated from financing activities | 248,699 | 1,512,108 |
| Net increase in cash and cash equivalents | 212,772 | 779,389 |
| Cash and cash equivalents at beginning of the period | 331,184 | 463,236 |
| Exchange difference on cash | 25,492 | (3,877) |
| Cash and cash equivalents at end of the period | 569,448 | 1,238,748 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2016

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, with 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 being the ultimate holding company, a stated-owned enterprise under supervision of the Tianjin State-owned Assets Supervision and Administration Commission.

This condensed consolidated financial statements is presented in Hong Kong Dollars ("HK\$"), unless otherwise stated.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other amendments to Hong Kong Financial Reporting Standards ("HKFRSs") effective for the financial year ending 31 December 2016 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.

In this interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by HKICPA that are relevant for the preparation of Group's condensed consolidated financial statements.

| | |
|---|---|
| HKFRS 9 | Financial Instruments ¹ |
| HKFRS 14 | Regulatory Deferral Accounts ² |
| HKFRS 15 | Revenue from Contracts with Customers ¹ |
| HKFRS 16 | Leases ⁵ |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ³ |
| Amendments to HKFRS 15 | Clarifications to Revenue from Contracts with Customers ¹ |
| Amendments to HKAS 1 | Disclosure Initiative ³ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ³ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle ³ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants ³ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception ³ |
| Amendments to HKAS 7 | Disclosure Initiative ⁶ |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses ⁶ |

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS period beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2019

⁶ Effective for annual periods beginning on or after 1 January 2017

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

Finance leases

Asset held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of the financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

For the finance leaseback, the substance of the transaction is that no disposal of the assets has taken place and, therefore, no gain or loss on disposal should be recognized. The transaction is merely a means by which the lessor provides finance to the lessee, with asset as security. In such circumstances, any excess of the sales proceeds over the carrying amount should not be immediately recognized as income in the financial statements of the lessee. Instead, it should be deferred and amortised over the lease term.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

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 2015.

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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group used derivative financial instruments to hedge certain risk exposures.

The condensed consolidated financial statements do 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 2015.

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 outflows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy 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 2016.

| | 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 | — | — | — | — |
| Total liabilities | — | — | — | — |

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 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 | — | — | 9,793 | 9,793 |
| Total liabilities | — | — | 9,793 | 9,793 |

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.

Since the convertible bonds would come due in August 2016, the fair value of its derivative liability component was only HK\$68 at 30 June 2016.

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 2015 | 9,793 |
| Changes in fair value | (9,793) |
| As at 30 June 2016 | — |
| Total gains for the Period included in profit or loss for liabilities held at the end of the Period, under "Other gains and losses" | 9,793 |
| Changes in unrealised gains for the Period included in profit or loss at the end of the Period | 9,793 |

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 obligation under finance lease, 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 be their fair value. The carrying value of other borrowings are assumed to approximate their fair values.

6. SEGMENT INFORMATION

Information reported to Executive Directors, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Therefore, the Group is divided into reportable operating segments as follows:

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

Note: The management decided to discontinue in on-site gas sale business during the year of 2015. The contribution of on-site gas business to the results of the Group is insignificant and hence it is not considered as a separate major line of business. Accordingly, it is not presented as a discontinued operation in 2015. There is no segment information of on-site gas sales in 2016.

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

No operating segments have been aggregated to derive the reportable segments of the Group.

Six months ended 30 June 2016

Revenue

- Tianjin TEDA 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
- Other customers

Revenue from external customers

Segment results

- Other income
- Other gains and losses
- General and administrative expenses
- Interest income
- Interest expenses
- Share of results of investments accounted for using the equity method

Profit before income tax

Other information for reportable segments:

- Depreciation
- Amortisation of land use rights

| Unaudited | | | |
|-------------------------------|-----------------------------|---------------------------------|-------------------|
| Bottled gas sales HK\$'000 | Piped gas sales HK\$'000 | Connection services HK\$'000 | Total HK\$'000 |
| – | 270,615 | – | 270,615 |
| 6,666 | 608,470 | 191,181 | 806,317 |
| 6,666 | 879,085 | 191,181 | 1,076,932 |
| 1,653 | 125,713 | 131,135 | 258,501 |
| | | | 5,280 |
| | | | (27,095) |
| | | | (73,034) |
| | | | 898 |
| | | | (36,071) |
| | | | 429 |
| | | | 128,908 |
| (54) | (41,119) | (389) | (41,562) |
| (10) | (863) | (179) | (1,052) |

| 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 | | | | | |
| – TEDA Gas, Tianjin Eco-city, Tianjin Pipe and its associates | – | – | 368,451 | – | 368,451 |
| – Other customers | 11,637 | 8,172 | 672,764 | 269,973 | 962,546 |
| Revenue from external customers | 11,637 | 8,172 | 1,041,215 | 269,973 | 1,330,997 |
| Segment results | (1,774) | 1,298 | 103,200 | 181,453 | 284,177 |
| – Other income | | | | | 3,550 |
| – Other gains and losses | | | | | 1,859 |
| – General and administrative expenses | | | | | (79,377) |
| – Interest income | | | | | 3,011 |
| – Interest expenses | | | | | (61,301) |
| – Share of results 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 of land use right | (10) | (10) | (801) | (193) | (1,014) |

7. OTHER INCOME

| | Unaudited Six months ended 30 June | |
|--------------------|--|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Rental income | 1,624 | 2,024 |
| Assembling service | 3,656 | 1,526 |
| | 5,280 | 3,550 |

8. OTHER GAINS AND LOSSES

| | Unaudited Six months ended 30 June | |
|--|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| (Losses)/gain on disposal of property, plant and equipment and land use rights | (89) | 7,130 |
| Fair value gain/(losses) on derivative financial instruments – net | 9,793 | (9,280) |
| Reversal of impairment of trade and other receivable | 2,825 | 3,764 |
| Net foreign exchange losses | (39,214) | (1,140) |
| Others | (410) | 1,385 |
| | (27,095) | 1,859 |

9. EXPENSES BY NATURE

| | Unaudited Six months ended 30 June | |
|---|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Cost of sales | 779,053 | 1,009,964 |
| Depreciation | 41,562 | 38,937 |
| Amortisation | 1,052 | 1,014 |
| Other expenses | 69,798 | 76,282 |
| Total cost of sales and administrative expenses | 891,465 | 1,126,197 |

10. INTEREST INCOME AND EXPENSES

| | Unaudited Six months ended 30 June | |
|--|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Interest expenses on US Dollar bond | 27,353 | 8,295 |
| Interest expense on convertible bonds | 16,365 | 14,701 |
| Interest expenses on bank borrowings | 1,652 | 39,488 |
| Interest expense on finance lease | 216 | — |
| Interest on RMB bond | — | 22,352 |
| | 45,586 | 84,836 |
| Less: Amounts capitalised as part of the cost of property, plant and equipment | (9,515) | (23,535) |
| Interest expenses | 36,071 | 61,301 |
| Interest income | (898) | (3,011) |

11. INCOME TAX EXPENSES

There was no Hong Kong profit tax provided for the period ended 30 June 2016 (period ended 30 June 2015: 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% (2015: 25%).

| | Unaudited Six months ended 30 June | |
|--|---|------------------|
| | 2016 HK\$'000 | 2015 HK\$'000 |
| Current tax: | | |
| Current tax on profits for the period | 47,960 | 51,435 |
| Deferred tax: | | |
| Utilisation of deferred tax assets recognised on previous tax losses | — | — |
| Income tax expenses | 47,960 | 51,435 |

12. DIVIDEND

During the Period, a final dividend of HK\$0.05 per ordinary share in respect of the year ended 31 December 2015 ("2015 Final Dividend") was recommended by the Board (year ended 31 December 2014: a final dividend of HK\$42,808,800 was recommended). The amount of the 2015 Final Dividend paid in the Period amounted to HK\$58,717,447.50 (six months ended 30 June 2015: HK\$42,746,301.82).

The Directors have determined that no dividend is recommended in respect of the Period.

13. 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 | |
|---|---|---------------|
| | 2016 | 2015 |
| Earnings | | |
| Profit attributable to owners of the Company (HK\$'000) | 78,169 | 98,922 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 1,174,348,950 | 1,174,348,950 |

(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. 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 basic earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT

| | Unaudited As at 30 June 2016 HK\$'000 | Unaudited As at 30 June 2015 HK\$'000 |
|----------------------------------|--|---|
| Opening net book amount | 2,732,293 | 2,583,654 |
| Additions | 68,765 | 174,029 |
| Disposal | (165) | (6,434) |
| Depreciation | (41,562) | (38,937) |
| Reversal of impairment charge | 20 | 4,245 |
| Currency translation differences | (57,768) | (4,629) |
| Closing net book amount | 2,701,583 | 2,711,928 |

Note: The carrying amounts of property, plant and equipment held under finance leases as at 30 June 2016 amounted to HK\$273,554,000 (2015: Nil). Leased assets are pledged as security for the related finance lease liabilities, details of which are set out in note 19.

15. TRADE AND OTHER RECEIVABLES

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|---|--|---|
| Trade receivables | 285,538 | 349,111 |
| Less: provision for impairment | (42,773) | (46,558) |
| | 242,765 | 302,553 |
| Bills receivables | 74,197 | 44,399 |
| | 316,962 | 346,952 |
| Advances to suppliers | 216,944 | 202,395 |
| Less: provision for impairment | (77,061) | (79,017) |
| | 139,883 | 123,378 |
| Prepayments and other receivables | 45,537 | 47,874 |
| Less: Provision for impairment | (8,247) | (8,424) |
| | 37,290 | 39,450 |
| Receivables from related parties (<i>Note 21</i>) | 110,796 | 91,544 |
| | 604,931 | 601,324 |
| Less: advance payment for pipeline construction | (47,735) | (52,189) |
| Current portion | 557,196 | 549,135 |

- (a) The carrying amounts of the Group's trade and other receivables are principally denominated in Renminbi ("RMB").
- (b) The carrying amounts of trade and other receivables approximate their fair values due to their short-term maturities.

(c) Aging analysis of the trade receivables is as follows:

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|--|--|---|
| 0 – 90 days | 92,594 | 121,962 |
| 91 – 180 days | 7,288 | 37,235 |
| 181 – 360 days | 60,123 | 64,906 |
| Over 360 days | 125,533 | 125,008 |
| | 285,538 | 349,111 |
| Less: Provision for impairment of trade receivables | (42,773) | (46,558) |
| | 242,765 | 302,553 |

16. SHARE CAPITAL

| | Unaudited As at 30 June 2016 | | Audited As at 31 December 2015 | |
|---|---------------------------------|---------------------|-----------------------------------|---------------------|
| | Number of shares Thousand | Amounts HK\$'000 | Number of shares Thousand | Amounts HK\$'000 |
| Ordinary shares of HK\$0.10 each | | | | |
| Authorised: | 1,500,000 | 150,000 | 1,500,000 | 150,000 |
| Fully paid: | | | | |
| As at beginning of the period/year | 1,174,349 | 117,435 | 939,308 | 93,931 |
| Share issued on exercise of convertible preferential shares | — | — | 235,041 | 23,504 |
| As at end of the period/year | 1,174,349 | 117,435 | 1,174,349 | 117,435 |
| Convertible preference shares of HK\$1.00 each | | | | |
| Authorised: | 170,000 | 170,000 | 170,000 | 170,000 |
| Fully paid: | | | | |
| As at beginning of the period/year | — | — | 70,512 | 70,512 |
| Converted to ordinary shares | — | — | (70,512) | (70,512) |
| As at end of the period/year | — | — | — | — |
| Redeemable preference shares of HK\$50.00 each | 8,600 | 430,000 | 8,600 | 430,000 |
| Total | | | | |
| Authorised: | | 750,000 | | 750,000 |
| Issued and fully paid: | | 547,435 | | 547,435 |

17. TRADE AND OTHER PAYABLES

| | Notes | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|--|-------|--|---|
| Trade payables | (b) | 257,800 | 279,657 |
| Advance from customers | | 142,288 | 152,712 |
| Other payables | | 379,224 | 466,030 |
| Accrued expenses | | 21,965 | 28,345 |
| Amounts due to related parties (Note 21) | | 5,045 | 4,026 |
| | (a) | 806,322 | 930,770 |

Notes:

- (a) The carrying amounts of the Group's trade and other payables are principally denominated in RMB.
- (b) The aging analysis of the trade payables based on invoice date is as follows:

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|----------------|--|---|
| 0 – 90 days | 67,767 | 84,206 |
| 91 – 180 days | 15,466 | 24,224 |
| 181 – 360 days | 28,868 | 42,303 |
| Over 360 days | 145,699 | 128,924 |
| | 257,800 | 279,657 |

18. BORROWINGS

| | Notes | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|--|-------|--|---|
| Non-current | | | |
| US Dollar bond ("USD bond") | (a) | 1,537,657 | 1,533,411 |
| Convertible bonds | (b) | 275,883 | 260,896 |
| Total | | 1,813,540 | 1,794,307 |
| Less: Amounts due within one year included in current liabilities | | (275,883) | (260,896) |
| | | 1,537,657 | 1,533,411 |
| Current | | | |
| Convertible bonds | (b) | 275,883 | 260,896 |
| Unsecured | | 80,645 | — |
| | | 356,528 | 260,896 |

Notes:

(a) *USD bond*

On 6 May 2015, the Company issued the bonds in the aggregate principal amount of US\$200,000,000 (equivalent to HK\$1,546,740,000). The bonds will mature on 6 May 2018, unless purchased and cancelled in accordance with the terms and conditions stated in the agreement, and except for the following early redeemed events which is stated in the terms and conditions of the agreement: (i) as a result of any change in the laws or regulations of Hong Kong, Bermuda or the PRC or any political subdivision or any authority thereof having power to tax or any change in the application or official interpretation of such laws or regulations which change became effective on or after 28 April 2015, which the Company would be required to pay additional tax amounts in respect of the bonds and such obligation cannot be avoided by the Company taking reasonable measures available to it and (ii) at any time following the occurrence of a change of control of the Company (the "Early Redemption Events"). The estimated fair value of the rights on Early Redemption Events is insignificant at initial recognition. The bonds carried interest at a rate of 3.25% per annum, payable semi-annually in arrears. The effective interest rate of the bonds is 3.58% per annum.

(b) Convertible bonds

On 5 August 2013, the Company issued the convertible bonds due in 2016 in an aggregate principal amount of HK\$310,000,000, which were 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 would be allotted and issued upon the exercise in full of the conversion rights attached to the convertible bonds.

Since the denominated currency (HK\$) of the convertible bond 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. The convertible bonds are separated into debt and derivative component as initial recognition. Information relating to the derivative component is described in note 23.

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 being 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\$0.10 each. The outstanding convertible bonds in the principal amount of HK\$279,000,000 which had not yet been converted would 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.

Immediately after the record date of the 2015 Final Dividend (as hereinbelow defined) (i.e. 20 May 2016), the conversion price of the outstanding convertible bonds, after taking into account the 2015 Final Dividend and the adjustment carried forward from the 2014 final dividend, was adjusted from HK\$3.648 per ordinary share to HK\$3.5333 per ordinary share. Such adjustment was applicable to those convertible bonds which had not yet been converted at the time the adjustment took effect. After the abovementioned adjustment to the conversion price of the convertible bonds took effect, the outstanding convertible bonds in the principal amount of HK\$279,000,000 which had not yet been converted were convertible into 78,963,009 ordinary shares at the adjusted conversion price of HK\$3.5333 per ordinary share at par value HK\$0.10 each.

The convertible bonds of the Company became due on 5 August 2016 and had been redeemed.

19. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its pipeline assets. These leases are classified as finance leases and the lease term is 5 years. The Group has the option to purchase the pipeline assets at nominal amounts upon the expiry of the lease term.

As at the end of the Period, the Group's total future minimum lease payments under finance leases and their present values were as follows:

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
| Amounts payable under finance leases | | | | |
| Within one year | 58,095 | — | 47,276 | — |
| In the second year | 58,640 | — | 49,843 | — |
| In the third year | 58,958 | — | 52,522 | — |
| In the fourth year | 59,289 | — | 55,340 | — |
| In the fifth year | 59,634 | — | 58,306 | — |
| Total minimum finance lease payments | 294,616 | — | 263,287 | — |
| Less: future finance charges | (31,329) | — | N/A | — |
| Total net finance lease payables | 263,287 | — | 263,287 | — |
| Portion classified as current liabilities | | | 47,276 | — |
| Non-current portion | | | 216,011 | — |

Tianjin Binda Gas Enterprise Company Limited ("Tianjin Binda"), a wholly-owned subsidiary of the Company, entered into an agreement with Bank of Communications Financial Leasing Co., Ltd. ("BoCom Leasing") for a finance lease transaction, with lease term of 5 years. Pursuant to the agreement, Tianjin Binda agreed to sell certain pipelines and equipment to BoCom Leasing, and concurrently lease the assets back for a term of 5 years with quarterly rent payments. After the expiry of the term of the finance lease agreement, Tianjin Binda shall have the option to acquire the ownership of the leased assets from BoCom Leasing at a nominal amount of RMB1.00. The sale and leaseback arrangement amounted to a finance lease.

As at 30 June 2016, such finance lease had outstanding obligations of HK\$263,287,000 (as at 31 December 2015: Nil). The average effective interest rate of the finance lease is 4.72% per annum after adjusting the effect of initial direct costs. Two wholly-owned subsidiaries of the Company, namely, Binhai Investment (Tianjin) Company Limited and Tianjin Bintai Energy Development Company Limited, have each executed a guarantee as a guarantor in favour of BoCom Leasing to guarantee all payment obligations of Tianjin Binda under the finance lease agreement.

20. COMMITMENTS

(a) Capital commitments

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 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|-------------------------------|--|---|
| Property, plant and equipment | 334,927 | 336,335 |

(b) Operating leases commitment – Group as lessee

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 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|---|--|---|
| Not later than one year | 4,809 | 6,614 |
| Later than one year and not later than five years | 4,781 | 6,686 |
| Later than five years | 4,293 | 3,866 |
| | 13,883 | 17,166 |

(c) Operating leases commitment – Group as lessor

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|---|--|---|
| Not later than one year | 974 | 2,009 |
| Later than one year and not later than five years | 6,728 | 6,684 |
| Later than five years | 5,509 | 5,628 |
| | 13,211 | 14,321 |

21. RELATED PARTY TRANSACTIONS

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

| | Unaudited | |
|--|-------------------------|----------|
| | Six months ended | |
| | 30 June | |
| | 2016 | 2015 |
| | HK\$'000 | HK\$'000 |
| (a) Transactions with fellow subsidiaries of holding company: | | |
| Sale of gas to Tianjin Pipe and its associates | 212,235 | 295,232 |
| Sale of gas to TEDA Gas | 56,108 | 72,549 |
| Sale of gas to Tianjin Sai-rui Machinery Equipment Company Limited ("Sai Rui") | 20,257 | 23,137 |
| Sale of gas to Sinopec Binhai Investment (Tianjin) Natural Gas Utilisation ("SBI") | 3,272 | — |
| Sale of gas to Tianjin Eco-city | 2,272 | 670 |
| Sale of gas to Tianjin TEDA Transportation Hub Operations Management Company Limited ("TEDA Transportation Hub") | 710 | 692 |
| Sale of gas to Tianjin YAT-SEN Scientific Industrial Park International Inc ("Tianjin YAT-SEN") | 552 | 778 |
| Provision of connection service to Tianjin Xing Cheng Investment Development Co., Ltd. ("Tianjin Xingcheng") | 264 | 26 |
| Rental income from SBI | 197 | — |
| Sale of gas to Tianjin Xing Cheng | 49 | 70 |
| Sale of gas to Tianjin TEDA Zhongtang Investment & Development Co., Ltd ("TEDA Zhongtang") | 47 | 40 |
| Provision of connection service to TEDA Zhongtang | — | 8,138 |
| Provision of connection service to Tianjin YAT-SEN | — | 364 |
| Insurance premium paid to Bohai Property Insurance Company Limited ("Bohai") | (2,202) | (2,528) |
| Purchase of steel pipe materials from TPCO & TISCO Welding Pipe Corporation Co., Ltd. ("Tianguan Taigang") | (1,181) | — |

| | Unaudited | |
|---|-------------------------|-------------|
| | Six months ended | |
| | 30 June | |
| | 2016 | 2015 |
| | HK\$'000 | HK\$'000 |
| (b) Key management compensation: | | |
| Fees | (1,428) | (1,428) |
| Salaries, share options and other allowances | (7,382) | (14,350) |
| Pension costs | (99) | (84) |
| | | |
| | Unaudited | Audited |
| | As at | As at |
| | 30 June | 31 December |
| | 2016 | 2015 |
| | HK\$'000 | HK\$'000 |
| (c) Balances with fellow subsidiaries: | | |
| Accounts receivable from Tianjin Pipe and its associates | 59,141 | 49,868 |
| Accounts receivable from Tianjin Xingcheng | 14,313 | 13,028 |
| Accounts receivable from Sai Rui | 11,309 | 534 |
| Advances to Tianguan Taigang | 9,178 | 8,182 |
| Accounts receivable from TEDA Zhongtang | 9,008 | 9,202 |
| Accounts receivable from TEDA Gas | 4,352 | 7,186 |
| Accounts receivable from SBI | 1,780 | 75 |
| Accounts receivable from Tianjin YAT-SEN | 766 | 470 |
| Accounts receivable from Tianjin Eco-city | 498 | 2,077 |
| Accounts receivable from Tianjin TEDA Urban Development Construction Co., Ltd | 451 | 922 |
| Accounts Payables to SBI | (4,683) | (3,957) |
| Account advance received from TEDA Transportation Hub | (362) | (69) |

(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.

Other than those mentioned above in note (a) and (c), the majority of the Group's cash and bank balances and borrowings as at the end of the Period are also with state-controlled banks.

22. ASSET HELD FOR SALE

| | Unaudited As at 30 June 2016 HK\$'000 | Audited As at 31 December 2015 HK\$'000 |
|--|--|---|
| Property under development | | |
| Land use rights | 18,095 | 18,127 |
| Construction costs and capitalised expenditure | 113,205 | 118,978 |
| | 131,300 | 137,105 |

Note: The property under development is located in Tianjin Airport Economic Area in Binhai New Area, the PRC and is located on land held under land use rights for commercial use for a term of 40 years from 31 December 2009. On 25 June 2012, as approved by the Board, the Group planned to dispose of the property under development, which was classified as property under development measured using cost method prior to re-classification to assets held for sale.

During the Period, the Directors are still committed to sell the property under development and consider that the disposal remains highly probable as the Group has identified a new potential buyer. The Directors consider that it is appropriate that the property under development is continued to be classified as held-for-sales in the condensed consolidated statement of financial position as at 30 June 2016.

23. DERIVATIVE FINANCIAL INSTRUMENTS

| | Unaudited As at 30 June 2016 | | Audited As at 31 December 2015 | |
|--|---|---------------------------------|--------------------------------------|-------------------------|
| | Assets HK\$'000 | Liabilities HK\$'000 | Assets HK\$'000 | Liabilities HK\$'000 |
| Derivative component of convertible bonds (<i>Note 18(b)</i>) | — | — | — | 9,793 |
| | — | — | — | 9,793 |

Note: Since the convertible bonds became due on 5 August 2016, the fair value of its derivative liability component was only HK\$68 at 30 June 2016.

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 companies. As at 30 June 2016, the Group's total gas pipeline network was approximately 2,035 kilometers, representing an increase of 61 kilometers of the pipeline network from 1,974 kilometers as at 31 December 2015. During the Period, the connection service fees amounted to HK\$191,181,000, representing a decrease of HK\$78,792,000 or 29% as compared with HK\$269,973,000 for the corresponding period last year.

Piped Gas Sales

During the Period, consumption of piped gas by residential and industrial customers amounted to approximately $1,914 \times 10^6$ and $8,907 \times 10^6$ mega-joules respectively, as compared with $1,491 \times 10^6$ and $8,012 \times 10^6$ mega-joules respectively for the corresponding period last year. For the Period, the piped gas sales income of the Group amounted to HK\$879,085,000, representing a decrease of HK\$162,130,000 or 16% as compared with HK\$1,041,215,000 for the corresponding period last year. The decline in piped gas revenue was mainly due to lower natural gas price.

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

Coal is still the main source of non-renewable energy consumption in China. At the same time China has also become the world's biggest user of clean energy. According to the "13th Five-Year" Clean Energy Development Plan, the demand of natural gas continues to grow. Currently natural gas accounts for nearly 6% of energy consumption. China's medium and long term natural gas development still has tremendous room to grow compared to National Energy Administration's target (of reaching 10% in 2020) and the proportion of 30% natural gas in developed countries such as America.

Pursuant to a non-residential price adjustment in November 2015, the maximum non-residential natural gas price at city gate stations reduced by RMB0.7 per m³. The supplier and purchaser can determine the specific gate station price through negotiation within the range of upward adjustment of 20% and unlimited downward adjustment. This further promotes the marketisation of China's natural gas price mechanism and is beneficial to increasing the transparency of the industry.

Looking to the future, making use of the Tianjin Binhai New Area and the integration of Beijing, Tianjin and Hebei, the Group will develop the market of existing and potential industrial users, lower its gas costs, expand its market share, increase the gas transportation capacity after the connection of Gangqing Third Pipeline with Petro China, expedite big projects such as gas power plants etc., promote the case for coal-to-gas or oil-to-gas and create a win-win situation and bigger value for the interest of stakeholders including society, shareholders and employees.

Financial Review

Gross Profit Margin

For the Period, the gross profit of the Group was HK\$258,501,000 (for the six months ended 30 June 2015: HK\$284,177,000) and the gross profit margin for the Group was 24.0% (for the six months ended 30 June 2015: 21.4%).

For the Period, the gross profit margin of the Group's piped gas sales was 14.3%, representing an increase of 4.4 percentage points or 44% as compared with 9.9% for the corresponding period last year. On 20 November 2015, the National Development and Reform Commission decided to reduce the natural gas city-gate prices for non-residential use by RMB0.7 per m³. The price adjustment has lowered the Group's average purchase cost and the gross margin of residential use natural gas has risen sharply, which led to the improvement in the gross profit margin of the Group's piped gas.

Administrative Expenses

Administrative expenses of the Group for the Period were HK\$73,034,000, representing a decrease of HK\$6,343,000 or 8% as compared to HK\$79,377,000 for the corresponding period last year. The decrease in administrative expenses was mainly due to the Group's issuance of USD bonds during the corresponding period last year, which caused administrative expenses to increase significantly in the corresponding period last year.

Profit attributable to owners of the Company

The profit attributable to owners of the Company was approximately HK\$78,169,000 for the Period, representing a decrease of HK\$20,753,000 or 21% as compared to HK\$98,922,000 for the corresponding period last year.

Basic earnings per share of the Company for the Period were HK6.66 cents, representing a decrease of HK1.76 cents as compared to HK8.42 cents for the corresponding period last year.

Liquidity and financial resources

As at 30 June 2016, the total borrowings of the Group were HK\$2,157,472,000 (as at 31 December 2015: HK\$1,794,307,000) and the cash and bank deposit of the Group was HK\$581,814,000 (as at 31 December 2015: HK\$343,815,000). As at 30 June 2016, the Group had consolidated current assets of HK\$1,318,777,000 and its current ratio was 1.04. As at 30 June 2016, the Group had a gearing ratio of approximately 191%, measured by the ratio of total consolidated borrowings of HK\$2,157,472,000 to total equity (includes all capital and reserves of the Group excluding non-controlling interests) of HK\$1,131,850,000.

Borrowings Structure

As at 30 June 2016, the total borrowings of the Group amounted to HK\$2,157,472,000 (as at 31 December 2015: HK\$1,794,307,000). 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%. As at 30 June 2016, the outstanding convertible bonds of HK\$279,000,000 were issued at an issue price of 100%; and unsecured, bearing interest at a rate of 1.00%. Finance lease agreement had a principal amount of RMB230,000,000 with the annual interest rate being 12% less than the RMB benchmark lending rate published by the People's Bank of China for the same period. As at 30 June 2016, short-term borrowings and current portion of long-term borrowings amounted to HK\$403,804,000, 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 position 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 future 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. Part of the bank balances and bank borrowings are denominated in HK Dollars and US Dollars which expose the Group to foreign currency exchange risk. For the six months ended 30 June 2016, net unrealized foreign losses for the financing activities was HK\$39,214,000. The Group currently does not have a foreign currency hedging policy. However, the management will monitor 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 2016, the Group had pledged bank deposits of HK\$12,366,000 (as at 31 December 2015: HK\$12,631,000).

Save as disclosed above, there were no charges over of any the Group's assets as at 30 June 2016.

Convertible Bonds

On 25 July 2013, the Company announced the issuance of convertible bonds of HK\$310,000,000. The convertible bonds were 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 14.01% of the issued ordinary share capital of the Company as at the date of issue of the convertible bonds. The Conversion Shares would 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 had not yet been converted would 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.

Immediately after the record date of the 2015 Final Dividend (as hereinbelow defined) of 20 May 2016, the conversion price of the outstanding convertible bonds, after taking into account the 2015 Final Dividend and the adjustment carried forward from the 2014 final dividend, was adjusted from HK\$3.648 per ordinary share to HK\$3.5333 per ordinary share. Such adjustment was applicable to those convertible bonds which had not yet been converted at the time the adjustment took effect. After the abovementioned adjustment to the conversion price of the convertible bonds took effect, the outstanding convertible bonds in the principal amount of HK\$279,000,000 which had not yet been converted were convertible into 78,963,009 ordinary shares at the adjusted conversion price of HK\$3.5333 per ordinary share at par value HK\$0.10 each.

The convertible bonds of the Company became due on 5 August 2016 and had been repaid.

Final Dividend

Based on the annual profit of the Company for the year ended 31 December 2015 and taking into account the financial position of the Company, the Board recommended a final dividend of HK\$0.05 per ordinary share for the year ended 31 December 2015 (“2015 Final Dividend”) (a final dividend of HK\$42,808,800 was recommended for the year ended 31 December 2014). The 2015 Final Dividend was approved by the holders of ordinary shares at the annual general meeting of the Company (the “AGM”) held on 12 May 2016, and was paid before the end of June 2016. The actual amount of the 2015 Final Dividend paid was HK\$58,717,447.50.

Interim Dividend

The Board did not declare any interim dividend for the Period (2015: 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 2016, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 30 June 2016, the Group had 1,535 employees (as at 31 December 2015: 1,495). For the Period, the salaries and wages of the employees was HK\$70,574,000 (for the six months end 30 June 2015: HK\$66,343,000).



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 2016, 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 of Hong Kong Limited (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 were as follows:

| Name of Director | Capacity | 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 shares as at 30 June 2016 |
|--------------------------------|------------------|-----------------------------|---------------------|------------------|-----------------|---|---|---|
| | | 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 2016 and as at 30 June 2016 were as follows:

| Name of Director | Date of grant | Exercise Period | Exercise Price (HK\$) | Number of ordinary shares subject to outstanding options as at | Number of ordinary shares subject to outstanding options as at | Approximate percentage of the Company's total issued ordinary shares as at |
|--------------------------------|---------------|-----------------------|-----------------------|--|--|--|
| | | | | 1 January 2016 | 30 June 2016 | 30 June 2016 |
| Mr. GAO Liang | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 1,000,000 | 1,000,000 | 0.09% |
| Mr. ZHANG Jun | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 700,000 | 700,000 | 0.06% |
| Mr. WANG Gang | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 700,000 | 700,000 | 0.06% |
| Ms. ZHU Wen Fang | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 700,000 | 700,000 | 0.06% |
| Mr. IP Shing Hing, J.P. | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 200,000 | 200,000 | 0.02% |
| Professor Japhet Sebastian LAW | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 200,000 | 200,000 | 0.02% |
| Mr. TSE Tak Yin | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 200,000 | 200,000 | 0.02% |
| Mr. LAU Siu Ki, Kevin | 27.9.2010 | 27.9.2010 – 26.9.2020 | 5.6 | 200,000 | 200,000 | 0.02% |

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 2016, 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 (pursuant to the meaning of Part XV of the SFO) 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 2016, 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 or 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 shares/underlying ordinary shares | | | | | | Total interest | Approximate percentage of the total issued ordinary shares of the Company as at 30 June 2016 |
|---|----------|--|--|------------------------|------------------------|------------------------|--------------------------------------|------------------------|----------------|--|
| | | | 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 | – | – | 742,049,127 | – | – | – | 742,049,127 | 63.19% |
| Mr. SHUM Ka Sang ("Mr. SHUM") | Long | Beneficial owner/ Interest of controlled Corporation/ Interest of spouse | 1,784,000 | 127,924 (Note 2) | 68,804,600 (Note 1) | – | – | – | 70,716,524 | 6.02% |
| Wah Sang Gas Development Group (Cayman Islands) Limited | Long | Beneficial owner | 67,804,600 (Note 1) | – | – | – | – | – | 67,804,600 | 5.77% |
| Ms. WU Man Lee | Long | Beneficial owner/ Interest of spouse | 127,924 | 70,588,600 (Note 2) | – | – | – | – | 70,716,524 | 6.02% |
| China Everbright Limited ("CEL") | Long | Interest of controlled corporation/ Interest of any parties to an agreement | – | – | 33,855,236 (Note 3) | 25,950,000 (Note 4) | 25,275,969 (Note 3) | 18,454,571 (Note 4) | 103,535,776 | 8.82% |
| China Everbright Holdings Company Limited ("CEHCL") | Long | Interest of controlled corporation/ Interest of any parties to an agreement | – | – | 33,855,236 (Note 3) | 25,950,000 (Note 4) | 25,275,969 (Note 3) | 18,454,571 (Note 4) | 103,535,776 | 8.82% |
| China Everbright Group Limited | Long | Interest of controlled corporation/ Interest of any parties to an agreement | – | – | 33,855,236 (Note 3) | 25,950,000 (Note 4) | 25,275,969 (Note 3) | 18,454,571 (Note 4) | 103,535,776 | 8.82% |
| Central Huijin Investment Ltd. | Long | Interest of controlled corporation | – | – | 33,855,236 (Note 3) | 25,950,000 (Note 4) | 25,275,969 (Note 3) | 18,454,571 (Note 4) | 103,535,776 | 8.82% |

| Name of shareholder | Position | Capacity | Interest in ordinary shares/underlying ordinary shares | | | | | | Approximate percentage of the total issued ordinary shares of the Company as at 30 June 2016 | |
|--|----------|--|--|-----------------|------------------------|------------------------|--------------------------------------|-----------------------|--|-------|
| | | | Number of ordinary shares | | | | Number of underlying ordinary shares | | | |
| | | | Beneficial interest | Family interest | Corporate interest | Other interest | Corporate interest | Other interest | Total interest | |
| | | | | | | | | | | |
| Forebright Partners Limited ("Forebright") | Long | Interest of controlled corporation/ Interest of any parties to an agreement | - | - | 25,950,000 (Note 5) | 12,250,000 (Note 6) | 18,454,571 (Note 5) | 8,859,326 (Note 6) | 65,513,897 | 5.58% |
| CSOF III GP Limited ("CSOF III") | Long | Interest of controlled corporation/ Interest of any parties to an agreement | - | - | 25,950,000 (Note 5) | 12,250,000 (Note 6) | 18,454,571 (Note 5) | 8,859,326 (Note 6) | 65,513,897 | 5.58% |
| China Special Opportunities Fund III, L.P. ("China Special") | Long | Interest of controlled corporation/ Interest of any parties to an agreement | - | - | 25,950,000 (Note 5) | 12,250,000 (Note 6) | 18,454,571 (Note 5) | 8,859,326 (Note 6) | 65,513,897 | 5.58% |

Notes:

1. Wah Sang Gas Development Group (Cayman Islands) Limited is a company entirely owned by Mr. Shum. The corporate interests held by Mr. Shum refers to his deemed interests in the 67,804,600 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. Mr. 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 33,855,236 ordinary shares represent (i) 12,250,000 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) 21,605,236 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 25,275,969 underlying ordinary shares represent potential ordinary shares issuable upon conversion of the convertible bonds, and are held respectively as to (i) 8,859,326 underlying ordinary shares by Everbright Inno and (ii) 16,416,643 underlying ordinary shares by Energy Empire. Central Huijin Investment Ltd. holds 55.67% interest in China Everbright Group Limited, which in turn wholly-owns CEHCL. Accordingly, Central Huijin Investment Limited, China Everbright Group Limited, CEHCL and CEL are each deemed to be interested in both of the aforesaid 33,855,236 ordinary shares and 25,275,969 underlying ordinary shares.

4. The 25,950,000 ordinary shares and 18,454,571 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 Limited, China Everbright Group Limited, CEHCL and CEL are each deemed to be interested in both of the aforesaid 25,950,000 ordinary shares and 18,454,571 underlying ordinary shares.
5. The corporate interests in 25,950,000 ordinary shares and 18,454,571 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 25,950,000 ordinary shares and 18,454,571 underlying ordinary shares.
6. The 12,250,000 ordinary shares and 8,859,326 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 12,250,000 ordinary shares and 8,859,326 underlying ordinary shares.

Other than as disclosed above, as at 30 June 2016, 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 2010 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. As at 30 June 2016, 500,000 of these share options had lapsed.

During the Period, the Directors and employees of the Group held share options pursuant to the 2010 Scheme and details of their movement were as follows:

| Grantee | Date of grant | Exercise Period (Note) | Exercise Price (HK\$) | Number of | Number | Number of | Approximate |
|--------------|---------------|---------------------------|--------------------------|---|-------------------------------------|---|---|
| | | | | ordinary shares subject to outstanding options as at 1 January 2016 | of options lapsed during the period | ordinary shares subject to outstanding options as at 30 June 2016 | percentage of the Company's total issued ordinary shares as at 30 June 2016 |
| 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 | 1,650,000 | (500,000) | 1,150,000 | 0.10% |
| Total | | | | 5,550,000 | (500,000) | 5,050,000 | 0.43% |

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 as a partner of Zhuhai Hengqin Huaxin Zhiyuan Investment Management Ltd. (Limited Partnership) (珠海橫琴華新致遠投資管理有限公司(有限合夥)) since June 2016 and no longer serves as 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)).

Professor Japhet Sebastian LAW, an independent non-executive director, no longer serves as an independent non-executive director of Shanghai La Chapelle Limited with effect from 27 July 2016.

Save as disclosed above and as at the date of this report, 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 Siu Ki, Kevin, the chairman of the Audit Committee, and Mr. TSE Tak Yin, a member of the Audit Committee, 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 of the Company 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 of 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 and the Company's 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, 19 August 2016

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.