



AVIC Joy Holdings (HK) Limited
幸福控股（香港）有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 260)

Interim Report **2015**



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MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six-month period ended 30 June 2015, the business of the Company and its subsidiaries (the "Group") comprises operation of compressed natural gas ("CNG"), liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") vehicle refueling stations in People's Republic of China (the "PRC"), management and operation of light-emitting diode ("LED") energy management contracts ("EMC"), provision of finance lease and loan services, class 1 land development services and trading of construction materials. During the period, the Group recorded consolidated revenue amounted to HK\$751,518,000 (2014: HK\$826,374,000), representing a decrease of 9.1%. The decrease in the consolidated revenue compared to the last period was mainly attributable to the decline in the gas and LED businesses in the PRC.

The Group's gross profit for the six-month period ended 30 June 2015 was HK\$114,426,000 (2014: HK\$166,416,000), representing a decrease of 31.2% compared to last period mainly due to the narrowing profit margin of gas business and the decrease in gross profit of LED business. The Group made a loss attributable to owners of the parent for the six-month period ended 30 June 2015 amounted to HK\$181,309,000 against a profit of HK\$1,501,000 in last period. The loss attributable to owners of the parent against a profit in last period was mainly caused by (i) the decrease in revenue in gas and LED business; (ii) the increase in administrative expenses due to the increasing operating cost across the business segments which, among others, included the increased staff cost, increased professional fees and new project expenses; (iii) increase in finance costs and (iv) impairment of goodwill and impairment items of property, plant and equipment of gas business.

Operational Review

(1) Gas Business

Due to intense competition coupled with the negative impact resulting from the reallocation plan of the local government for a few natural gas refueling stations, profit margin was under pressure, which led to deteriorated performance of the Group's gas business. During the period, the Group's gas segment recorded total revenue of HK\$674,695,000 (2014: HK\$695,328,000), decreased by 3.0% from last period with sales volume of CNG dropped by 5.8% to 92,992,500 m³ compared to last period. The Group's LPG business in Guangdong Province only recorded a tiny growth of 3% with sales volume amounted to 29,898 tons as local government has been taking steps to convert LPG-powered buses into LNG-powered buses.

Operational Review (Continued)

(1) Gas Business (Continued)

On 26 February 2015, the National Development and Reform Commission of the PRC promulgated a notice 《國家發展改革委關於理順非居民用天然氣價格的通知》 to regulate and reduce natural gas price. In view of the price reduction mentioned above, together with the increasingly difficult operating and regulatory environment as well as the deteriorating financial performance during the period, the Group has performed an assessment of gas businesses accordingly to determine any potential permanent impairment for goodwill. Considering all the factors as a whole, the Group has recognized impairment of goodwill and impairment of items of property, plant and equipment amounted to HK\$83,241,000 and HK\$22,445,000, respectively. Such impairments have no impact on the operations and cash flows of the Group.

(2) LED Business

During the period, total sales revenue and concession finance income from the Group's LED business has decreased by 55.5% from HK\$136,011,000 in the last period to HK\$60,560,000, as the one-off portion of the energy-saving income derived from existing contracts has been recognized in the last year and new projects are still under installation and construction. As a result, the segment profit decreased by 64.9% from HK\$36,669,000 in last period to HK\$12,887,000 for current period. Through project development and expansion of client base, the Group has secured six new LED EMC projects during the period, ranging from large public road and tunnel lighting to indoor lighting for factories.

(3) Finance Leasing Business

For the six-month period ended 30 June 2015, the Group's finance leasing segment registered total revenue of HK\$8,632,000 (2014: HK\$4,499,000). The increase in revenue was mainly driven by growing capital demand from the Group's increasing LED EMC projects. The segment profit of the Group's finance leasing business was HK\$5,102,000 (2014: HK\$431,000).

(4) PPP Class 1 Land Development Business and trading of construction materials

The Group commenced land development business in Fuqing City, Fujian Province through investment in class 1 land development of New Central Coastal City (中部濱海新城) and the construction of Ronggang Boulevard (融港大道) (the "Project"). During the period, the new business segment generated revenue from trading of construction materials of HK\$35,501,000 to the Group. The land sale program of the New Coastal Central City is behind schedule and the Group will strive to catch up with the construction and land sales progress.

Business Outlook

The weak demand of natural gas and prevailing market-oriented reform on natural gas pricing mechanism create uncertainty on the Group's gas business. To overcome the competitive operating environment, the Group will continue with its measures to improve operating efficiency.

As for the LED business, given the supportive government policies under manufacturing plan "Made in China 2025" issued by the State Counsel in May 2015 to promote the development of intellectual lighting technology and innovation, the phasing out of traditional lightbulbs, together with the maturing LED technology, the Group expects further growth in the LED EMC industry. The Group will continue to improve its competitiveness in delivering LED lighting solutions, technologies and services as well as continuously seeking new projects.

In the first half of 2015, the State Council promulgated the "the Notice of the State Council on Cancelling Non-administrative licensing Approval items" to discontinue providing financial incentive fund to the EMC projects, which exerted great pressure on the financing capacity and working capital of the LED EMC service providers. Nevertheless, the Group's Finance leasing subsidiary Guangdong Zi Yu Tai Finance Leasing Company Limited (廣東資雨泰融資租賃有限公司) continues to provide stable financial support to the Group's LED EMC projects.

In order to promote the coordinated development between large cities and small towns and the integrated development of industrialization and urbanization, the China's government has put forward various supporting policies to enhance the construction of new towns. Meanwhile, the recent national development strategy "One Belt, One Road" implemented by the central government provided critical support in promoting economic and social development of coastal cities along the 21st-Century Maritime Silk Road. It is expected that the superior geographical location of Fujian Province will attract foreign and domestic investment in manufacturing, trading, logistics and tourism, thus driving the growth in population and land demand in the future.

Following the acquisition of the Property located at the north bund of Huangpu River opposite of Lujiazui financial and trade zone, Shanghai, the Group has enlarged its investment in property to capture potential appreciation of the PRC property market.

Looking ahead, the Group will continue to explore and identify suitable investment opportunities to strengthen its business portfolio and look for more effective ways to deploy its resources.

Financial Resources

At 30 June 2015, the Group's total borrowings (including interest-bearing bank and other borrowings, loans from a related company, loan from non-controlling shareholders and convertible bond) amounted to approximately HK\$3,194.5 million (31 December 2014: HK\$1,437.5 million), of which HK\$2,182.3 million (31 December 2014: HK\$723.1 million) was related to bank borrowings at operating subsidiaries level funding the local PRC operations and the new mortgage for Shanghai property acquisition dominated in Renminbi. Cash and bank balances and pledged deposits amounted to HK\$762.4 million (31 December 2014: HK\$650.5 million). Net borrowing amounted to HK\$2,432.1 million (31 December 2014: HK\$787 million). As a result, the Group's gearing ratio, representing the ratio of the Group's net borrowing divided by equity attributable to owners of the parent of HK\$1,462.1 million (31 December 2014: HK\$1,095.1 million) plus net borrowing, was 62.5% (31 December 2014: 41.8%).

Interim Dividend

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2015 (2014: Nil).

Material Acquisition and Disposal

On 3 December 2014, the Company, Great Concept Investments Holdings Limited, a direct wholly-owned subsidiary of the Company, Sanlin Resources Limited ("Sanlin") and Sino Gas Holdings Group Limited ("Sino Gas BVI"), an indirect non-wholly owned subsidiary of the Company, entered into an agreement (the "Group Restructuring Agreement") in relation to the proposed transfer of its four subsidiaries and one joint venture of the Company ("PRC Transfer Group") to Sanlin at a consideration of approximately RMB93.7 million (the "PRC Transfers"), the proposed disposal of 10% of the total issued share capital of Sino Gas BVI at a consideration of RMB12 million (the "Disposal") and the settlement of debts of approximately RMB84.3 million owed by 中油潔能(珠海)石化有限公司, an indirect non-wholly owned subsidiary of the Company, and its subsidiaries and the PRC Transfer Group to the Company and its subsidiaries excluding the Sino Gas BVI and its subsidiaries as enlarged by the PRC Transfer Group (the "Debts Settlement", together with the PRC Transfers and the Disposal, collectively the "Group Restructuring") (for details of the Group Restructuring, please refer to the announcement of the Company dated 3 December 2014 and the circular of the Company dated 25 February 2015). The Group Restructuring Agreement and the transactions contemplated thereunder have been approved by the shareholder of the Company (the "Shareholder") at the extraordinary general meeting of the Company on 13 March 2015. Accordingly, together with goodwill of approximately HK\$18.4 million, assets and liabilities in respect of Sino Gas BVI and the PRC Transfer Group of HK\$665 million and HK\$282 million were reclassified under current assets and current liabilities held for sale, respectively, in these financial statements, as the Disposal will result in change of the nature of the Group's investment in Sino Gas BVI from a 50% subsidiary to an 40% associate. The Group Restructuring has not yet been completed as at the reporting date of these financial statements.

Material Acquisition and Disposal (Continued)

On 6 January 2015, the Company entered into a sale and purchase agreement (as amended and supplemented by supplemental agreements dated 10 February 2015, 14 April 2015 and 13 May 2015) to purchase a Property in Shanghai, the PRC, at a consideration of RMB1,566,032,890. The Property comprised a building with office and retail units and parking spaces which together has an aggregate gross floor area of 16,352.29 square metres. The acquisition of the Property has been approved by the Shareholders at the extraordinary general meeting of the Company on 30 March 2015 and the acquisition of the Property has not yet been completed as at the reporting date of these financial statements but was subsequently completed in August 2015. Details of the acquisition were included in the Company's announcements dated 6 January 2015, 30 January 2015, 10 February 2015, 14 April 2015, 15 April 2015 and 13 May 2015, and the circular of the Company dated 26 February 2015. As at 30 June 2015, an amount of approximately HK\$2,028 million has been paid and has classified as non-current prepayments and deposits in the interim condensed consolidated statement of financial position in these financial statements.

On 14 April 2015, the Company entered into a disposal agreement (the "Disposal Agreement") to dispose of 40% of the total issued share capital of Sino Gas BVI at a consideration of HK\$75 million. The Disposal Agreement was terminated on 28 May 2015 due to events not controllable by the Company. Details of the Disposal Agreement and its termination were included in the Company's announcements dated 14 April 2015 and 28 May 2015.

Save as disclosed above, the Group had no other material acquisitions or disposals during the period.

Staff Benefits

At 30 June 2015, the Group had total of 1,383 employees (2014: 1,314). The staff costs for the six-month period ended 30 June 2015 amounted to approximately HK\$57.4 million (2014: HK\$53.9 million). The Group continues to provide remuneration package to employees according to market practices, their experience and performance. Other benefits include contribution of statutory mandatory provident fund for the employees and medical scheme. The Company adopted a new share option scheme on 25 June 2015 whereby eligible participants may be granted options to acquire shares of the Company ("Shares"). No share option has been granted during the period and up to the date of this interim condensed consolidated financial statements. There was no major change on staff remuneration policies during the period.

Human Resources

Apart from remunerating and promoting staff according to an established mechanism based on individual performance, experience, professional qualification and prevailing market practices, the Group provides internal training and finances continuing study for existing staff as part of the welfare or incentive system for staff. This aims to encourage staff to embark on life-long study, and to formulate a feasible plan for their career development, which lays a solid foundation for sound and sustainable development of the Group.

Pledge of Assets

As at 30 June 2015, the Group had pledged certain land use rights and finance lease receivables for bank borrowings granted.

Events after the reporting period

On 6 January 2015, the Company entered into a sale and purchase agreement (as amended and supplemented by supplemental agreements dated 10 February 2015, 14 April 2015 and 13 May 2015) to purchase a property in Shanghai (the "Property") at a consideration of RMB1,566,032,890. The Property comprised a building with office and retail units and parking spaces which together have an aggregate gross floor area of 16,352.29 square metres. The acquisition of the Property was approved by the Shareholders at the extraordinary general meeting of the Company on 30 March 2015 and the acquisition was subsequently completed in August 2015. Details of the acquisition were included in the Company's announcements dated 6 January 2015, 30 January 2015, 10 February 2015, 14 April 2015, 15 April 2015, 13 May 2015 and the circular dated 26 February 2015.

By order of the Board

Wang Xiaowei

Chief Executive Officer

Hong Kong

27 August 2015

As of the date of this interim report, the Board of the Company comprises Mr. Ji Guirong (Chairman) as non-executive Director; Wang Xiaowei (Chief Executive Officer), Mr. Zang Zheng and Mr. Xiao Wei as executive Directors; Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng as independent non-executive Directors.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2015, the interests and short positions of the directors of the Company (the "Directors") in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in share options of the Company:

Name of Director	Number of options directly beneficially owned
Ji Guirong	30,000,000
Ji Hui	30,000,000
Zhang Chuanjun	30,000,000
Wang Xiaowei	8,980,000
	98,980,000

Save as disclosed above, as at 30 June 2015, none of the Directors had registered an interest or a short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The share option scheme adopted by the Company on 15 April 2005 (the "Old Scheme") for a term of ten years expired on 14 April 2015. The share options that have been granted under the Old Scheme and remained outstanding as at the date of expiry of the Old Scheme remain valid and exercisable subject to and in accordance with the terms of the Old Scheme.

To enable the Company to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by the Company on 25 June 2015 (the "New Scheme"). Up to the date of this report, no share option has been granted under the New Scheme.

SHARE OPTION SCHEME (Continued)

The following table discloses movements in the Company's share options, which were granted under the Old Scheme, during the period:

Name or category of participant	Number of share options					At 30 June 2015	Date of grant of share options ¹	Exercise period of share options	Exercise price of share options HK\$ per share ²
	At 1 January 2015	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period				
Directors									
Ji Guirong	7,450,000	-	(7,450,000)	-	-	-	23-8-07	1-10-07 to 31-1-15	0.233
	7,450,000	-	(7,450,000)	-	-	-	23-8-07	1-1-08 to 31-1-15	0.233
	7,450,000	-	(7,450,000)	-	-	-	23-8-07	1-7-08 to 31-1-15	0.233
	30,000,000	-	-	-	-	30,000,000	31-8-10	31-8-10 to 30-8-20	0.227
	52,350,000	-	(22,350,000)	-	-	30,000,000			
Ji Hui	2,000,000	-	(2,000,000)	-	-	-	3-1-06	1-2-06 to 31-1-15	0.20
	30,000,000	-	-	-	-	30,000,000	31-8-10	31-8-10 to 30-8-20	0.227
	32,000,000	-	(2,000,000)	-	-	30,000,000			
Zhang Chuanjun	10,000,000	-	(8,000,000)	(2,000,000)	-	-	3-1-06	1-2-06 to 31-1-15	0.20
	30,000,000	-	-	-	-	30,000,000	31-8-10	31-8-10 to 30-8-20	0.227
	40,000,000	-	(8,000,000)	(2,000,000)	-	30,000,000			
Wang Xiaowei	4,490,000	-	-	-	-	4,490,000	13-6-12	13-6-13 to 12-6-22	0.236
	4,490,000	-	-	-	-	4,490,000	13-6-12	13-6-14 to 12-6-22	0.236
	8,980,000	-	-	-	-	8,980,000			
	133,330,000	-	(32,350,000)	(2,000,000)	-	98,980,000			

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options					At 30 June 2015	Date of grant of share options ¹	Exercise period of share options	Exercise price of share options HK\$ per share ²
	At 1 January 2015	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period				
Consultants									
In aggregate	57,150,000	-	(2,860,000)	(54,290,000)	-	-	23-8-07	1-10-07 to 31-1-15	0.233
	57,150,000	-	(2,860,000)	(54,290,000)	-	-	23-8-07	1-1-08 to 31-1-15	0.233
	57,150,000	-	(2,860,000)	(54,290,000)	-	-	23-8-07	1-7-08 to 31-1-15	0.233
	127,500,000	-	(37,500,000)	-	-	90,000,000	31-8-10	31-8-10 to 30-8-20	0.227
	20,000,000	-	(20,000,000)	-	-	-	13-6-12	13-6-13 to 12-6-22	0.236
	20,000,000	-	(20,000,000)	-	-	-	13-6-12	13-6-14 to 12-6-22	0.236
	338,950,000	-	(86,080,000)	(162,870,000)	-	90,000,000			
Employees									
In aggregate	75,000,000	-	(11,250,000)	-	-	63,750,000	31-8-10	31-8-10 to 30-8-20	0.227
	547,280,000	-	(129,680,000)	(164,870,000)	-	252,730,000			

Notes to the table of share options outstanding during the period:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2015, the following interests and short positions of 5% or more of the issued share capital and convertible bonds of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Notes	Long/short position	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of convertible shares (issuable under the convertible bonds) held	Percentage of the Company's issued share capital if the convertible shares were issued
Billirich Investment Limited ("Billirich")	(a)	Long	Beneficial owner	1,031,595,000	17.38%	225,112,486	3.79%
AVIC International Holding (HK) Limited ("AVIC Int'l")	(a)	Long	Interest of a controlled corporation	1,031,595,000	17.38%	225,112,486	3.79%
Tacko International Limited	(a)	Long	Interest of a controlled corporation	1,031,595,000	17.38%	225,112,486	3.79%
AVIC International (HK) Group Limited	(a)	Long	Beneficial owner and interest of a controlled corporation	1,535,618,891	25.87%	225,112,486	3.79%
AVIC Joy Air Holdings Limited	(b)	Long	Beneficial owner	60,810,000	1.02%	-	-
Sanmax Investment Limited	(c)	Long	Beneficial owner	-	-	1,138,931,082	19.19%
China Joy Airlines (HK) Holdings Ltd.	(c)	Long	Interest of a controlled corporation	-	-	1,138,931,082	19.19%
AVIC Joy Air (HK) Holdings Limited	(b),(c)	Long	Interest of a controlled corporation	60,810,000	1.02%	1,138,931,082	19.19%
幸福航空控股有限公司	(b),(c)	Long	Interest of a controlled corporation	60,810,000	1.02%	1,138,931,082	19.19%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Name	Notes	Long/short position	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of convertible shares (issuable under the convertible bonds) held	Percentage of the Company's issued share capital if the convertible shares were issued
AVIC International Holding Corporation	(a), (b), (c)	Long	Interest of a controlled corporation	1,596,428,891	26.89%	1,364,043,568	22.98%
Aviation Industry Corporation of China ("AVIC")	(a),(b),(c)	Long	Interest of a controlled corporation	1,596,428,891	26.89%	1,364,043,568	22.98%
Huatai Capital Investment Limited	(d)	Long	Beneficial owner	253,600,000	4.27%	575,000,000	9.69%
Huatai Financial Holdings (Hong Kong) Limited	(d)	Long	Interest of a controlled corporation	253,600,000	4.27%	575,000,000	9.69%
Huatai Securities Co., Ltd.	(d)	Long	Interest of a controlled corporation	253,600,000	4.27%	575,000,000	9.69%
Grand Win Overseas Ltd. ("Grand Win")	(e)	Long	Beneficial owner	313,965,000	5.29%	-	-
Sun Shining Investment Corp.	(e)	Long	Interest of a controlled corporation	313,965,000	5.29%	-	-
Tai Yuen Textile Company Ltd.	(e)	Long	Interest of a controlled corporation	313,965,000	5.29%	-	-

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

- (a) Billirich is a wholly-owned subsidiary of AVIC Int'l. Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 34.34% of the issued share capital of AVIC Int'l. Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation. AVIC International Holding Corporation is a non-wholly-owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the shares and convertible shares held by Billirich.
- (b) Sanmax Investment Limited is a wholly-owned subsidiary of China Joy Airlines (HK) Holdings Ltd., which in turn is a wholly-owned subsidiary of AVIC Joy Air (HK) Holdings Limited. AVIC Joy Air (HK) Holdings Limited is a wholly-owned subsidiary of 幸福航空控股有限公司, which in turn is a wholly-owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the convertible shares held by Sanmax Investment Limited.
- (c) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Holdings Limited, which in turn is a wholly-owned subsidiary of 幸福航空控股有限公司. 幸福航空控股有限公司 is owned as to approximately 57.14% by AVIC and approximately 42.86% by AVIC International Holding Corporation, which is a non-wholly-owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the shares held by AVIC Joy Air Holdings Limited.
- (d) Huatai Capital Investment Limited is a wholly-owned subsidiary of Huatai Financial Holdings (Hong Kong) Limited, which in turn is a wholly-owned subsidiary of Huatai Securities Co., Ltd. Accordingly, all these corporations are deemed to be interested in the convertible shares held by Huatai Capital Investment Limited.
- (e) Grand Win is a wholly-owned subsidiary of Sun Shining Investment Corp. Tai Yuen Textile Company Ltd. beneficially owns 82.85% equity interest in Sun Shining Investment Corp. and therefore, these corporations are deemed to be interested in the shares held by Grand Win.

Save as disclosed above, as at 30 June 2015, no person, other than the Directors, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

USE OF PROCEEDS/NEW SHARES ISSUED

On 10 July 2014, the Company issued, and Huatai Financial Holdings (Hong Kong) Limited ("Huatai") subscribed for, the convertible bonds in the principal amount of HK\$175,000,000 ("Huatai Bonds") pursuant to the subscription agreement between the Company and Huatai dated 26 June 2014. The outstanding principal amount of Huatai Bonds may be converted into up to 875,000,000 conversion shares at conversion price of HK\$0.20 per share, which is subject to adjustment pursuant to the terms and conditions of Huatai Bonds. As at the latest practicable date prior to the printing of this report, Huatai has partially exercised its right of conversion. Huatai Bonds in principal amount of HK\$60,000,000 were converted into 300,000,000 conversion Shares at conversion price of HK\$0.20 per share by Huatai. As at the date of this report, the net proceeds of approximately HK\$174 million from Huatai Bonds had been fully utilized as general working capital of the Group.

On 7 May 2015, the Company entered into a placing and top-up subscription agreement for the placement up to 876,000,000 placing shares at a price of HK\$0.41 per placing share. The share placing arrangement was completed on 15 May 2015. The net proceeds of approximately HK\$353 million will be used as the general working capital of the Group.

On 18 May 2015, convertible bond in principal amount of approximately HK\$28,769,508 was converted by a bondholder into 143,847,538 ordinary shares at conversion price of HK\$0.2 per conversion share. Additional 2,935,664 conversion shares were issued by the Company to such bondholder on 4 June 2015 resulted from conversion price adjustment from HK\$0.2 to HK\$0.196 with effect from 15 May 2015 subsequent to the completion of the placing and top-up subscription agreement on 15 May 2015. For details, please refer to the announcements of the Company dated 7 May 2015 and 15 May 2015. The closing market prices per share of the immediate preceding business day on 15 May 2015 and 3 June 2015 were both at HK\$0.58.

As at the latest practicable date prior to the printing of this report, in aggregate of 129,680,000 option Shares were allotted and issued to share option holders at exercise prices ranging from HK\$0.20 to HK\$0.236. The subscription monies are used by the Company as general working capital.

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months period ended 30 June 2015, save and except as hereunder:

- (i) all non-executive Directors (including independent non-executive Directors) of the Company have not been appointed for a specific terms as provided for in code provision A.4.1. However, the non-executive Directors of the Company are subject to retirement and re-election at least once every three years in accordance with the articles of association of the Company;
- (ii) Mr. Ji Guirong, the chairman of the Company and non-executive Director, Mr. Hu Xiaowen and Mr. Gong Changhui, both independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 25 June 2015 (the "AGM") as provided for in code provision A.6.7 as they had other engagements in the PRC;
- (iii) the Company did not have formal letters of appointment for non-executive Directors as provided for in code provision D.1.4. However, the non-executive Directors shall be subject to retirement and re-election in accordance with the articles of association of the Company. Moreover, the non-executive Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry, and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors. In addition, the non-executive Directors are required to comply with the requirements under statute and common law, the Listing Rules, Companies Ordinance, legal and other regulatory requirements, if applicable; and
- (iv) Mr. Ji Guirong, the chairman of the Company, was unable to attend the AGM as provided for in code provision E.1.2 as he was on other engagement in the PRC. However, Mr. Xiao Wei, an executive Director of the Company, took the chair of the AGM and an independent non-executive Director, being a member of each of the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee") was present thereat and was available to answer questions to ensure effective communication with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information on Directors for the six months ended 30 June 2015 and up to the date of this report are set out as below:

Name of Director	Details of changes
Mr. Ji Guirong	– Resigned as an executive director, a deputy chairman and the chief executive officer of AVIC Int'l with effect from 1 June 2015
Mr. Ji Hui	– Resigned as an executive Director and the chief executive officer of the Company with effect from 1 August 2015
Mr. Zhang Chuanjun	– Resigned as an executive director of AVIC Int'l with effect from 23 June 2015 – Resigned as an executive Director and a vice president of the Company with effect from 1 August 2015
Mr. Wang Xiaowei	– Appointed as the chief executive officer of the Company with effect from 1 August 2015
Mr. Hu Xiaowen	– Ceased to be the chief financial officer of Hanwang Technology Co., Ltd., a company listed on Shenzhen Stock Exchange, with effect from 1 May 2015

Save as disclosed above, the Company is not aware of other changes in the biographical details of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprises all the independent non-executive Directors, for the time being, namely Mr. Hu Xiaowen (chairman of the Audit Committee), Mr. Gong Changhui and Mr. Wu Meng, has reviewed with the management the accounting principles and practices adopted by the Group and discussed the interim review, internal control and financial reporting matters. The Group's unaudited interim condensed consolidated financial statements for the period have been reviewed by the Audit Committee, which is of the opinion that such financial statements complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee, comprises the non-executive Director, Mr. Ji Guirong, and the independent non-executive Directors, namely Mr. Hu Xiaowen (chairman of the Remuneration Committee), Mr. Gong Changhui and Mr. Wu Meng, is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

The Nomination Committee comprises the non-executive Director, Mr. Ji Guirong (chairman of the Nomination Committee), the independent non-executive Directors, namely Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng. The principal duties of the Nomination Committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and to make recommendations to the Board on appointment and re-appointment of Directors.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the Audit Committee and the Company's auditor, Ernst & Young, in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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To the board of directors of AVIC Joy Holdings (HK) Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 20 to 54, which comprise the interim condensed consolidated statement of financial position of AVIC Joy Holdings (HK) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primary of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2015

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	5	751,518	826,374
Cost of sales		(637,092)	(659,958)
Gross profit		114,426	166,416
Other income	5	35,790	14,491
Selling and distribution expenses		(54,865)	(56,314)
Administrative expenses		(109,403)	(68,136)
Other operating expenses, net		(36,982)	(15,199)
Finance costs	6	(39,932)	(17,369)
Impairment of goodwill		(83,241)	–
Gain/(loss) on disposal of a subsidiary		(1,463)	9,226
Loss on deregistration of joint ventures		–	(2,877)
Share of profits and losses of joint ventures		1,572	1,339
Share of profits and losses of associates		(4,257)	(22)
PROFIT/(LOSS) BEFORE TAX	7	(178,355)	31,555
Income tax expense	8	(5,796)	(19,268)
PROFIT/(LOSS) FOR THE PERIOD		(184,151)	12,287
Attributable to:			
Owners of the parent		(181,309)	1,501
Non-controlling interests		(2,842)	10,786
		(184,151)	12,287
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS	9		
Basic and diluted		HK(3.72) cents	HK0.03 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(184,151)	12,287
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale investment	74,800	(48,759)
Share of other comprehensive loss of joint ventures	-	(1,023)
Exchange differences on translation of foreign operations	(5,145)	(14,018)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	69,655	(63,800)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(114,496)	(51,513)
Attributable to:		
Owners of the parent	(111,711)	(62,178)
Non-controlling interests	(2,785)	10,665
	(114,496)	(51,513)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		149,952	342,259
Investment properties		91,902	98,823
Prepaid land lease payments		11,337	24,739
Goodwill		87,243	188,869
Intangible assets		977,420	977,949
Investments in joint ventures		29,618	133,417
Investments in associates		16,742	9,485
Available-for-sale investments		265,418	185,617
Other asset		2,680	–
Concession finance receivables	11	110,682	137,441
Trade receivables	12	334,929	232,270
Prepayments and deposits		2,062,056	134,737
Finance lease receivables	13	3,481	13,971
Loans receivables from related companies		–	33,339
Total non-current assets		4,143,460	2,512,916
CURRENT ASSETS			
Inventories		1,814	1,634
Contract for services	14	69,960	36,560
Trade and bills receivables	12	212,537	227,042
Prepayments, deposits and other receivables		233,123	191,221
Concession finance receivables	11	119,812	84,783
Held-to-maturity debt securities		–	4,410
Finance lease receivables	13	17,252	6,549
Due from non-controlling shareholders		15,013	35,121
Due from joint ventures		24,790	97,138
Due from associates		1,429	899
Pledged deposits		–	1,904
Cash and bank balances		762,358	648,557
		1,458,088	1,335,818
Assets of a disposal group classified as held for sale	15	665,061	–
Total current assets		2,123,149	1,335,818

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		30 June 2015 (Unaudited)	31 December 2014 (Audited)
	Notes	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	16	20,649	103,243
Deferred income, other payables and accruals		272,224	198,799
Finance lease payables		725	725
Promissory notes		100,000	100,000
Convertible bond	17	–	51,407
Interest-bearing bank and other borrowings		192,150	179,747
Loans from a related company		101,248	38,798
Due to non-controlling shareholders		882	3,087
Due to a joint venture		68	5,040
Due to associates		2,240	161
Tax payable		9,697	15,487
		699,883	696,494
Liabilities directly associated with the assets classified as held for sale	15	282,197	–
Total current liabilities		982,080	696,494
NET CURRENT ASSETS		1,141,069	639,324
TOTAL ASSETS LESS CURRENT LIABILITIES		5,284,529	3,152,240

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		30 June 2015 (Unaudited)	31 December 2014 (Audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Convertible bonds	17	349,656	375,072
Finance lease payables		2,335	2,693
Interest-bearing bank and other borrowings		1,992,218	545,500
Loans from a related company		420,624	108,374
Loans from non-controlling shareholders		38,640	38,640
Deferred tax liabilities		248,434	248,351
Deferred income and other payables		418,547	382,424
Total non-current liabilities		3,470,454	1,701,054
Net assets		1,814,075	1,451,186
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	18	2,230,463	1,729,752
Equity component of convertible bonds	17	90,139	83,312
Other reserves		(858,552)	(717,952)
		1,462,050	1,095,112
Non-controlling interests		352,025	356,074
Total equity		1,814,075	1,451,186

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent												
	Issued capital HK\$'000	Share premium account [#] HK\$'000	Share option reserve HK\$'000	Equity component of convertible bond HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Special capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2014	876,757	825,596	43,643	21,686	15,661	828,646	111,695	4,936	3,865	(1,646,523)	1,085,962	95,828	1,181,790
Profit for the period	-	-	-	-	-	-	-	-	-	1,501	1,501	10,786	12,287
Other comprehensive income/(loss) for the period:													
Change in fair value of an available-for-sale investment	-	-	-	-	(48,759)	-	-	-	-	-	(48,759)	-	(48,759)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(1,023)	-	-	-	(1,023)	-	(1,023)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(13,897)	-	-	-	(13,897)	(121)	(14,018)
Total comprehensive income/(loss) for the period	-	-	-	-	(48,759)	-	(14,920)	-	-	1,501	(62,178)	10,665	(51,513)
Transfer pursuant to the new Hong Kong Companies Ordinance (Chapter 622) effective on 3 March 2014	829,461	(825,596)	-	-	-	-	-	-	(3,865)	-	-	-	-
Equity-settled share option arrangements	-	-	993	-	-	-	-	-	-	-	993	-	993
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(26,271)	(26,271)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(571)	(571)
Acquisition of non-controlling interests	-	-	-	-	-	-	(149)	-	-	(560)	(709)	709	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	20,806	20,806
At 30 June 2014 (unaudited)	1,706,218	-	44,636	21,686	(33,098)	828,646	96,626	4,936	-	(1,645,582)	1,024,068	101,166	1,125,234

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Continued)**

	Attributable to owners of the parent										
	Share capital	Share option reserve	Equity component of convertible bonds	Available-for-sale investment revaluation reserve	Special capital reserve	Exchange fluctuation reserve	Reserve funds	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	1,729,752	41,349	83,312	40,595	828,646	96,020	4,657	(1,729,219)	1,095,112	356,074	1,451,186
Loss for the period	-	-	-	-	-	-	-	(181,309)	(181,309)	(2,842)	(184,151)
Other comprehensive income/(loss) for the period:											
Change in fair value of an available-for-sale investment	-	-	-	74,800	-	-	-	-	74,800	-	74,800
Exchange differences on translation of foreign operations	-	-	-	-	-	(5,202)	-	-	(5,202)	57	(5,145)
Total comprehensive income/(loss) for the period	-	-	-	74,800	-	(5,202)	-	(181,309)	(111,711)	(2,785)	(114,496)
Issue of shares upon the exercise of convertible bonds	94,011	-	(11,510)	-	-	-	-	-	82,501	-	82,501
Issue of shares upon the exercise of share options	41,035	(11,320)	-	-	-	-	-	-	29,715	-	29,715
Transfer of share option reserve upon forfeiture of share options	12,280	(12,280)	-	-	-	-	-	-	-	-	-
Extension of a convertible bond	-	-	18,337	-	(5,289)	-	-	-	13,048	-	13,048
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(1,264)	(1,264)
Issue of shares	359,160	-	-	-	-	-	-	-	359,160	-	359,160
Share issue expenses	(5,775)	-	-	-	-	-	-	-	(5,775)	-	(5,775)
At 30 June 2015 (Unaudited)	2,230,463	17,749*	90,139	115,395*	823,357*	90,818*	4,657*	(1,910,528)*	1,462,050	352,025	1,814,075

* These reserve accounts comprise the consolidated debit reserves of HK\$858,552,000 (31 December 2014: HK\$717,952,000) in the interim condensed consolidated statement of financial position.

Included in other statutory capital reserves in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(178,355)	31,555
Adjustments for:		
Total non-cash adjustments	(14,490)	51,273
Total working capital adjustments	88,090	(364,666)
Cash used in operations	(104,755)	(281,838)
Overseas taxes paid	(6,012)	(7,560)
Net cash flows used in operating activities	(110,767)	(289,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,357	1,327
Purchases of items of property, plant and equipment	(5,482)	(11,514)
Proceeds from disposal of items of property, plant and equipment	18	5,017
Increase in prepaid land lease payments	-	(419)
Disposal of a subsidiary	(14,916)	41,019
Acquisition of a subsidiary	-	(32,330)
Acquisition of an associate	(10,000)	(587)
Proceed from deregistration of a joint venture	-	3,616
Capital injection to a joint venture	(10,000)	(48,125)
Capital injection to an associate	-	(10,000)
Redemption of held-to-maturity debt securities	4,410	-
Addition of an available-for-sale investment	(5,000)	-
Addition of an other asset	(2,680)	-
Deposit for acquisition of an investment property	(2,028,257)	-
Net cash flows used in investing activities	(2,066,550)	(51,996)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (Continued)

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(21,208)	(15,540)
Proceeds from issue of shares	359,160	–
Share issue expenses	(5,775)	–
Repayment of bank loans	(159,234)	(992,064)
New bank loans	1,666,153	297,004
Repayment of loans receivables from related companies	33,339	108,374
Advance from/(to) non-controlling shareholders, net	14,109	(15,342)
Proceeds from exercise of share options	29,715	–
Repayment of finance leases	(357)	–
Advance from a related company	370,134	–
Net cash flows from/(used in) financing activities	2,286,036	(617,568)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	108,719	(958,962)
Cash and cash equivalents at beginning of period	650,461	1,367,743
Effect of foreign exchange rate changes, net	3,178	(20,543)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	762,358	388,238
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	762,358	366,845
Pledged deposits with original maturity of less than three months when acquired	–	21,393
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	762,358	388,238

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

AVIC Joy Holdings (HK) Limited is a limited liability company incorporated in Hong Kong whose shares are publicly traded.

During the period, the Group was principally involved in the operation of compressed natural gas ("CNG"), liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") refueling stations, management and operation of light-emitting diode ("LED") energy management contracts ("EMC"), provision of finance lease and loan services, provision of land development services and trading of construction materials in the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited interim condensed consolidated financial statements do not include all the 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.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the Group's adoption of certain revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2015, which did not have any effect on these interim condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Annual Improvements	<i>Amendment to a number of HKFRSs</i>
2010-2012 Cycle	
Annual Improvements	<i>Amendment to a number of HKFRSs</i>
2011-2013 Cycle	

The adoption of the above revised HKFRSs has had no significant financial effect on these condensed consolidated interim financial statements.

The Group has not adopted any new HKFRSs that have been issued but not yet effective. The Group is in the process of making an assessment of the impact of the new HKFRSs upon initial application.

The Group is not yet in a position to state whether they would have a significant financial impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services and has four reporting segments as follows:

- (a) Sales of CNG, LPG, LNG and petroleum products of the Group's gas station operation;
- (b) Management and operation of LED EMC;
- (c) Provision of finance lease and loan services; and
- (d) Provision of land development services and trading of construction materials

Segment performance is evaluated based on operating profit/(loss), which is a measure of adjusted reportable segment profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

In determining the Group's geographical segments, revenues and result are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are located in Mainland China, no geographical segments information is provided.

The following table presents revenue and profit/(loss) for the Group's primary segments for the six months ended 30 June 2015 and 2014. Certain comparative amounts have been reclassified to conform with the current period's presentation.

4. OPERATING SEGMENT INFORMATION (continued)

	Sales of CNG, LPG, LNG and petroleum products		Management and operation of LED EMC and trading of LED products		Provision of finance lease and loan services		Provision of land development services and sales of construction materials		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	674,695	695,328	40,117	129,771	-	-	35,501	-	750,313	825,099
Finance income on concession finance and trade receivables	-	-	20,443	6,240	-	-	-	-	20,443	6,240
Interest revenue	-	-	-	-	1,205	1,275	-	-	1,205	1,275
Intersegment revenue	-	-	-	-	7,427	3,224	-	-	7,427	3,224
	674,695	695,328	60,560	136,011	8,632	4,499	35,501	-	779,388	835,838
<i>Reconciliation:</i>										
Elimination of intersegment revenue									(7,427)	(3,224)
Reclassification of finance income to other income									(20,443)	(6,240)
									751,518	826,374

4. OPERATING SEGMENT INFORMATION (continued)

	Sales of CNG, LPG, LNG and petroleum products		Management and operation of LED EMC and trading of LED products		Provision of finance lease and loan services		Provision of land development services and sales of construction materials		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment results	(819)	11,916	12,887	36,669	5,102	431	(5,765)	-	11,405	49,016
<i>Reconciliation:</i>										
Interest income	-	-	-	-	-	-	-	-	5,357	1,327
Gain/(loss) on disposal of a subsidiary	(1,463)	9,226	-	-	-	-	-	-	(1,463)	9,226
Loss on deregistration of joint ventures	-	(2,877)	-	-	-	-	-	-	-	(2,877)
Share of profits and losses of:										
Joint ventures	1,572	1,339	-	-	-	-	-	-	1,572	1,339
Associates	(4,257)	(22)	-	-	-	-	-	-	(4,257)	(22)
Impairment of goodwill	(83,241)	-	-	-	-	-	-	-	(83,241)	-
Corporate and other unallocated income/(expenses), net									(67,796)	(9,085)
Finance costs									(39,932)	(17,369)
Profit/(loss) before tax									(178,355)	31,555
Income tax expense									(5,796)	(19,268)
Profit/(loss) for the period									(184,151)	12,287

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents sales of CNG, LPG, LNG and petroleum products from the operation of gas stations, income from management and operation of LED EMC and trading of LED products, interest income on finance leases and loans and sales of construction materials during the period.

An analysis of the Group's revenue and other income is as follows:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue		
Sales of CNG, LPG, LNG and petroleum products	674,695	695,328
Operation revenue of LED EMC and trading of LED products	40,117	129,771
Interest income on finance leases and loans	1,205	1,275
Sales of construction materials	35,501	–
	751,518	826,374
Other income		
Interest income	5,357	1,327
Commission income	–	36
Gross rental income	2,922	2,377
Trading of petroleum and gas-related products	–	201
Finance income on concession finance and trade receivables	20,443	6,240
Government grants received*	319	2,508
Others	6,749	1,802
	35,790	14,491

* Various government grants have been received to subsidise the operation of the Group's gas stations in various provinces in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on loans/bonds wholly repayable within five years:		
Bank loans	14,702	11,267
Other loans	5,988	3,756
Convertible bonds	19,242	2,346
	39,932	17,369

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold**	571,565	577,338
Operation costs of LED EMC and cost of LED products sold**	30,846	82,590
Cost of finance lease and loan services provided**	-	30
Cost of construction materials sold**	34,681	-
Depreciation on property, plant and equipment	18,371	30,127
Depreciation on investment properties	1,959	823
Amortisation of prepaid land lease payments	966	697
Amortisation of intangible assets	521	521
Loss on disposal of items of property, plant and equipment*	-	1,485
Impairment of items of property, plant and equipment*	22,445	-
Impairment of an investment in an associate*	8,525	-
Impairment of other receivables*	2,914	13,714

* Included in "Other operating expenses, net" on the face of the interim condensed consolidated statement of profit or loss.

** Included in "Cost of sales" on the face of the interim condensed consolidated statement of profit or loss.

8. INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Mainland China	5,630	16,951
Deferred	166	2,317
	5,796	19,268

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$181,309,000 (2014: profit of HK\$1,501,000), and the weighted average number of ordinary shares of 4,868,898,697 (2014: 4,383,782,539) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the period ended 30 June 2015 in respect of a dilution as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(181,309)	1,501
Interest on convertible bonds	19,242	2,346
Profit/(loss) attributable to ordinary equity holders of the parent, before interest on convertible bonds	(162,067)*	3,847*
	Number of shares For the six months ended 30 June	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	4,868,898,697	4,383,782,539
Effect of dilution – weighted average number of ordinary shares:		
Share options	115,614,027	–
Convertible bonds	1,939,043,568	220,322,859
	6,923,556,292*	4,604,105,398*

* The calculation of basic earnings/loss per share amount is based on loss for the period of HK\$181,309,000 (2014: profit of HK\$1,501,000) and the weighted average number of ordinary shares of 4,868,898,697 (2014: 4,383,782,539) in issue during the period ended 30 June 2015.

No adjustment has been made to the basic earnings/(losses) per share amounts presented for the six months ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2015 (2014: Nil).

11. CONCESSION FINANCE RECEIVABLES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Receivables under service concession arrangements	230,494	222,224
Current portion included in prepayments, deposits and other receivables	(119,812)	(84,783)
Non-current portion	110,682	137,441

Concession finance receivables comprise amounts receivable with respect to concession agreements in the PRC. The Group's concession finance receivables are unbilled as at the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade and bills receivables	547,479	459,325
Impairment	(13)	(13)
	547,466	459,312
Less: non-current portion of trade receivables	(334,929)	(232,270)
Current portion of trade and bills receivables	212,537	227,042

The Group's trade receivables from the trading of LED products to its customers will be billed and settled by equal monthly, bimonthly and quarterly instalments over a period ranging from five to ten years pursuant to the contracts terms. The fair value of the consideration recognised is determined using an imputed rate of interest of 15%.

12. TRADE AND BILLS RECEIVABLES (continued)

The Group's trading terms with its other trade customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables, as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Billed:		
0 to 90 days	58,607	108,396
91 to 120 days	2	1
121 days to 1 year	1,868	5
Over 1 year	13	13
	60,490	108,415
Unbilled	486,989	350,910
	547,479	459,325

13. FINANCE LEASE RECEIVABLES

The Group provides financial leasing services on certain equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to five years.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Finance lease receivables comprise:				
Within one year	18,571	8,135	17,252	6,549
In the second to fifth years, inclusive	3,833	15,855	3,481	13,971
	22,404	23,990	20,733	20,520
Less: unearned finance income	(1,671)	(3,470)		
Present value of minimum lease payments	20,733	20,520		
Analysed for reporting purposes as:				
Current assets	17,252	6,549		
Non-current assets	3,481	13,971		
	20,733	20,520		

The Group's finance lease receivables are denominated in Renminbi ("RMB") which is the functional currency of the relevant group entity.

At 30 June 2015, the Group's finance lease receivables with a carrying amount of HK\$11,381,000 (31 December 2014: HK\$18,883,000) were pledged as security for the Group's certain bank loans.

14. CONTRACT FOR SERVICES

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Contract costs incurred to date and gross amount due from contract customers	69,960	36,560

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 3 December 2014, the Company, Great Concept Investments Holdings Limited, a direct wholly owned subsidiary of the Company, Sino Gas Holdings Group Limited ("Sino Gas BVI"), an indirect non-wholly owned subsidiary of the Company and Sanlin Resources Limited ("Sanlin"), a non-controlling shareholder of Sino Gas BVI, entered into an agreement (the "Group Restructuring Agreement") for (a) the transfer of the Company's four indirect subsidiaries and one joint venture ("PRC Transfer Group") to Sanlin at a consideration of approximately 93,653,000 (the "PRC Transfers"); (b) the disposal of 10% of the total issued share capital of Sino Gas BVI at a consideration of RMB12,000,000 (the "Disposal"); and (c) the settlement of approximately 84,305,000 owed by 中油潔能(珠海)石化有限公司, an indirect non-wholly owned subsidiary of the Company, its subsidiaries and the PRC Transfer Group to the Company and its subsidiaries other than the Sino Gas BVI and its subsidiaries as enlarged by the PRC Transfer Group (the "Debts Settlement"). The PRC Transfers, the Disposal and the Debts Settlement are hereinafter collectively referred to as the "Group Restructuring". The Group Restructuring Agreement and the transactions contemplated thereunder had been approved by the Shareholders at the extraordinary general meeting of the Company on 13 March 2015. The Group Restructuring is expected to be completed by the end of September 2015. As at 30 June 2015, the PRC Transfer Group was classified as a disposal group held for sale and the assets and liabilities thereof are separately disclosed as held for sale in the interim condensed consolidated statement of financial position accordingly.

16. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
	HK\$'000	HK\$'000
0 to 90 days	20,326	48,318
91 to 120 days	–	52,920
Over 120 days	323	2,005
	20,649	103,243

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The Group's bills payable have an average maturity period of 90 days and is interest-free. In the prior year, it was secured by time deposits of HK\$1,904,000 and was denominated in RMB.

17. CONVERTIBLE BONDS

The movement of the convertible bonds issued were split into the liability and equity components, and analysed as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<u>Nominal value</u>		
At 1 January	478,776	51,776
Issuances of convertible bonds	-	447,000
Conversion during the period/year (note b)	(88,770)	(20,000)
At period/year end	390,006	478,776
<u>Liabilities components</u>		
At 1 January	426,479	47,618
Issuances of convertible bonds	-	382,038
Extinguishment of the convertible bond upon modification of term (note a)	(51,776)	-
Recognition of the convertible bond upon modification of term (note a)	38,728	-
Conversion during the period/year (note b)	(82,500)	(16,910)
Interest expense	19,304	14,769
Interest paid	(579)	(1,036)
At period/year end	349,656	426,479
<u>Equity components</u>		
At 1 January	83,312	21,686
Issuances of convertible bonds	-	64,963
Extinguishment of the convertible bond upon modification of term (note a)	(21,686)	-
Recognition of the convertible bond upon modification of term (note a)	40,023	-
Conversion during the period/year (note b)	(11,510)	(3,337)
At period/year end	90,139	83,312

17. CONVERTIBLE BONDS (Continued)

On 6 March 2012, 10 July 2014 and 31 October 2014, the Company issued convertible bonds with principal amounts of approximately HK\$51,776,000, HK\$175,000,000 and HK\$272,000,000, respectively. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion prices of HK\$0.23 (adjusted), HK\$0.2 and HK\$0.196 (adjusted) per share, respectively, anytime after the issuances of the convertible bonds. Any convertible bond not converted will be redeemed at par in three years, two years and two years, respectively, after the date of issuances or will be further extended as agreed between the bondholders and the Company. The convertible bonds bear interest at 2%, 2% and 1% per annum, respectively and payable half-yearly, yearly and on conversion or redemption, respectively, in arrears.

- (a) On 20 January 2015, the Company and a convertible bond holder, Billirich Investment Limited, entered into an amendment deed pursuant to which the maturity date of the convertible bond in principal amount of approximately HK\$51,776,000 has been extended by three years from 6 March 2015 to 6 March 2018. No other terms and conditions of such convertible bond have been amended. Further details are set out in the Company's circular dated 9 February 2015.

On 3 March 2015, the modification of the term of such convertible bond was approved by the shareholders at the Company's extraordinary general meeting. Upon the modification of term becoming effective on 3 March 2015, the Company extinguished the original convertible bond with liability component of approximately HK\$51,776,000, equity component of approximately HK\$21,686,000 and recognised the new convertible bond with fair value of liability component of approximately HK\$38,728,000 and the residual value being equity component of approximately HK\$40,023,000, with the net difference in liability components of approximately HK\$13,048,000 and equity components of approximately HK\$18,337,000 recognised in special capital reserve of approximately HK\$5,289,000. The fair values are determined by the directors of the Company based on the valuation by Asset Appraisal Limited.

- (b) On 18 May 2015, convertible bond in principal amount of approximately HK\$28,769,508 was converted by a bondholder into 143,847,538 ordinary shares at conversion price of HK\$0.2 per conversion share. Additional 2,935,664 conversion shares were issued by the Company to such bondholder on 4 June 2015 resulted from conversion price adjustment from HK\$0.2 to HK\$0.196 with effect from 15 May 2015 subsequent to the completion of the placing and top-up subscription agreement on 15 May 2015. For details, please refer to the announcements of the Company dated 7 May 2015, 15 May 2015, and 20 May 2015. The closing market prices per share of the immediate preceding business day on 15 May 2015 and 3 June 2015 were both at HK\$0.58.

On 26 May 2015, convertible bonds in principal amount of HK\$60,000,000 were converted by a bondholder into 300,000,000 ordinary shares of the Company at conversion price of HK\$0.20 per conversion share. The closing market price per share of the immediate preceding business day on 22 May 2015 was HK\$0.72.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

18. SHARE CAPITAL

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Issued and fully paid: 5,936,245,741 (31 December 2014: 4,483,782,539) ordinary shares	2,230,463	1,729,752

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 January 2014	4,383,782,539	876,757	825,596	3,865	1,706,218
Transition to no-par value regime on 3 March 2014 (Note (a))	-	829,461	(825,596)	(3,865)	-
Convertible bonds exercised (Note (b))	100,000,000	20,247	-	-	20,247
Transfer of reserve upon forfeiture of options	-	3,287	-	-	3,287
At 31 December 2014 and 1 January 2015	4,483,782,539	1,729,752	-	-	1,729,752
Convertible bonds exercised (Note (c))	446,783,202	94,011	-	-	94,011
Share options exercised (Note (d))	129,680,000	41,035	-	-	41,035
Transfer of share option reserve upon forfeiture of share options	-	12,280	-	-	12,280
Share placement and top-up subscription (Note (e))	876,000,000	353,385	-	-	353,385
At 30 June 2015	5,936,245,741	2,230,463	-	-	2,230,463

18. SHARE CAPITAL (Continued)

Notes:

- (a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014, any amount standing to the credit of the share premium amount and capital redemption reserve has become part of the Company's share capital.
- (b) The subscription rights attaching to convertible bonds in principal amount of HK\$20,000,000 were exercised at the subscription price of HK\$0.2 per share, resulting in the issue of 100,000,000 shares as a total consideration, before expenses of HK\$20,000,000. An amount of HK\$247,000 was transferred from the equity component of convertible bonds to share capital in respect of the exercise of convertible bonds.
- (c) During the six months ended 30 June 2015, convertible bonds amounting to approximately HK\$28,769,508 and HK\$60,000,000 were converted into 146,783,202 shares and 300,000,000 shares at conversion prices of HK\$0.196 (adjusted) and HK\$0.20, respectively.
- (d) During the six months ended 30 June 2015, in aggregate of 129,680,000 option shares were allotted and issued to share option holders at exercise prices ranging from HK\$0.20 to HK\$0.236. The subscription monies are used by the Company as general working capital.
- (e) On 7 May 2015, the Company entered into a placing and top-up subscription agreement pursuant to which the Company issued and allotted 876,000,000 new ordinary shares ("Placing Shares") at a price of HK\$0.41 per placing share on 15 May 2015 to not less than six independent placees, who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, raising in aggregate HK\$359,160,000 (before issue expenses) in cash to provide for general working capital for the Group. After taking into account the share issue expenses of approximately HK\$5,775,000, the net price per Placing Share issued is about HK\$0.403. The closing price of the Company's share as quoted on Stock Exchange on 6 May 2015, being the date immediate preceding the date on which the Company agreed to the terms of the agreement including the issue price of the Placing Share was HK\$0.51 per share.

19. COMMITMENTS

The Group had capital commitments in respect of the acquisition of items of property, plant and equipment and contract for services of HK\$6,241,624,000 (31 December 2014: HK\$79,535,000) contracted but not provided for in the interim condensed consolidated financial statements as at the end of the reporting period.

20. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Sales of gas to non-controlling shareholders	(i)	72,373	50,966
Sales of gas to a joint venture	(i)	159	6,775
Purchases of gas from a joint venture	(ii)	60	5,213
Provision of transportation service to a joint venture	(iii)	2,370	2,512
Interest expenses to a related company	(iv)	5,988	3,756
Interest income from related companies	(v)	460	177

Notes:

- (i) The sales of gas to non-controlling shareholders and a joint venture were made at prices mutually agreed between the parties, which approximated market rates.
- (ii) The purchases of gas from a joint venture were made at prices mutually agreed between the parties, which approximated market rates.
- (iii) The provision of transportation service to a joint venture was made at prices mutually agreed between the parties, which approximated market rates.
- (iv) The interest expenses paid to a related company, which is a wholly-owned subsidiary of a shareholder of the Company, were charged at an interest rate of 5% per annum.
- (v) The interest income received from related companies, which are associates of a shareholder of the Company, was charged at an interest rate of 5% per annum.

20. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

- (i) All balances with non-controlling shareholders, joint ventures and associates are unsecured, non-interest-bearing and have no fixed terms of repayment.
- (ii) The loans receivables from related companies in the prior year were unsecured, bore interest at 5% per annum and were repaid during the current period.
- (iii) The loans from a related company were unsecured, bore interest at 5% (31 December 2014: 5%) per annum and were repayable with three years (31 December 2014: two years).
- (iv) The loans from non-controlling shareholders were unsecured, non-interest bearing and had no fixed terms of repayment.

The carrying amounts of these balances approximated to their fair values.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	1,973	2,088
Post-employment benefits	18	23
Equity-settled share option expense	-	377
Total compensation paid to key management personnel	1,991	2,488

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial assets				
Concession finance receivables – non-current portion	110,682	137,441	110,682	137,441
Trade receivables – non-current portion	334,929	232,270	334,929	232,270
Finance lease receivables – non-current portion	3,481	13,971	3,481	13,971
Loans receivable from related companies	–	33,339	–	33,339
	449,092	417,021	449,092	417,021

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial liabilities				
Loans from a related company	521,872	147,172	521,872	147,172
Loans from non-controlling shareholders	38,640	38,640	38,640	38,640
Finance lease payable	3,060	3,418	3,060	3,418
Interest-bearing bank and other borrowings	2,184,368	725,247	2,184,368	725,247
Convertible bonds	349,656	426,479	349,656	426,479
Other payables – non-current portion	19,161	11,541	19,161	11,541
	3,116,757	1,352,497	3,116,757	1,352,497

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, the current portion of concession finance receivables, finance lease receivables, financial liabilities included in other payables and accruals, amounts due from/(to) non-controlling shareholders, joint ventures and associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of concession finance receivables, trade receivables, finance lease receivables, finance lease payable, loans from/to related companies, loans from non-controlling shareholders and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of other payables and interest-bearing bank and other borrowings as at 30 June 2015 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The fair values of listed equity investments are based on quoted market prices.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

Assets measured at fair value:

As at 30 June 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
	Available-for-sale investment	260,418	5,000	

As at 31 December 2014

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
	Available-for-sale investment	185,617	–	

The Group did not have any financial liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Assets for which fair values are disclosed:

As at 30 June 2015

	Fair value measurement using			
	Quoted	Significant	Significant	Total
	prices	observable	unobservable	
	in active markets (Level 1)	inputs (Level 2)	inputs (Level 3)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Concession finance receivables – non-current portion	-	110,682	-	110,682
Trade receivables – non-current portion	-	334,929	-	334,929
Finance lease receivables – non-current portion	-	3,481	-	3,481
	-	449,092	-	449,092

As at 31 December 2014

	Fair value measurement using			
	Quoted	Significant	Significant	Total
	prices	observable	unobservable	
	in active markets (Level 1)	inputs (Level 2)	inputs (Level 3)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Concession finance receivables – non-current portion	-	137,441	-	137,441
Trade receivables – non-current portion	-	232,270	-	232,270
Finance lease receivables – non-current portion	-	13,971	-	13,971
Loans receivable from related companies	-	33,339	-	33,339
	-	417,021	-	417,021

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)*Liabilities for which fair values are disclosed:***As at 30 June 2015**

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance lease payables	-	3,060	-	3,060
Loans from non-controlling shareholders	-	38,640	-	38,640
Loans from a related company	-	521,872	-	521,872
Interest-bearing bank and other borrowings	-	2,184,368	-	2,184,368
Convertible bonds	-	-	349,656	349,656
Other payables – non-current portion	-	19,161	-	19,161
	-	2,767,101	349,656	3,116,757

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance lease payable	-	3,418	-	3,418
Loans from non-controlling shareholders	-	38,640	-	38,640
Loans from a related company	-	147,172	-	147,172
Interest-bearing bank and other borrowings	-	725,247	-	725,247
Convertible bonds	-	-	426,479	426,479
Other payables – non-current portion	-	11,541	-	11,541
	-	926,018	426,479	1,352,497

22. EVENTS AFTER REPORTING PERIOD

On 6 January 2015, the Company entered into a sale and purchase agreement (as amended and supplemented by supplemental agreements dated 10 February 2015, 14 April 2015 and 13 May 2015) to purchase a property in Shanghai (the "Property") at a consideration of RMB1,566,032,890. The Property comprised a building with office and retail units and parking spaces which together have an aggregate gross floor area of 16,352.29 square metres. The acquisition of the Property was approved by the shareholders of the Company at the extraordinary general meeting on 30 March 2015 and the acquisition was subsequently completed in August 2015. Details of the acquisition were included in the Company's announcements dated 6 January 2015, 30 January 2015, 10 February 2015, 14 April 2015, 15 April 2015, 13 May 2015 and the circular dated 26 February 2015.