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

(Formerly known as Wah Sang Gas Holdings Limited)
(Incorporated in the Bermuda with limited liability)
Stock Code: 8035

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This report, for which the directors (the "Directors") of Binhai Investment Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of directors (the "**Board**") of Binhai Investment Company Limited (the "**Company**") hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2009, together with the comparative figures for the corresponding period in 2008.

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 September 2009 *HK$'000*	Unaudited Six months ended 30 September 2008 *HK$'000*	Increase/ (Decrease)
Revenue	325,141	362,991	(10%)
Gross profit	52,403	52,594	0%
Profit/(loss) for the period	211,462	(34,529)	712%
Earnings/(loss) per share attributable to the equity holders of the Company during the period	2.32 cents	(1.6) cents	3.92 cents

	Unaudited As at 30 September 2009 *HK$'000*	Audited As at 31 March 2009 *HK$'000*	Increase/ (Decrease)
Total assets	759,478	571,267	33%
Total equity/(net deficit)	356,041	(886,522)	140%
Total liabilities	403,437	1,457,789	(72%)

BUSINESS REVIEW

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

Connection Services

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 30 September 2009, the Group's total gas pipeline network was approximately 770 kilometers, which was reduced by 168 kilometers as a result of the disposal of 30 subsidiaries (as part of the restructuring proposal the Group, details of which were set out in the circular of the Company dated 27 February 2009). Excluding the effect from such disposal, an increase of 20 kilometers of the pipeline network was recorded for the six months ended 30 September 2009. During the relevant period, the connection service fees amounted to approximately HK$77 million, representing a decrease of HK$22 million or 22% as compared to HK$99 million in the corresponding period last year. This was mainly attributable to the disposal of 30 subsidiaries from the Group which was deemed to have been completed in May 2009. Since 4 May 2009, the Group had ceased to consolidate the results of the 30 subsidiaries.

Piped Gas Sales

During the six months ended 30 September 2009, consumption of piped gas by residential and industrial customers amounted to approximately 371×10^6 and $1,395 \times 10^6$ mega-joules respectively, as compared to 293×10^6 and 907×10^6 mega-joules respectively for the same period last year. For the six months ended 30 September 2009, the piped gas sales income of the Group amounted to HK$142 million, representing an increase of HK$43 million over the same period last year. Of this increase, HK$24 million was due to the completion of the second natural gas pipelines network of the Binhai New Area and commencement of gas sales to Tianjin TEDA Tsinlien Gas Co., Ltd (**"TEDA Gas"**). Furthermore, the increase of ignited households caused a gradual escalation of gas consumption.

Prospects

After restructuring, the sufficient working capital and stable financial position of the Group provide reliable guarantee for further development of the Group.

The continued economic growth has brought about an increase in the demand for energy in the PRC. The PRC government has been very supportive of the development of the natural gas industry and has promulgated various policies and guidelines to encourage and regularize the usage of natural gas. That offers good opportunity for future growth in the natural gas industry in the PRC. The Group will ride on these favorable industry foundations for rapid development to achieve good results in performance.

With the continuous growth in the Group's gas sales volume, securing gas supply is of utmost importance. Tianjin Wah Sang Gas Enterprise Co., Ltd., a wholly-owned subsidiary of the Group, entered into an agreement for the sale and purchase and transmission of natural gas with PetroChina Company Limited on 28 August 2009 for the supply of natural gas to the Group for a term of 20 years starting from 2010. Such agreement will provide a long term primary supply of gas to the Group and the basis for further development of the gas business of the Group in Tianjin and its surrounding regions, and is conducive to the safe and stable supply of gas to the Group.

In addition to the existing business, the Group proposes to engage in property development business and establish a wholly-owned subsidiary in the PRC for such purpose to further the growth of the business of the Group.

The Binhai New Area has been included into the overall national development strategy, which has entered a new stage of development. The rapid development of Binhai New Area will provide opportunities and platforms for the Group's long-term development, so the Group has full confidence in its future prospects.

FINANCIAL INFORMATION

Condensed Consolidated Interim Income Statement

	Notes	Unaudited Three months ended 30 September 2009 HK$'000	Unaudited Three months ended 30 September 2008 HK$'000	Unaudited Six months ended 30 September 2009 HK$'000	Unaudited Six months ended 30 September 2008 HK$'000
Revenue	4	**178,154**	152,641	**325,141**	362,991
Costs of sales		**(151,538)**	(124,878)	**(272,738)**	(310,397)
Gross profit		**26,616**	27,763	**52,403**	52,594
Other gains/(loss) – net		**1,899**	(3,009)	**2,756**	(2,394)
Administrative expenses		**(14,806)**	(18,333)	**(33,087)**	(49,221)
		13,709	6,421	**22,072**	979
Finance costs	6	**(1,858)**	(16,787)	**(13,719)**	(30,772)
Profit/(loss) before interest waiver and taxation		**11,851**	(10,366)	**8,353**	(29,793)
Interest waived	7	**3,344**	–	**225,717**	–
Profit/(loss) before taxation		**15,195**	(10,366)	**234,070**	(29,793)
Income tax expenses	8				
– related to interest waiver		**–**	–	**(17,408)**	–
– others		**(2,084)**	(2,828)	**(5,200)**	(4,736)
		(2,084)	(2,828)	**(22,608)**	(4,736)
Profit/(loss) for the period		**13,111**	(13,194)	**211,462**	(34,529)
Profit/(loss) attributable to					
Equity holders of the Company		**12,802**	(13,270)	**211,172**	(34,697)
Minority interest		**309**	76	**290**	168
		13,111	(13,194)	**211,462**	(34,529)
Earnings/(loss) per share attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per share)					
– basic and diluted	10	**0.11 cents**	(0.6) cents	**2.32 cents**	(1.6) cents

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) for the period	**13,111**	(13,194)	**211,462**	(34,529)
Other comprehensive income				
– Exchange differences	**59**	(2,023)	**(1,372)**	(19,622)
Total other comprehensive income	**59**	(2,023)	**(1,372)**	(19,622)
Total comprehensive income	**13,170**	(15,217)	**210,090**	(54,151)
Total comprehensive income attributable to:				
– Equity holders of the Company	**12,857**	(15,316)	**209,807**	(54,529)
– Minority interest	**313**	99	**283**	378
	13,170	(15,217)	**210,090**	(54,151)

Condensed Consolidated Interim Balance Sheet

	Notes	Unaudited 30 September 2009 HK$'000	Audited 31 March 2009 HK$'000
ASSETS			
Non-current assets			
Land use rights		**36,594**	36,868
Property, plant and equipment	11	**217,643**	205,312
		254,237	242,180
Current assets			
Inventories		**28,899**	28,231
Trade and other receivables	12	**132,049**	102,333
Cash and cash equivalents		**344,293**	63,095
		505,241	193,659
Assets of disposal group held for sale	13	**–**	135,428
		505,241	329,087
Total assets		**759,478**	571,267
EQUITY			
Equity holders of the Company			
Share capital	14	**659,928**	21,770
Share premium		**425,553**	191,079
Others reserves		**60, 698**	(97,927)
Accumulated losses		**(798,551)**	(1,009,733)

	Notes	Unaudited 30 September 2009 HK$'000	Audited 31 March 2009 HK$'000
Equity holders' interest/ (deficit)		**347,628**	(894,811)
Minority interest		**8,413**	8,289
Total equity/ (net deficit)		**356,041**	(886,522)
LIABILITIES			
Non-Current liabilities			
Borrowings	15	**15,000**	–
Current liabilities			
Trade and other payables	16	**355,951**	696,615
Current income taxation liabilities		**27,486**	8,576
Borrowings	15	**5,000**	704,922
		388,437	1,410,113
Liabilities of disposal group held for sale	13	**–**	47,676
Total liabilities		**403,437**	1,457,789
Total equity and liabilities		**759,478**	571,267
Net current assets/ (liabilities)		**116,804**	(1,128,702)
Total assets less current liabilities		**371,041**	(886,522)

Condensed Consolidated Interim Statement of Changes in Equity

		Unaudited			
		Attributable to equity holders of the Company			
	Note	Share capital HK$'000	Reserves HK$'000	Minority interest HK$'000	Total HK$'000
Balance at 1 April 2008		21,770	(857,593)	7,145	(828,678)
Profit/(loss) for the period		–	(34,697)	168	(34,529)
Exchange differences		–	(19,832)	210	(19,622)
Total comprehensive income for the period		–	(54,529)	378	(54,151)
Balance at 30 September 2008		21,770	(912,122)	7,523	(882,829)
Balance at 1 April 2009		21,770	(916,581)	8,289	(886,522)
Issue of shares	14	638,158	234,474	–	872,632
Waiver of debt *(Note)*		–	160,000	–	160,000
Disposal of subsidiaries		–	–	(159)	(159)
Profit for the period		–	211,172	290	211,462
Exchange differences		–	(1,365)	(7)	(1,372)
Total comprehensive income for the period		–	209,807	283	210,090
Balance at 30 September 2009		659,928	(312,300)	8,413	356,041

Note: The Company issued ordinary shares, convertible preference shares and redeemable preference shares as part of the restructuring proposal of the Group. Details are set out in paragraphs (i), (iv) and (v) in the section headed "Restructuring" of "Management Discussion and Analysis" ("MD&A").

Condensed Consolidated Interim Cash Flow Statement

	Unaudited Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	**(16,771)**	63,129
Net cash generated from/(used in) investing activities	**66,835**	(37,640)
Net cash generated from financing activities	**230,520**	–
Net increase in cash and cash equivalents	**280,584**	25,489
Cash and cash equivalents at beginning of the period	**63,095**	50,145
Exchange differences	**614**	945
Cash and cash equivalents at end of the period	**344,293**	76,579

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Binhai Investment Company Limited (the "Company") was incorporated in Bermuda on 8 October 1999, with a registered office in Suites 3205-07, 32/F., Shell Tower, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The condensed consolidated interim financial statements together with the notes thereto are presented in HK dollars, unless otherwise stated. The condensed consolidated interim financial information was approved for issue on 11 November 2009.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

3. ACCOUNTING POLICIES

The principle accounting policies adopted are consistent with those adopted in the annual financial statements for the year ended 31 March 2009 except in relation to the following new/revised accounting standards and interpretations that are effective for the accounting period beginning 1 January 2009:

HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 1 & HKAS 32 (Amendment)	Presentation of financial statements & financial Instruments: Presentation – Puttable financial instruments and obligations arising on liquidation

HKFRS 2 (Amendment)	Share-based payment – Vesting conditions and cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – Int 13	Customer loyalty programs
HK(IFRIC) – Int 15	Agreements for the construction of real estate
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement

These new amendments and interpretations are either not applicable to the Group or has no material effect on the results of the Group for the current or prior accounting period.

4. REVENUE

Revenue of the Group is analysed as follows:

	Unaudited Three months ended 30 September		**Unaudited Six months ended 30 September**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
On-site gas sales *(Note)*	**59,471**	42,455	**100,041**	146,351
Piped gas sales				
— sales to TEDA Gas	**13,538**	—	**23,892**	—
— sales to others	**59,478**	49,385	**117,665**	98,990
	73,016	49,385	**141,557**	98,990
Bottled gas sales	**3,931**	3,690	**6,675**	18,443
Total gas sales	**136,418**	95,530	**248,273**	263,784
Connection services	**41,736**	57,111	**76,868**	99,207
Total revenue	**178,154**	152,641	**325,141**	362,991

Note: On-site gas sales represent the wholesale of liquefied petroleum gas ("LPG") to individual agents directly from the suppliers' depots.

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segment to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The adoption of HKFRS 8 has not resulted in a redesign of the Group's reportable segment.

The Group has identified four operating segments on-site gas sales, bottled gas sales, piped gas sales and connection services, the reports of which are used by Group's chief operating decision maker (Executive Directors) to make strategic decisions.

(a) Segment results are as follows:

			Unaudited		
Six months ended 30 September 2009	On-site gas sales HK$'000	Bottled gas sales HK$'000	Piped gas sales HK$'000	Connection services HK$'000	Total HK$'000
Segment revenue	100,041	6,675	141,557	76,868	325,141
Segment results	584	240	6,883	44,696	52,403
Unallocated costs					(30,331)
					22,072
Finance costs					(13,719)
Profit before interest waiver and taxation					8,353
Interest waived from debt restructuring					225,717
Profit before taxation					234,070
Income tax expense					
– related to interest waiver					(17,408)
– others					(5,200)
Profit for the period					211,462

All revenue of the Group is from external customers (including related parties).

Six months ended 30 September 2008	On-site gas sales HK$'000	Bottled gas sales HK$'000	Unaudited Piped gas sales HK$'000	Connection services HK$'000	Total HK$'000
Segment revenue	146,351	18,443	98,990	99,207	362,991
Segment results	516	(988)	(2,976)	56,042	52,594
Unallocated costs					(51,615)
					979
Finance costs					(30,772)
Loss before income tax					(29,793)
Income tax expense					(4,736)
Loss for the period					(34,529)

Three months ended 30 September 2009	On-site gas sales HK$'000	Bottled gas sales HK$'000	Unaudited Piped gas sales HK$'000	Connection services HK$'000	Total HK$'000
Segment revenue	59,471	3,931	73,016	41,736	178,154
Segment results	401	82	2,411	23,722	26,616
Unallocated costs					(12,907)
					13,709
Finance costs					(1,858)
Profit before interest waiver and taxation					11,851
Interest waived					3,344
Profit before taxation					15,195
Income tax expense					
– related to interest waiver					–
– others					(2,084)
Profit for the period					13,111

Three months ended 30 September 2008	On-site gas sales HK$'000	Bottled gas sales HK$'000	Unaudited Piped gas sales HK$'000	Connection services HK$'000	Total HK$'000
Segment revenue	42,455	3,690	49,385	57,111	152,641
Segment results	186	(5,249)	(1,387)	34,213	27,763
Unallocated costs					(21,342)
					6,421
Finance costs					(16,787)
Loss before income tax					(10,366)
Income tax expense					(2,828)
Loss for the period					(13,194)

(b) Segment assets and liabilities are as follows:

	Unaudited			
	Piped gas sales HK$'000	Connection services HK$'000	Unallocated HK$'000	Total HK$'000
As at 30 September 2009				
Assets	297,171	58,429	403,878	759,478
Liabilities	28,376	99,076	275,985	403,437
Six months ended 30 September 2009				
Other information:				
Amortisation charge	274	–	–	274
Depreciation	4,105	–	1,132	5,237

	Audited			
	Piped gas sales HK$'000	Connection services HK$'000	Unallocated HK$'000	Total HK$'000
As at 31 March 2009				
Assets	391,404	66,893	112,970	571,267
Liabilities	32,926	126,465	1,298,398	1,457,789
For the year ended 31 March 2009				
Other information:				
Amortisation charge *(Note ii)*	1,278	–	–	1,278
Depreciation *(Note ii)*	10,532	–	2,328	12,860

Note:

(i) Assets and liabilities relating to on-site and bottled gas sales are minimal and are included in piped gas sales.

(ii) Amortisation charge and depreciation for the six months ended 30 September 2008 were HK$785,000 and HK$6,590,000 respectively.

(iii) Amortisation charge and depreciation for the three months ended 30 September 2009 were HK$120,000 and HK$2,108,000 respectively, compared with HK$447,000 and HK$3,381,000 respectively in the corresponding period last year.

6. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans	**939**	14,687	**12,016**	29,455
Interest on amounts due to Tianjin TEDA Investment Holding Co., Ltd. ("TEDA") and Tsinlien Group Company Limited ("Tsinlien")	**1,038**	1,690	**2,044**	3,592
Exchange (gain)/loss	**(119)**	410	**(341)**	(2,275)
	1,858	16,787	**13,719**	30,772

7. INTEREST WAIVED

HK$226 million interests waived have been credited to the Group's interest income for the six months ended 30 September 2009. The amount comprises approximately HK$138 million waived by China Construction Bank Corporation Tianjin Branch ("China Construction Bank"), HK$12 million waived by TEDA, HK$18 million waived by Finance Bureau of the Tianjin Economic and Technological Development Area ("TEDA Finance Bureau"), HK$48 million waived by the syndicated banks, HK$6 million waived by China Merchants Bank Company Limited Hong Kong Branch ("China Merchants Bank") and HK$4 million waived by the Agricultural Bank of China Tianjin Branch ("Agricultural Bank").

This is a one-off waiver of interest.

8. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2008: Nil).

Subsidiaries established in the PRC are subject to the PRC enterprise income tax ("EIT") at rates ranging from 20% to 25%. All of the following taxation arose in the PRC.

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current taxation:				
– taxation on interest waived *(Note)*	**–**	–	**(17,408)**	–
– others	**(2,084)**	(2,828)	**(5,200)**	(4,736)
	(2,084)	(2,828)	**(22,608)**	(4,736)

Note: Taxation on interest waived represents provisions for maximum potential tax payable, currently under negotiation with relevant authorities.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2009 is based on the profit attributable to equity holders of HK$211,172,000 (2008: loss of HK$34,697,000) and the weighted average number of shares during the period of 9,107,222,805 (2008: 2,177,000,000). The calculation of the basic earnings per share for the three months ended 30 September 2009 is based on the profit attributable to equity holders of HK$12,802,000 (2008: loss of HK$13,270,000) and the weighted average number of shares during the period of 11,659,478,667 (2008: 2,177,000,000).The calculation has taken into account the 5,666,666,666 new ordinary shares to be issued upon the conversion of the 170 million convertible preference shares as described in the "Restructuring" section (paragraphs (i) and (iv)) below as these preference shares will be automatically converted into ordinary shares of the Company by the tenth anniversary of issue.

The amount of diluted earnings/(loss) per share for the current and comparative periods are not separately shown as there are no potential factors diluting earnings/(loss) for both periods.

To enable investors to better understand the Group's results, below is a table reconciling earnings/(loss) per share to adjusted earnings/(loss) per share, excluding the one-off waiver of interest and the related provision for income tax expenses.

	Unaudited	
	Six months ended 30 September 2009	Six months ended 30 September 2008
	HK$'000	*HK$'000*
Profit/(loss) attributable to equity holders	**211,172**	(34,697)
Adjustments for:		
Interest waived	**(225,717)**	–
Income tax expense on interest waived	**17,408**	–
Profit/(loss) attributable to equity holder (excluding interest waived and income tax expense on interest waived)	**2,863**	(34,697)
Adjusted basic and diluted earnings/(loss) per share (excluding interest waived and income tax expense on interest waived)	**0.03 cents**	(1.6) cents

11. PROPERTY, PLANT AND EQUIPMENT

	HK$'000
Opening Balance as at 1 April 2009	205,312
Additions	19,525
Disposal	(1,957)
Depreciation	(5,237)
Balance as at 30 September 2009	217,643

12. TRADE AND OTHER RECEIVABLES

	Note	**Unaudited 30 September 2009 HK$'000**	Audited 31 March 2009 HK$'000
Trade receivables		**85,547**	76,233
less: Provision for impairment		**(29,516)**	(30,959)
	(a)	**56,031**	45,274
Advances to suppliers		**118,865**	106,077
Other receivables		**34,338**	30,825
less: Provision for impairment		**(86,470)**	(88,781)
		66,733	48,121
Amount due from Tianjin TEDA		**9,285**	8,938
		132,049	102,333

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

(a) Other than sale of on-site gas which is calculated on the basis of monthly cash received, the majority of the Group's credit sales are generally on a credit term of three months to a year. Ageing analysis of the trade receivables is as follows:

	Unaudited 30 September 2009 ***HK$'000***	Audited 31 March 2009 *HK$'000*
0 – 90 days	**30,227**	25,411
91 – 180 days	**12,392**	7,740
181 – 360 days	**10,510**	9,878
Over 360 days	**32,418**	33,204
	85,547	76,233
Less: Provision for impairment of trade receivable	**(29,516)**	(30,959)
	56,031	45,274

13. ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE

Pursuant to a sale and purchase agreement dated 28 May 2008 and a supplemental agreement dated 25 February 2009, the income statements and balance sheets of the Group's 30 subsidiaries to be sold to TEDA would cease to be consolidated in the financial statement of the Group effective from the date when the Group loses control over these subsidiaries.

The disposal was deemed to have completed on 4 May 2009, on which date these assets or liabilities held for sale was de-recognised. Details are set out in paragraph (iii) in the section headed "Restructuring" of the "Management Discussion and Analysis".

(a) Assets held for sale

	Audited 31 March 2009 HK$'000
Property, plant and equipment-net book value	94,978
Land use rights	17,589
Trade and other receivables	9,199
Inventories	8,392
Cash	5,270
	135,428

(b) Liabilities held for sale

	Audited 31 March 2009 HK$'000
Trade and other payables	47,676

14. SHARE CAPITAL

	Number of shares			
	Unaudited 30 September 2009	Audited 31 March 2009	**Unaudited 30 September 2009**	Audited 31 March 2009
	million	*million*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each				
At beginning of the period/year	**5,000**	5,000	**50,000**	50,000
Increase in authorised share capital	**10,000**	–	**100,000**	–
At end of the period/year	**15,000**	5,000	**150,000**	50,000
Convertible Preference Shares of HK$1.00 each				
At beginning of the period/year	**–**	–	**–**	–
Increase in authorised share capital	**170**	–	**170,000**	–
At end of the period/year	**170**	–	**170,000**	–
Redeemable Preference Shares of HK$50.00 each				
At beginning of the period/year	**–**	–	**–**	–
Increase in authorised share capital	**8.6**	–	**430,000**	–
At end of the period/year	**8.6**	–	**430,000**	–
Total			**750,000**	50,000

	Number of shares			
	Unaudited 30 September 2009	Audited 31 March 2009	**Unaudited 30 September 2009**	Audited 31 March 2009
	million	*million*	***HK$'000***	*HK$'000*
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the period/year	**2,177**	2,177	**21,770**	21,770
Issue of shares	**3,816**	–	**38,158**	–
At end of the period/year	**5,993**	2,177	**59,928**	21,770
Convertible Preference Shares of HK$1.00 each				
At beginning of the period/year	**–**	–	**–**	–
Issue of shares	**170**	–	**170,000**	–
At end of the period/year	**170**	–	**170,000**	–
Redeemable Preference Shares of HK$50.00 each				
At beginning of the period/year	**–**	–	**–**	–
Issue of shares	**8.6**	–	**430,000**	–
At end of the period/year	**8.6**	–	**430,000**	–
Total			**659,928**	21,770

15. BORROWINGS

For the six months ended 30 September 2009, the Group had settled borrowings of approximately HK$391 million, HK$210 million, HK$80 million, and HK$5 million to PRC banks, syndicated banks, TEDA Finance Bureau, and other Hong Kong banks respectively. Details are set out in paragraph (iv) in the section headed "Restructuring" of the "Management Discussion and Analysis".

Pursuant to the Debt Restructuring Agreement with China Merchants Bank, the remaining HK$20 million would be settled with payments of HK$5 million on each of the first, second, third and fourth anniversary date of the Resumption Date.

	Unaudited 30 September 2009 HK$'000	Audited 31 March 2009 HK$'000
Current		
Bank borrowings, unsecured:		
– PRC banks	**–**	390,758
– Syndicated banks	**–**	210,000
– Other Hong Kong banks	**5,000**	24,880
	5,000	625,638
Borrowing from TEDA Finance Bureau	**–**	79,284
	5,000	704,922
Non-current		
Bank borrowings, unsecured:		
Other Hong Kong banks		
– After one year but within two years	**5,000**	–
– After two years but within five years	**10,000**	–
	15,000	–
Total borrowings	**20,000**	704,922

16. TRADE AND OTHER PAYABLES

	Note	**Unaudited 30 September 2009** ***HK$'000***	Audited 31 March 2009 *HK$'000*
Trade payables	*(a)*	**95,982**	96,814
Amounts due to related parties		**31,574**	187,247
Accrued expenses		**27,578**	283,564
Advance from customers		**82,971**	71,701
Other payables		**117,846**	57,289
		355,951	696,615

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

(a) At 30 September 2009, the ageing analysis of the trade payables was as follows:

	Unaudited 30 September 2009 ***HK$'000***	Audited 31 March 2009 *HK$'000*
0 – 90 days	**15,964**	19,386
91– 180 days	**13,397**	11,403
181 – 360 days	**13,596**	15,556
Over 360 days	**53,025**	50,469
	95,982	96,814

17. CAPITAL COMMITMENT

As at 30 September 2009, the Group did not have any significant change in capital commitment, save as those disclosed in the annual financial statements for the year ended 31 March 2009.

18. CONTINGENT LIABILITIES

As at 30 September 2009, the Group did not have any significant contingent liabilities. As at 30 September 2009, the Company's guarantee to subsidiaries in respect of their bank borrowings had been released (31 March 2009: HK$391 million).

19. RELATED PARTY TRANSACTIONS

In addition to the related parties transactions set out in respective notes to the condensed consolidated financial statements, during the six months ended 30 September 2009 and 2008, the Group entered into the following transactions with related parties:

	Unaudited Six months ended 30 September 2009	Six months ended 30 September 2008
	Amounts received or receivable /(paid or payable)	
	HK$'000	*HK$'000*
(a) Transactions with holding company:		
– Management fee	**1,490**	–
– Leasing charges of Second Pipelines Network	**(1,384)**	–
(b) Transaction with a fellow subsidiary:		
– Rental charges of premises	**(1,337)**	(1,397)
(c) Key management compensation:		
– Fees	**(480)**	(480)
– Wages and salaries	**(862)**	(666)
– Pension costs	**(15)**	(15)

	Unaudited 30 September 2009	Audited 31 March 2009
	HK$'000	*HK$'000*
(a) Balances with holding company:		
– Management fee receivable	**1,490**	–
– Leasing charges payable	**(1,384)**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Restructuring

The following events took place during the six months ended 30 September 2009:

(i) HK$800 million was injected by Teda Hong Kong Property Company Limited ("**TEDA HK**"), a subsidiary of TEDA Investment Holdings Co., Ltd. ("**TEDA**"), into the Group through Cavalier Asia Limited ("**Tsinlien BVI**") for the subscription of 8.6 million non-voting redeemable preference shares of nominal value of HK$50 each in the capital of the Company (the "**Redeemable Preference Shares**"), 130 million non-voting irredeemable convertible preference share of nominal value of HK$1.00 each in the capital of the Company (the "**Convertible Preference Shares**") and 3 billion new ordinary shares of the Company for consideration of HK$430 million, HK$130 million and HK$240 million respectively.

Tsinlien BVI was allotted the 8.6 million Redeemable Preference Shares and 130 million Convertible Preference Shares on 4 May 2009, and 3 billion new ordinary shares on 12 June 2009.

(ii) On 4 May 2009, the Tianjin Municipality Government approved a further increase in the registered capital of Wah Sang Gas (China) Investment Co., Ltd. ("**WSGC**") from US$65 million to US$145 million. As at 30 September 2009, the entire registered capital of WSGC had been fully paid up.

(iii) On 4 May 2009, the Group was deemed to have completed the disposal of 30 of its subsidiaries to TEDA at a consideration of approximately HK$82 million, which was received on 7 May 2009. The final gross consideration would be adjusted based on the audited net asset value of the 30 subsidiaries and the audited outstanding inter-company loans payable to the Group by these subsidiaries as at the date of completion of the disposal. The Group does not expect to record any gain or loss on the disposal.

(iv) Settlement of borrowings:

- On 7 May 2009, the Group repaid HK$10 million and issued 40 million Convertible Preference Shares to the syndicated banks to discharge the syndicated bank loan of HK$210 million. The hair cut of HK$160 million has been credited to the Group's reserves. Pursuant to the settlement agreement (the "**Settlement Agreement**") dated 24 January 2008 entered into between the Company and the syndicated banks in respect of the settlement of a syndicated loan of HK$220 million, Tsinlien BVI has committed to repurchase these Convertible Preference Shares from the syndicated banks in 2014 for HK$225 million on the fifth anniversary of the date of issue of the Convertible Preference Shares by entering into a sale and purchase agreement with the syndicated banks on 7 May 2009.

- On 11 May 2009, the Group repaid approximately HK$4.9 million, RMB75 million and RMB70 million to China Merchants Bank, TEDA and TEDA Finance Bureau respectively together with related un-waived interests of HK$2.1 million (in accordance with debt restructuring agreements disclosed in the circular of the Company dated 27 February 2009).

- On 2 June 2009, the Group repaid RMB280 million due to China Construction Bank, details of which were set out in the announcement of the Company dated 3 June 2009.

- On 29 June 2009, the Group repaid RMB5 million to the Agricultural Bank of China Tianjin Branch, and on 29 July 2009 repaid the entire outstanding amount of RMB 60 million plus interest of approximately RMB 26 million, details of which were set out in the announcement of the Company dated 29 July 2009.

(v) The Company issued 815,812,000 ordinary shares by way of an open offer, the details of which were set out in the prospectus of the Company dated 11 May 2009. The open offer was over-subscribed as disclosed in the announcement of the Company dated 29 May 2009. The Company received proceeds of approximately HK$32.6 million and 815,812,000 new ordinary shares were issued on 2 June 2009.

Upon the occurrence of the above events, the Group is deemed to have completed the disposal of 30 subsidiaries to TEDA, the injection of new capital into the Group by TEDA and the debt restructuring.

As at 30 September 2009, the Group's equity shareholders' deficit as at 31 March 2009 was reverted to positive assets whilst its net current liabilities position was turned into net current assets position.

Gross Profit Margin

The gross profit margin of the Group during the six months ended 30 September 2009 was 16% versus 14% in same period last year. The increase was mainly due to the disposal of 30 subsidiaries, which contributed lower gross profit margin.

Administrative Expenses

Administrative expenses of the Group for the six months ended 30 September 2009 was HK$33 million, representing a decrease of HK$16 million from HK$49 million for the corresponding period in 2008. Such decrease was mainly due to the decrease of professional fees after the resumption of trading.

Profit/loss attributable to equity holders

As per the above results, the profit attributable to equity holders of the Group was approximately HK$211 million for the six months ended 30 September 2009, comparing to a loss attributable to equity holders of the approximately HK$35 million in the corresponding period in 2008. Such increase in the profit was mainly due to the interest waived and the decrease of administrative expenses and finance costs.

Basic profit per share for the six months ended 30 September 2009 was HK$2.32 cents, as compared to a loss per share of HK$1.6 cents for the corresponding period last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

As at 30 September 2009, the Group had consolidated current assets of approximately HK$505 million and its current ratio was approximately 1.3. As at 30 September 2009, the Group had a gearing ratio of approximately 2.6%, measured by the ratio of total consolidated borrowings of approximately HK$20 million to consolidated total assets of approximately HK$759 million.

Financial resources

During the six months ended 30 September 2009, the Group generally financed its operations with proceeds from the restructuring and internally generated resources. As at 30 September 2009, the Group has total borrowings of HK$20 million. 25% of the borrowings are considered as current liabilities and repayable within one year, the remaining are repayable in four years. All borrowings are interest bearing bank loans on floating rate terms. All bank borrowings were unsecured.

Directors' opinion on sufficiency of working capital

In view of the Group's current stable financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present needs.

Exposure to exchange rate fluctuations

The Directors consider that the Group did not have any significant exposure to fluctuations in foreign exchange rates or any related hedges as all transactions and borrowings were denominated in Renminbi and Hong Kong Dollars.

Details of future plans for material investment or capital assets

As at 30 September 2009, the Group did not have any future plans for material investment or capital assets.

Charge on the Group's assets

As at 30 September 2009, the Group did not have any charges on the Group's assets.

Acquisitions, disposals and significant investments

Save for the disposal of 30 subsidiaries which was deemed to have completed on 4 May 2009, the Group had no material acquisitions, disposals of any subsidiaries or affiliated companies nor held any significant investments during the six months ended 30 September 2009.

Employee information

As at 30 September 2009, the Group had 973 employees (2008:1,090) in Hong Kong and PRC, the total remuneration for the period under review was approximately HK$15,155,000 (2008: HK$11,129,000).

The Group's remuneration and bonus policies are basically determined by the performance of individual employees and results of the Group.

The Group also operates a share option scheme whereby certain employees of the Group may be granted options to acquire shares of the Company to recognize their contributions to the Company. The scheme became effective on 26 February 2000 and, unless otherwise cancelled or amended, will remain in force until 25 February 2010. All share options had lapsed or were cancelled as of date of this report and no share option has been granted to any employees of the Group during the six months ended 30 September 2009.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND CHIEF EXECUTIVES IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

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

As at 30 September 2009, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("**SFO**")) which would be required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which a director or a chief executive would be taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rules 5.46 of the GEM Listing Rules.

(b) Interests and short positions of substantial shareholders in the share capital of the company

As at 30 September 2009, the persons (not being a Director or chief executive of the Company) or companies who had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO and who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Name of shareholder	Position	Beneficial interests	Family interests	Corporate interests	Others	Total	Approximate percentage of the issued ordinary share capital
Tsinlien Group Company Limited	Long	–	–	496,188,000 *(Note 1)*	8,666,666,666 *(Note 2)*	9,162,854,666	152.90%
	Short	–	–	8,666,666,666 *(Note 3)*	–	8,666,666,666	144.62%
TEDA	Long	–	–	8,666,666,666 *(Note 3)*	–	8,666,666,666	144.62%
Tianjin Development Holdings Limited	Long	–	–	496,188,000 *(Note 1)*	–	496,188,000	8.28%
Tianjin Investment Holdings Limited	Long	–	–	496,188,000 *(Note 1)*	–	496,188,000	8.28%
Santa Resources Limited	Long	496,188,000	–	–	–	496,188,000	8.28%
Mr. Shum Ka Sang	Long	45,650,000	–	819,350,000 *(Note 4)*	–	865,000,000	14.43%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	819,350,000 *(Note 4)*	–	–	–	819,350,000	13.67%
Ms. Wu Man Lee	Long	–	865,000,000 *(Note 5)*	–	–	865,000,000	14.43%

Notes:

1. The interest disclosed represents the interest in the Company held by Santa Resources Limited, a company which is directly wholly-owned by Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. Tianjin Investment Holdings Limited is a substantial shareholder of Tianjin Development Holdings Limited.

2. These 8,666,666,666 ordinary shares of HK$0.01 each in the Company ("Shares") represent (i) 3,000,000,000 Shares which were allotted and issued to Tsinlien BVI on 12 June 2009 pursuant to the conditional subscription agreement entered into between the Company and Tsinlien BVI on 28 May 2008 and subsequently amended by the supplemental agreement dated 25 February 2009 ("**Subscription Agreement**"), (ii) 4,333,333,333 potential Shares which are issuable to Tsinlien BVI assuming full conversion of 130,000,000 Convertible Preference Shares issued to Tsinlien BVI under the Subscription Agreement and (iii) 1,333,333,333 potential Shares which are issuable assuming full conversion of the 40,000,000 Convertible Preference Shares issued to the syndicated banks under the Settlement Agreement, pursuant to which Tsinlien BVI has agreed to buy back such Convertible Preference Shares from the syndicated banks on the 5th anniversary of the date of issue of such Convertible Preference Shares.

3. The interests disclosed represent the interests in the Company held by Tsinlien BVI which shall be delivered to TEDA HK pursuant to a nominee arrangement between Tsinlien Group Co., Ltd and TEDA HK. TEDA HK, a wholly-owned subsidiary of TEDA, has conditionally agreed to acquire Tsinlien BVI from Tsinlien Group Co., Ltd.

4. Wah Sang Gas Development Group (Cayman Islands) Limited is wholly-owned by Mr. Shum. The corporate interests held by Mr. Shum represent his deemed interests in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.

5. Madam Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such shares owned by her spouse, Mr. Shum.

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the Compliance Adviser Agreement dated 7 May 2009 between the Company and WAG Worldsec Corporate Finance Limited ("**WAG Worldsec**"), WAG Worldsec has been appointed as the compliance adviser of the Company for the period from 12 May 2009 to 31 March 2013. WAG Worldsec receives a fee for working as the compliance adviser of the Company.

In June 2005, WAG Worldsec entered into an agreement with the Company to act as the financial adviser to the Company in respect of the restructuring proposal of the Company for resumption of trading of the Shares on GEM, under which WAG Worldsec receives a fee. During the six months ended 30 September 2009, WAG Worldsec continued to act as the financial adviser to the Company on the restructuring proposal.

On 4 May 2009, WAG Worldsec entered into an agreement with the Company in respect of the underwriting of the Open Offer of the Company, the details of which were set out in the prospectus of the Company dated 11 May 2009. As stated in the announcement of the Company dated 29 May 2009, the Open Offer was over-subscribed and as a result the obligations of WAG Worldsec as an underwriter under the Underwriting Agreement were fully discharged.

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

SHARE OPTIONS GRANTED AND EXERCISED

During the period from 1 April 2009 to 30 September 2009, no share options have been granted or exercised under the share option scheme adopted by the Company on 26 February 2000. As at the date of this report, all the outstanding share options have lapsed or have been cancelled.

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party which subsisted at any time during the six months ended 30 September 2009.

COMPETING INTERESTS

During the period, none of the Directors or the management shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules on 23 March 2009. The Audit Committee comprises Mr. Ip Shing Hing J.P., Professor Japhet Sebastian Law, Mr. Lau Siu Ki, Kevin and Mr. Tse Tak Yin, all of whom are independent non-executive directors. Mr. Lau is the Chairman of the Audit Committee. The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the Company's relationship with its auditors. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2009 and has provided advice and comments on this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2009.

CORPORATE GOVERNANCE CODE COMPLIANCE

During the six months ended 30 September 2009, the Company had complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 of the GEM Listing Rules, except for the following:

(i) As no Chairman was designated until 16 June 2009, the Company was unable to comply with the code provision that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual before 16 June 2009.

(ii) Due to changes in financial staff of the Company and handover arrangements in respect of such changes, the Company was unable to deliver all board papers of the Audit Committee meeting held in August 2009 to all members of the Audit Committee in a timely manner at least 3 days before the date of such meeting.

PURCHASES, SALES AND REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its issued shares during the six months ended 30 September 2009. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2009.

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

Hong Kong, 11 November 2009

As at the date of this report, the Board comprises six executive Directors, namely, Mr. Liu Hui Wen, Mr. Zhou Li, Mr. Zhang Jun, Mr. Dai Yan, Mr. Wang Gang and Mr. Gao Liang 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.