濱 海 投 資 有 限 公 司
BINHAI INVESTMENT COMPANY LIMITED

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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2015**	2014	*Changes*
	HK$'000	*HK$'000*	*Percentage*
Revenue	**2,554,762**	2,543,237	0.5%
Gross profit	**543,161**	465,083	16.8%
Profit for the year	**203,586**	218,970	-7.0%
Earnings attributable to owners of the Company during the year	**198,860**	213,635	-6.9%
	HK$ cents	*HK$ cents*	*Percentage*
Earnings per share *(Note 1)*			
— Basic	**16.9**	18.2	-7.1%
— Diluted	**13.4**	16.2	-17.3%
	Percentage	*Percentage*	*Percentage point*
Gross profit margin *(Note 2)*	**21%**	18%	3
Profit margin for the year *(Note 2)*	**8%**	9%	-1

As at 31 December	**2015**	2014	*Changes*
	HK$'000	*HK$'000*	*Percentage*
Current assets	**1,082,723**	1,256,012	-13.8%
Total assets	**3,967,942**	3,988,555	-0.5%
Total equity	**1,179,037**	1,083,450	8.8%
Current liabilities	**1,255,494**	1,966,537	-36.2%
Total liabilities	**2,788,905**	2,905,105	-4.0%
	Percentage	*Percentage*	*Percentage point*
Average finance costs *(Note 2)*	**6%**	6%	0
Return on average equity *(Note 2)*	**18%**	22%	-4

Note:

1. On 14 May 2015, the Company implemented a share consolidation on the basis that every ten issued and unissued ordinary shares of par value HK$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK$0.10 each. To reflect the effect of the above share consolidation in the comparison of basic earnings per share attributable to owners of the Company, for the twelve months ended 31 December 2014, the basic earnings per share is adjusted to 18.2 cents, while the diluted earnings per share is adjusted to 16.2 cents. On such basis the change of basic earnings per share and diluted earnings per share attributable to owners of the Company during the Period amounted to a decrease of 1.3 cents and 2.8 cents respectively.

2. Definitions.

- **Gross profit margin**
  Gross profit/Revenue

- **Profit margin for the year**
  Profit for the year/Revenue

- **Average finance costs**
  Interest expenses for the year/Average borrowings

- **Return on average equity**
  Profit attributable to owners of the Company during the year/Average equity attributable to owners of the Company

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors", individually a "Director") of Binhai Investment Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (thereafter collectively referred to as the "Group") for the year ended 31 December 2015, together with the audited comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**Year ended 31 December 2015** ***HK$'000***	Year ended 31 December 2014 *HK$'000*
Revenue	*3*	**2,554,762**	2,543,237
Cost of sales	*5*	**(2,011,601)**	(2,078,154)
Gross profit	*3*	**543,161**	465,083
Other income	*4*	**7,277**	8,675
Other gains and losses	*4*	**13,866**	90,592
General and administrative expenses	*5*	**(162,547)**	(156,835)
Interest income	*6*	**7,659**	3,409
Interest expenses	*6*	**(113,101)**	(111,716)
Share of results of investment accounted for using the equity method		**1,561**	505
Profit before income tax		**297,876**	299,713
Income tax expenses	*7*	**(94,290)**	(80,743)
Profit for the year		**203,586**	218,970
Attributable to:			
— Owners of the Company		**198,860**	213,635
— Non-controlling interests		**4,726**	5,335
		203,586	218,970
Earnings per ordinary share	*8*		
— basic (HK cents)		**16.9**	18.2
— diluted (HK cents)		**13.4**	16.2

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Comprehensive income		
Profit for the year	**203,586**	218,970
Other comprehensive expenses		
Items that will not be reclassified to profit or loss:		
Currency translation differences	**(65,253)**	(21,092)
Total comprehensive income for the year	**138,333**	197,878
Attributable to:		
— Owners of the Company	**135,113**	193,146
— Non-controlling interests	**3,220**	4,732
Total comprehensive income for the year	**138,333**	197,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	31 December 2015 HK$'000	31 December 2014 HK$'000
ASSETS			
Non-current assets			
Land use rights		**45,249**	50,286
Property, plant and equipment		**2,732,293**	2,583,654
Investments accounted for using the equity method		**55,488**	56,513
Advance payment for pipeline construction	*10*	**52,189**	42,090
		2,885,219	2,732,543
Current assets			
Inventories		**52,668**	53,716
Trade and other receivables	*10*	**549,135**	572,490
Restricted cash		**12,631**	21,605
Cash and cash equivalents		**331,184**	463,236
		945,618	1,111,047
Assets held for sale		**137,105**	144,965
		1,082,723	1,256,012
Total Assets		**3,967,942**	3,988,555
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital			
— Ordinary shares		**117,435**	93,931
— Convertible preference shares		**—**	70,512
— Redeemable preferences shares		**430,000**	430,000
Share premium		**157,522**	110,514
Other reserves		**(144,707)**	(79,084)
Retained earnings		**586,403**	428,413
		1,146,653	1,054,286
Non-controlling interests		**32,384**	29,164
Total equity		**1,179,037**	1,083,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**1,533,411**	846,633
Derivative financial instruments		**—**	91,935
		1,533,411	938,568
Current liabilities			
Trade and other payables	*11*	**930,770**	947,887
Amounts due to immediate holding company		**5,069**	5,557
Current income tax liabilities		**48,966**	55,855
Borrowings		**260,896**	957,238
Derivative financial instruments		**9,793**	—
		1,255,494	1,966,537
Total liabilities		**2,788,905**	2,905,105
Total equity and liabilities		**3,967,942**	3,988,555
Net current liabilities		**(172,771)**	(710,525)
Total assets less current liabilities		**2,712,448**	2,022,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

Binhai Investment Company Limited (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 of the Company (the "Directors") regard Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA") as being the ultimate holding company.

Up to 10 February 2014, the Company's ordinary shares were listed on the Growth Enterprise Market Board ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). On 28 November 2013, an application was made by the Company to the Stock Exchange for the transfer of listing of its ordinary shares from GEM to the Main Board. The approval was granted by the Stock Exchange on 30 January 2014 for its ordinary shares to be listed on the Main Board and de-listed from GEM effective 11 February 2014.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basic of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinances ("HKCO").

The provisions of the new HKCO (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new HKCO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor HKCO or Listing Rules but not under the new HKCO or amended Listing Rules are not disclosed in these consolidated financial statement.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument, that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets of liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in accordance with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Going concern

As at 31 December 2015, the current liabilities of the Group exceeded current assets by HK$173 million (31 December 2014: HK$711 million). The Group's ability to continue as a going concern depends on the financial resources presently available to the Group. Taking into account the expected financial performance and net cash to be generated from operation 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 and to carry on its business without a significant curtailment of operations for the foreseeable future. Accordingly, the consolidated financial statements have been prepared under the going concern basis.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRS")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

Other than described above, the Directors consider the application of the new and revised HKFRSs that have been issued but are not yet effective would not have any material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

Piped gas sales	—	Sales of piped gas through the Group's pipeline networks to industrial and residential users
Connection services	—	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: During the year, the management decided to discontinue in on-site gas sale business. 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.

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.

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

All of the Group's revenue is generated in the PRC (place of domicile of the Group entities that derive revenue). Save for Tianjin Pipe Group Corporation ("Tianjin Pipe"), the fellow subsidiaries of the holding company which contributed sales of HK$573 million which represented 22% (2014: HK$575 million which represented 23%) of the total revenue of the Group, there was no other individual customer of the Group which contributed sales of over 10% of the Group's total revenue for the years ended 31 December 2015 and 31 December 2014.

	Year ended 31 December 2015				
	Piped gas sales	**Connection services**	**On-site gas sales**	**Bottled gas sales**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue					
— Tianjin TEDA Gas Co., Ltd. ("TEDA Gas"), Tianjin Pipe and its subsidiaries	**719,322**	**—**	**—**	**—**	**719,322**
— Other customers	**1,315,276**	**493,818**	**11,797**	**14,549**	**1,835,440**
Revenue from external customers	**2,034,598**	**493,818**	**11,797**	**14,549**	**2,554,762**
Segment results	**231,066**	**313,832**	**(4,377)**	**2,640**	**543,161**
— Other income					**7,277**
— Other gains and losses					**13,866**
— General and administrative expenses					**(162,547)**
— Interest income					**7,659**
— Interest expenses					**(113,101)**
— Share of results of investments accounted for using the equity method					**1,561**
Profit before income tax					**297,876**
Other information for reportable segments:					
Depreciation	**(80,238)**	**(680)**	**(321)**	**(104)**	**(81,343)**
Amortisation of land use rights	**(952)**	**(231)**	**(6)**	**(7)**	**(1,196)**

	Year ended 31 December 2014				
	Piped gas sales	Connection services	On-site gas sales	Bottled gas sales	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
— TEDA Gas, Tianjin Pipe and its subsidiaries	684,089	—	—	—	684,089
— Other customers	1,144,034	558,839	135,915	20,360	1,859,148
Revenue from external customers	1,828,123	558,839	135,915	20,360	2,543,237
Segment results	85,863	377,814	(1,194)	2,600	465,083
— Other income					8,675
— Other gains and losses					90,592
— General and administrative expenses					(156,835)
— Finance income					3,409
— Finance expenses					(111,716)
— Share of results of investments accounted for using the equity method					505
Profit before income tax					299,713
Other information for reportable segments:					
Depreciation	(69,739)	(1,041)	(1,480)	(119)	(72,379)
Amortisation of land use rights	(667)	(204)	(50)	(7)	(928)

4. OTHER INCOME

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Rental income	**3,019**	—
Assembling service	**2,915**	5,279
Compensation	**1,343**	3,396
	7,277	8,675

OTHER GAINS AND LOSSES

Fair value gain or loss on:		
— Derivative component of convertible bond	**62,088**	41,252
— Redemption of wealth management products purchased from financial institutions	**10,432**	—
— Interest rate swap contract	**—**	(5,099)
Gain on disposal of property, plant and equipment and land use rights	**6,881**	34,581
Reversal of impairment of property, plant and equipment	**—**	42,801
Gain on liquidation of subsidiaries	**—**	4,104
Provision for impairment of trade and other receivable	**(8,446)**	(16,890)
Reversal of impairment of trade and other receivable	**10,296**	11,306
Net foreign exchange losses	**(61,916)**	(22,923)
Loss on early settlement of interest rate swap contract	**(7,552)**	—
Others	**2,083**	1,460
	13,866	90,592

5. EXPENSES BY NATURE

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Cost of gas purchased	**1,662,840**	1,739,913
Changes in inventories	**3,889**	(1,360)
Cost of pipeline materials	**74,095**	88,051
Subcontractor and other costs	**72,370**	84,148
Employee benefit expense	**155,944**	148,778
Depreciation		
— Cost of sales	**77,827**	67,641
— General and administrative expenses	**3,516**	4,738
Operating lease rental	**9,894**	12,271
Amortization of land use rights	**1,196**	928
Auditor's remuneration — as audit service	**2,993**	3,603
Other professional fees	**14,505**	4,275
Others	**95,079**	82,003
Total cost of sales and general and administrative expenses	**2,174,148**	2,234,989

6. INTEREST INCOME AND INTEREST EXPENSES

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Interest on bank borrowings	**49,068**	73,209
Interest on USD bonds	**35,690**	—
Interest on RMB bonds	**34,871**	45,357
Interest expense on convertible bonds	**30,596**	30,116
Other borrowing costs	**—**	1,777
	150,225	150,459
Less: Amounts capitalised as part of the cost of property, plant and equipment *(Note)*	**(37,124)**	(38,743)
Interest expenses	**113,101**	111,716
Interest income	**(7,659)**	(3,409)

Note:

Amount included finance costs from general borrowings capitalised at a rate of 6.35% (Year ended 31 December 2014: 7.84%).

7. INCOME TAX EXPENSES

There was no Hong Kong profit tax provided for the year ended 31 December 2015 (year ended 31 December 2014: HK$89,100).

Subsidiaries established in the PRC are subject to the PRC enterprise income tax ("EIT") at the rate of 25% (year ended 31 December 2014: 25%).

	Year ended 31 December 2015	Year ended 31 December 2014
	HK$'000	*HK$'000*
Current tax:		
Current tax on profits for the year	**94,290**	71,920
Deferred tax:		
Utilization of deferred tax assets recognized on previously tax losses	**—**	8,823
Income tax expenses	**94,290**	80,743

The tax charge for the year can be reconciled to the profit before tax per consolidated statement of profit or loss as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
	HK$'000	*HK$'000*
Profit before income tax	**297,876**	299,713
Calculated at the PRC enterprise income taxation rate of 25%	**74,468**	74,929
Effect of different tax rate of group entity	**(5)**	2,454
Tax effect of income not taxable	**(2,013)**	(2,372)
Tax effect of share of results of investments accounted for using the equity method	**(390)**	(505)
Tax effect of expenses not deductible	**3,545**	5,600
Tax losses for which no deferred income tax asset was recognised	**19,375**	13,373
Tax effect on reversal of deductible temporary differences previously not recognised	**—**	(10,700)
Utilisation of previously unrecognised tax losses	**(68)**	(2,200)
Others	**(622)**	164
Tax charge	**94,290**	80,743

8. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Earnings		
Profit attributable to owners of the Company	**198,860**	213,635
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,174,348,950**	1,173,302,063

Note:

On 17 February 2014, conversion rights in respect of the convertible bonds in the principal amount of HK$30,000,000 were exercised, pursuant to which 81,300,813 new ordinary shares were issued.

In the year of 2015, conversion rights in respect of 70,512,195 convertible preference shares (2014: 99,487,805) were exercised, pursuant to which 2,350,406,499 (2014: 3,316,260,166) new ordinary shares before the share consolidation of the Company were issued.

On 14 May 2015, the Company implemented a share consolidation on the basis that every ten (10) issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share of par value of HK$0.10 each. As a result of the share consolidation, the weighted average number of ordinary shares was 1,174,348,950 consolidated ordinary shares. The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 December 2014 has been adjusted retrospectively.

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense and fair value of derivative component less the tax effect, where applicable. The exercise of share options would have no material dilutive effect to earning per share because the exercise price of those options was higher than the average market price for share for both 2015 and 2014.

	Year ended 31 December 2015 *HK$'000*	Year ended 31 December 2014 *HK$'000*
Earnings		
Profit attributable to the owners of the Company	**198,860**	213,635
Interest expense on convertible bond	**30,596**	30,116
Fair value gain on derivative component of convertible bonds	**(62,088)**	(41,252)
Profit used to determine diluted earnings per share	**167,368**	202,499
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,174,348,950**	1,173,302,063
Adjustments for assumed conversion of convertible bonds	**76,480,263**	76,656,643
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,250,829,213**	1,249,958,706

9. DIVIDENDS

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

Final dividend in respect of the year ended 31 December 2015 of HK$0.05 per ordinary share is proposed by the Directors in March 2016. This proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	31 December 2015 *HK$'000*	31 December 2014 *HK$'000*
Trade receivables	**349,111**	339,981
Less: Provision for impairment of trade receivables	**(46,558)**	(51,370)
	302,553	288,611
Bills receivables	**44,399**	56,394
	346,952	345,005
Advances to suppliers	**202,395**	193,340
Less: Provision for impairment	**(79,017)**	(82,398)
	123,378	110,942
Prepayments and other receivables	**47,874**	51,936
Less: Provision for impairment	**(8,424)**	(8,453)
	39,450	43,483
Receivables from related parties	**91,544**	115,150
	601,324	614,580
Less: Advance payment for pipeline construction	**(52,189)**	(42,090)
Current portion	**549,135**	572,490

Note:

Aging analysis of the trade receivables is as follows:

	31 December 2015 *HK$'000*	31 December 2014 *HK$'000*
0 — 90 days	**121,962**	181,137
91 — 180 days	**37,235**	19,755
181 — 360 days	**64,906**	41,236
Over 360 days	**125,008**	97,853
	349,111	339,981
Less: Provision for impairment of trade receivables	**(46,558)**	(51,370)
	302,553	288,611

11. TRADE AND OTHER PAYABLES

	31 December 2015 *HK$'000*	31 December 2014 *HK$'000*
Trade payables	**279,657**	312,099
Advance from customers	**152,712**	106,699
Other payables	**466,030**	500,199
Accrued expenses	**28,345**	28,354
Amounts due to related parties	**4,026**	536
	930,770	947,887

Note:

At 31 December 2015, the aging analysis of the trade payables based on invoice date is as follows:

	31 December 2015 *HK$'000*	31 December 2014 *HK$'000*
0 — 90 days	**84,206**	109,763
91 — 180 days	**24,224**	31,827
181 — 360 days	**42,303**	43,381
Over 360 days	**128,924**	127,128
	279,657	312,099

PERFORMANCE REVIEW

In 2015, as affected by the downturn of export and property investments and the very limited growth of domestic demands, the Chinese economy continued to slow down. To stimulate economic growth, measures were successively adopted by the central government, and it was anticipated that the on-going reform would help to address the risks of economic downturn and benefit the medium- to long-term economic development. Efforting for the development goals of Binhai New Area, namely "Three Steps", the New Area is striving for an aggregate economic volume of RMB2 trillion by 2020 and the realisation of the functions of Binhai New Area positioned by the central government. At present, in face of the four development opportunities of national strategy of development and opening, national key strategy of Beijing-Tianjin-Hebei coordinated development, application for establishment of the Free Trade Area, and establishment of the National Innovation Demonstration Zone in Tianjin currently, the New Area is backed by the strong impetus created from the synergistic effect of such opportunities for development of Binhai New Area.

2015 was a year of satisfactory improvements for the Group. With conscientious effort, the Group established a more consolidated foundation for further rapid development, including the following:

- The Company was assigned a credit rating of BBB- for the first time by Fitch (Hong Kong) Limited ("Fitch"), an international credit rating agency, and a rating of "Baa3" by Moody's. Benefiting from the sound prospects of the natural gas market in Tianjin and the Group's prominent operating advantages in the Tianjin area, which would contribute to profit growth of the Company;

- The Company issued US$200 million 3.25% bonds due 2018 for the first time, making another significant move in the offshore capital market following the issuance of Offshore Renminbi Bonds in 2012 and Convertible Hong Kong Dollar Bonds in 2013. It was also the first case of US dollar bonds issuance in the overseas market relying on its own credit by the first local state-owned enterprise in Tianjin to have obtained international rating. The issuance of bonds would optimize the assets structure of the Company, whereby not only successfully expanded the overseas financing channel of the Group, but also laid a strong foundation for enterprises in Tianjin venturing overseas in the future;

- The Company prioritized the development of the business zones with immense potential in Tianjin, such as Ninghe Development Zone, Wuqing District, Lingang Economic Zone, Jinnan District, Hangu East Expansion Zone, Dongli District, Nangang Industrial Zone, etc., and increased efforts for expanding the new zones in other cities, such as the Zhuozhou Subsidiary and the Gaoan Subsidiary.

FINAL DIVIDEND

The Board has recommended a final dividend for the year ended 31 December 2015 of HK$0.05 per ordinary share of the Company (the year ended 31 December 2014: an amount of HK$42,808,800 was recommended).

After approval by the holders of ordinary shares of the Company ("**Shareholders**") at the forthcoming annual general meeting to be held on 12 May 2016, the above dividend is expected to be paid on or about 14 June 2016 to those Shareholders whose names appear on the register of holders of ordinary shares of the Company as at 20 May 2016, being the record date for such dividend.

The dates of closure of register of members of the Company for the purpose of determining the identity of the Shareholders entitled to the said final dividend will be announced later.

BUSINESS REVIEW

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

Connection Services

The Group constructs gas pipelines for its clients and connects such pipelines to the Group's main gas pipeline networks. The Group then charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 31 December 2015, the aggregate length of all of the gas pipeline networks owned by the Group was approximately 1,974 kilometers, representing an increase of 184 kilometers from the length of 1,790 kilometers as at 31 December 2014. For the year ended 31 December 2015, connection service fees received by the Group amounted to approximately HK$493,818,000, representing a decrease of HK$65,021,000 or 12% compared to the HK$558,839,000 service fees received in the year ended 31 December 2014.

Piped Gas Sales

For the year ended 31 December 2015, consumption of piped gas by domestic and industrial users amounted to approximately 2,901 $x10^6$ and 16,914 $x10^6$ mega-joules respectively, as compared to 2,418$x10^6$ and 14,853$x10^6$ mega-joules respectively for the year ended 31 December 2014. During the year, sales income of the Group from piped gas amounted to HK$2,034,598,000, representing an increase of HK$206,475,000 or 11% compared to the amount of HK$1,828,123,000 recorded for the year ended 31 December 2014.

Property Development

In view of the incompatibility of real estate business with the Group's current strategic direction which focuses on the development of the gas business, and the impact of the control policy of the PRC on real estate businesses, the Group plans to dispose of its property under development.

FINANCIAL REVIEW

Gross Profit Margin

Gross profit of the Group for the year ended 31 December 2015 was HK$543 million (for the year ended 31 December 2014: HK$465 million) and the gross profit margin for the Group was 21% (for the year ended 31 December 2014: 18%). The increase in gross profit margin was mainly due to the gross profit margin of the Group's piped gas sales of 11%, representing an increase of 6% points or 120% as compared with 5% for the year ended 31 December 2014. On 28 February 2015, the National Development and Reform Commission announced adjustments to the natural gas city-gate prices for non-residential use. Effective from 1 April 2015, the price of incremental volume has been reduced by RMB0.44 per cubic metre and the price of existing volume has been increased by RMB0.04 per cubic metre. Due to the proportion of the Group's incremental gas, the price adjustment has substantially improved the gross profit margin of the Group's piped gas. In addition, the Group has developed a new gas source, the competitive supply price of which reduced the Group's procurement costs.

Administrative Expenses

Administrative expenses of the Group for the year ended 31 December 2015 amounted to HK$163 million, representing an increase of HK$6 million or 3.6% compared to HK$157 million for the year ended 31 December 2014. Management expenses essentially remain unchanged as the Group controlled its expenses.

Profit Attributable to Owners of the Company

Profit attributable to equity owners of the Company for the year ended 31 December 2015 was approximately HK$199 million, as compared to HK$214 million for the year ended 31 December 2014. Profit attributable to equity owners of the Company excluding the unrealised exchange loss amounted to HK$261 million for the year ended 31 December 2015. The Group recorded an unrealised exchange loss of HK$62 million caused by fluctuation in RMB exchange rate in 2015.

Basic earnings per share for the year ended 31 December 2015 was HK16.9 cents. On 14 May 2015, the Company implemented a share consolidation on the basis that every ten issued and unissued ordinary shares of par value HK$0.01 each in its share capital be consolidated into one ordinary share of par value HK$0.10 each. To reflect the effect of the above share consolidation in the comparison of basic earnings per share attributable to owners of the Company, the basic earnings per share for the twelve months ended 31 December 2014 is adjusted to HK18.2 cents. On such basis the change of basic earnings per share attributable to owners of the Company during the year is HK1.3 cents.

Liquidity and Financial Resources

As at 31 December 2015, the total borrowings of the Group amounted to HK$1,794,307,000 (as at 31 December 2014: HK$1,803,871,000) and the cash and bank deposits of the Group amounted to HK$343,815,000 (as at 31 December 2014: HK$484,841,000), which included cash and cash equivalents of HK$331,184,000 and pledged bank deposits of HK$12,631,000. As at 31 December 2015, the Group had consolidated current assets of HK$1,082,723,000 and its current ratio was approximately 0.86. As at 31 December 2015, the Group had a gearing ratio of approximately 152%, measured by the ratio of total consolidated borrowings of HK$1,794,307,000 to consolidated total equity of HK$1,179,037,000.

On 6 May 2015, the Company completed the issuance of US$200,000,000 3.25% bonds due 2018. The proceeds from the bonds have been used for the repayment of borrowings and other indebtedness (including borrowings of HK$775,000,000 from syndicated banks in Hong Kong) and for working capital purposes.

Borrowings Structure

As at 31 December 2015, the total borrowings of the Group amounted to HK$1,794,307,000 (as at 31 December 2014: HK$1,803,871,000). Unsecured bonds of US Dollars 200,000,000 were issued at 100% of the issue price, bearing interest at a rate of 3.25%. The outstanding Convertible Bonds of HK$279,000,000 were issued at an issue price of 100%; unsecured, bearing interest at a rate of 1.00%.

Directors' Opinion on Sufficiency of Working Capital

As at 31 December 2015, the current liabilities of the Group exceeded its current assets by HK$173 million. The Group's ability to continue as a going concern depends on the financial resources presently available to the Group. Taking into account the expected financial performance, net cash expected to be generated from the operation of the Group and the available banking facilities, the Directors believe that the Group is able to fully meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Exposure to Exchange Rate Fluctuations

The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of the respective group entities. Part of the bank deposits and bank borrowings of the Group are denominated in HK Dollars and US Dollars which expose the Group to certain foreign currency risks. For the year ended 31 December 2015, net unrealized foreign losses for the financing activities was HK$62 million. The Group does not currently have a foreign currency hedging policy. However, the management has been monitoring foreign exchange risks and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Swap Contract

For the year ended 31 December 2015, the Group recognized a fair value loss of HK$7,552,000 on derivative financial instrument (as compared with a loss of HK$5,099,000 for the year ended 31 December 2014). In order to minimise the risk of rising interest rates and control borrowing costs, the Group entered into an interest rate swap contract (the "Swap Contract") with Standard Chartered Bank London with an aggregate notional amount of HK$571,635,500 to control future interest charges. The deferred payment Swap Contract took effect on 30 September 2013 and would expire on 30 September 2018. Pursuant to the Swap Contract, the Group would pay interest at a fixed rate of 2.25%, and would receive interest at a floating rate with reference to the HIBOR as published by the Hong Kong Association of Bank.

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

Gain on fair value change in conversion option of the Convertible Bonds

The change in the fair value of the conversion option from 31 December 2014 to 31 December 2015 resulted in a fair value gain of HK$62 million, which has been recorded in the consolidated statement of profit or loss for the year ended 31 December 2015.

Charge on the Group's Assets

As at 31 December 2015, the Group had restricted cash of HK$12,631,000 (as at 31 December 2014: HK$21,605,000).

Save as disclosed above, there were no charges on any of the Group's assets as at 31 December 2015.

Convertible Bonds

The Company issued in August 2013 convertible bonds of HK$310,000,000. The convertible bonds are convertible under the circumstances set out in their terms and conditions into ordinary shares at an initial conversion price of HK$0.3690 per ordinary share of HK$0.01 each (subject to adjustments). Assuming full conversion of the convertible bonds at the initial conversion price, the convertible bonds would be convertible into 840,108,401 ordinary shares (the "Conversion Shares"), representing approximately 14.01% of the issued ordinary share capital of the Company as at the date of issue of the convertible bonds. The Conversion Shares will be fully paid and rank pari passu in all respects with the ordinary shares then in issue on the relevant conversion date. None of the convertible bonds were placed with connected persons of the Company. The net proceeds from the issue of the convertible bonds had been used by the Group for the payment of pipeline construction payables, the repayment of current borrowings and for working capital purposes.

The 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 then 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 then outstanding convertible bonds in the principal amount of HK$279,000,000 which have not yet been converted will be convertible into 76,480,263 consolidated ordinary shares at the adjusted conversion price of HK$3.648 per consolidated ordinary share of par value HK$0.10 each.

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

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Prospects

Looking forward to 2016, with the promulgation of the Tianjin Clean Air Action Plan by the Tianjin Municipal Government, pursuant to which, the mean concentration of PM2.5 shall be reduced by 25% in 2017 compared to 2012, the supply level of natural gas shall be increased, and coal-to-gas transformation and pipeline protection shall be implemented. Since Beijing and Zhangjiakou are confirmed to be the host cities of the 2022 Winter Olympics, the government will unquestionably step up the input in environmental protection in Beijing-Tianjin-Hebei and the greater region, especially in improving the air pollution treatment. The Group is confident in the enhanced development opportunities for the natural gas industry in China.

The major tasks of the Group in 2016 include the following:

1. tangibly implement the work of the adjustment of city-gate prices of natural gas, leverage the benefits of price reduction; actively develop the market, and expand the significant industrial and commercial users;

2. continue to study the expansion of procurement channels of upstream gas source, and pay attention to and appropriately promote gas multi-purpose utilization projects; and

3. further strengthen the close communication and cooperation amongst stakeholders such as shareholders, investors, the government and creditors to achieve win-win results for all parties.

EMPLOYEES

As at 31 December 2015, the Group had 1,495 employees (as at 31 December 2014: 1,487 employees). For the year ended 31 December 2015, the salaries and wages of the employees amounted to HK$110 million (year ended 31 December 2014: HK$105 million).

REMUNERATION POLICY

The remuneration of the employees of the Group is determined by reference to the market rates, and the performance, qualification and experience of the relevant staff. Also, a discretionary bonus based on individual performance during the year is distributed to reward the contributions of employees to the Group. The Group also provides training opportunity and other benefits to its employees, including pension insurance, unemployment insurance, injury insurance, medical insurance, maternity insurance and housing fund, etc. In addition, share options may be granted to eligible employees of the Group (including directors of the Company) in accordance with the terms of the share option scheme adopted by the Group.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including provision and formulation of the Group's business directions and strategies in the interests of the Group. The Board believes that good corporate governance practices would strengthen investors' confidence, facilitate the development of the Group, and increase transparency in the operation of the Group, which is in the long term interest of the Group and the Shareholders. During the year ended 31 December 2015, the Company had fully complied with the code provisions set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in accordance with Rule 3.21 of the Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Mr. LAU Siu Ki, Kevin (chairman), Professor Japhet Sebastian LAW, Mr. TSE Tak Yin and Mr. IP Shing Hing, *J.P.* Both Mr. LAU Siu Ki, Kevin and Mr. TSE Tak Yin are qualified accountants.

The Audit Committee has reviewed the consolidated financial results of the Group for the year ended 31 December 2015 and has provided advice and comments thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 to the Listing Rules. Trading of securities by Directors shall be approved by the chairman of the Board and shall be conducted in accordance with the time frame and the number of securities approved.

All Directors have confirmed, following specific enquiries by the Company, that they complied with the required standard of dealings by Directors as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2015.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

ISSUANCE OF ANNUAL REPORT

The Annual Report for the year ended 31 December 2015 will be published and dispatched to the shareholders of the Company on or before 30 April 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 23 March 2016

As at the date of this announcement, 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.