



# 濱海投資有限公司 BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)  
Stock Code: 8035



## 2011

First Quarterly Report



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 (the “**GEM Listing Rules**”) 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## FINANCIAL HIGHLIGHTS

	<b>Unaudited Three months ended 30 June 2011 HK\$'000</b>	Unaudited Three months ended 30 June 2010 HK\$'000	Increase
Revenue	<b>414,420</b>	213,136	94%
Gross profit	<b>39,861</b>	24,899	60%
Profit for the period	<b>11,202</b>	3,488	221%
Basic earnings per share attributable to owners of the parent of the Company during the period	<b>0.09 cents</b>	0.03 cents	0.06 cents

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 three months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010.

## FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

	Note	Unaudited Three months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
Revenue	4	<b>414,420</b>	213,136
Costs of sales		<b>(374,559)</b>	(188,237)
<b>Gross profit</b>		<b>39,861</b>	24,899
Other income and gains — net		<b>415</b>	483
Administrative expenses		<b>(22,556)</b>	(18,799)
		<b>17,720</b>	6,583
Finance costs		<b>(699)</b>	(835)
Share of results of a jointly controlled entity		<b>(233)</b>	—
<b>Profit before taxation</b>		<b>16,788</b>	5,748
Income tax expenses	5	<b>(5,586)</b>	(2,260)
<b>Profit for the period</b>		<b>11,202</b>	3,488
<b>Attributable to:</b>			
— Owners of the parent		<b>10,747</b>	3,334
— Non-controlling interests		<b>455</b>	154
		<b>11,202</b>	3,488
<b>Earnings per ordinary share</b>	7		
— basic (HK cents)		<b>0.09 cents</b>	0.03 cents
— diluted (HK cents)		<b>0.09 cents</b>	0.03 cents

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
<b>Comprehensive income</b>		
Profit for the period	<b>11,202</b>	3,488
<b>Other comprehensive income:</b>		
Exchange differences	<b>8,497</b>	1,585
Other comprehensive income	<b>8,497</b>	1,585
<b>Total comprehensive income for the period</b>	<b>19,699</b>	5,073
<b>Attributable to:</b>		
– Owners of the parent	<b>19,076</b>	4,879
– Non-controlling interest	<b>623</b>	194
<b>Total comprehensive income for the period</b>	<b>19,699</b>	5,073

## Condensed Consolidated Statement of Changes in Equity

Changes in equity of the Group during the three months ended 30 June 2011 and 2010 are as follows:

	Unaudited						
	Owner of the parent					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
<b>Balance at 1 April 2010</b>	659,928	424,737	61,207	(779,619)	366,253	9,833	376,086
<b>Comprehensive income</b>							
Profit for the period	–	–	–	3,334	3,334	154	3,488
<b>Other comprehensive income</b>							
Exchange differences	–	–	1,545	–	1,545	40	1,585
<b>Total comprehensive income for the period</b>	–	–	1,545	3,334	4,879	194	5,073
<b>Balance at 30 June 2010</b>	659,928	424,737	62,752	(776,285)	371,132	10,027	381,159
<b>Balance at 1 April 2011</b>	659,928	424,737	100,290	(703,476)	481,479	12,012	493,491
<b>Comprehensive income</b>							
Profit for the period	–	–	–	10,747	10,747	455	11,202
<b>Other comprehensive income</b>							
Exchange differences	–	–	8,329	–	8,329	168	8,497
<b>Total comprehensive income for the period</b>	–	–	8,329	10,747	19,076	623	19,699
<b>Balance at 30 June 2011</b>	659,928	424,737	108,619	(692,729)	500,555	12,635	513,190



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, with its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, and its principal place of business in Hong Kong at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company has its ordinary shares listed on GEM.

## 2. BASIS OF PREPARATION

This condensed consolidated financial information for the three months ended 30 June 2011 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules.

## 3. ACCOUNTING POLICIES

The financial information has been on historical cost basis.

The principle accounting policies adopted are consistent with those adopted in the annual financial statements for the year ended 31 March 2011.

The Group has adopted the new/revised accounting standards and interpretations effective for the accounting period beginning on or after 1 January 2011. Adoption of such new/revised accounting standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.





#### 4. SEGMENT INFORMATION

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

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

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The chief operating decision makers of the Group have been identified as the executive directors of the Company (the “**Executive Directors**”).

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





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

For the three months ended 30 June 2011	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
Revenue					
– Tianjin TEDA Tsinlien Gas Company Limited (“ <b>TEDA Gas</b> ”), Tianjin Pipe (Group) Corporation (“ <b>Tianjin Pipe</b> ”) and its associates	–	–	115,139	–	115,139
– Other customers	172,416	5,055	83,671	38,139	299,281
Revenue from external customers	172,416	5,055	198,810	38,139	414,420
Segment results	409	(418)	15,262	24,608	39,861
Unallocated income/ (expenses):					
– Other income					415
– Administrative expenses					(22,556)
– Share of results of a jointly controlled entity					(233)
– Finance costs					(699)
Profit before income tax					16,788
<i>Other information for reportable segments:</i>					
Depreciation	–	(47)	(4,644)	–	(4,691)

For the three months ended 30 June 2010	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	
Revenue					
– TEDA Gas	–	–	16,809	–	16,809
– Other customers	83,987	4,396	72,332	35,612	196,327
Revenue from external customers	83,987	4,396	89,141	35,612	213,136
Segment results	1,267	(323)	3,248	20,707	24,899
Unallocated income/(expenses):					
– Other income					483
– Administrative expenses					(18,799)
– Finance costs					(835)
Profit before income tax					5,748
Other information for reportable segments:					
Depreciation	–	(99)	(2,646)	–	(2,745)

## 5. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2010: Nil).

Subsidiaries established in the People's Republic of China (the "PRC") are subject to the PRC enterprise income tax ("EIT") at rates ranging from 24% to 25% (2010: 22% to 25%). All of the following taxation arose in the PRC.

	Unaudited Three months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Current taxation:		
– taxation	5,586	2,260
	5,586	2,260

## 6. DIVIDEND

No dividend was proposed in respect of the three months ended 30 June 2011 (2010: Nil).

## 7. EARNINGS PER SHARE

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

	Unaudited Three months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
<b>Earnings</b>		
Profit attributable to owner of the parent of the Company	10,747	3,334
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	11,659,478,667	11,659,478,667
Effect of dilutive potential ordinary shares arising from share options	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	11,659,478,667	11,659,478,667

Note: 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 these preference shares will be automatically converted into ordinary shares of the Company by the tenth anniversary of issue.



## BUSINESS REVIEW

The Group is principally engaged in the construction of gas pipeline networks, provision of connection services, sale of LPG and piped gas and property development.

### Connection Services

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 30 June 2011, the Group's total gas pipeline network was approximately 951 kilometers, representing an increase of 21 kilometers of the pipeline network from 930 kilometers as at 31 March 2011. During the three months ended 30 June 2011, the connection service fees amounted to approximately HK\$38,139,000, representing an increase of HK\$2,527,000 or 7% compared to approximately HK\$35,612,000 for the same period last year.


### Piped Gas Sales

During the three months ended 30 June 2011, consumption of piped gas by residential and industrial customers amounted to approximately  $260 \times 10^6$  and  $2,120 \times 10^6$  mega-joules respectively, as compared to  $244 \times 10^6$  and  $994 \times 10^6$  mega-joules respectively for the same period last year. For the three months ended 30 June 2011, the piped gas sales income of the Group amounted to HK\$198,810,000 representing an increase of HK\$109,669,000 or 123% compared to HK\$89,141,000 for the same period last year. The increase of large scale industrial users caused an appreciable escalation of gas consumption.

### Property Development



According to the previous plan of the Company, the Group proposed to construct a commercial building partly for sale and rental and partly for self-use. The contribution of capital by Binhai Investment Hong Kong



Limited (a wholly-owned subsidiary of the Company) to Tianjin Binhai Xinda Estate Company Limited, which is the subsidiary established for property development business, is in progress.

## PROSPECTS

Following Shenzhen Special Economic Zone and Shanghai Pudong New District, as the third major area of economic growth in China, Tianjin Binhai New Area has a strong demand for gas. The Group targets to leverage on its extensive experiences in the industry, safe and reliable products and expertise, outstanding brand value of substantial shareholders, strong connection with the government and extensive social resources to deepen the gas market in Tianjin Binhai New Area and expand its market share, with the aim to become the most important supplier of clean energy in the Tianjin Binhai New Area. The Group is poised to grow rapidly with the Tianjin Binhai New Area.

Currently, the Group's business covers six provinces and two municipalities in Mainland China. The Company will continue to actively secure, consolidate and explore these markets. It will expand the gas supply coverage based on its existing foundation, continuously enhance the profit level of the Company, and make consistent endeavors to become an influential gas supplier in Mainland China.

As the most important overseas listing platform of Tianjin TEDA Investment Holdings Co., Ltd. ("**TEDA**"), the Company will seek development opportunities arising from the overall strategies of assets consolidation and continuous expansion of TEDA.



## FINANCIAL REVIEW

### Gross Profit Margin

The gross profit margin of the Group during the three months ended 30 June 2011 was 10%, compared to 12% for the corresponding period last year. Main reason of this decrease was the ratio of on-site gas sales to revenue increased comparing with the corresponding period last year. As on-site gas sales contributed lower gross profit margin, the gross profit margin of the Group decreased.


The gross profit margin of the Group's piped gas sales during the three months ended 30 June 2011 was 8%, representing an increase of 100% compared to 4% for the corresponding period last year. The increase of industrial users' gas consumption, which contributed higher gross profit margin, caused an appreciable escalation of the gross profit margin of the Group's piped gas sales.

### Administrative Expenses

Administrative expenses of the Group for the three months ended 30 June 2011 was HK\$22,556,000, representing an increase of HK\$3,757,000 or 20% compared to HK\$18,799,000 for the corresponding period last year. Management cost increased as the Group further expanded its operating scale.

### Profit attributable to owners of the parent

The profit attributable to owners of the parent of the Group was approximately HK\$10,747,000 for the three months ended 30 June 2011, representing an increase of HK\$7,413,000 or 222% compared to HK\$3,334,000 in the corresponding period in 2010.



Basic earnings per share for the three months ended 30 June 2011 was HK0.09 cents, representing an increase of HK0.06 cents or 200% compared to HK0.03 cents for the corresponding period last year.

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

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

As at 30 June 2011, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), Chapter 571 of the Laws of Hong Kong) which were required to be: (a) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	Capacity	Interest in ordinary shares of the Company			Total interests in shares	Interests in underlying ordinary shares pursuant to share options	Total aggregate interests in ordinary shares and underlying shares	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2011
		Personal interests	Corporate interests	Family interests				
Mr. Gao Liang	Beneficial owner	-	-	-	-	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Dai Yan	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Wang Gang	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	Beneficial owner	-	-	-	-	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P. Professor Japhet	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%
Sebastian Law	Beneficial owner	1,000,000	-	-	1,000,000	2,000,000	3,000,000	0.05%
Mr. Tse Tak Yin	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%

Details of the Director's interests in share options granted by the Company are set out below under the heading "Director's rights to acquire shares".

### **Director's rights to acquire shares**

Pursuant to the share option scheme adopted by the Company on 20 August 2010, the Company granted options on its ordinary shares to its Directors, the details of such options outstanding as at 1 April 2011 and as at 30 June 2011 were as follows:

Name of Director	Date of grant	Exercise Period	Exercise Price (HK\$)	Number of ordinary shares subject to outstanding options as at 1 April 2011	Number of ordinary shares subject to outstanding options as at 30 June 2011	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2011
Mr. Gao Liang	27.9.2010	27.9.2010 – 26.9.2020	0.56	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Dai Yan	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Wang Gang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Tse Tak Yin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%





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

Save as disclosed above, as at 30 June 2011, there were no other interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations entered in the register kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rules 5.46 of the GEM Listing Rules.

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

As at 30 June 2011, 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 were notified to




the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO are listed as follows:


Name of shareholder	Position	Capacity and nature of interest	Interest in ordinary share of the Company				Total	Approximate percentage of the issued ordinary share capital of
			Beneficial interests	Family interests	Corporate interests	Others		the Company as at 30 June 2011
Tsinlien Group Company Limited ("Tsinlien")	Long	Interest of controlled corporation	–	–	496,188,000 (Note 1)	8,670,653,873 (Note 2)	9,166,841,873	152.96%
	Short	Nominee for another person	–	–	8,670,653,873 (Note 3)	–	8,670,653,873	144.68%
Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	–	–	8,670,653,873 (Note 3)	–	8,670,653,873	144.68%
Tianjin Development Holdings Limited	Long	Interest of controlled corporation	–	–	496,188,000 (Note 1)	–	496,188,000	8.28%
Tianjin Investment Holdings Limited	Long	Interest of controlled corporation	–	–	496,188,000 (Note 1)	–	496,188,000	8.28%

Name of shareholder	Position	Capacity and nature of interest	Interest in ordinary share of the Company				Total	Approximate percentage of the issued ordinary share capital of the Company as at 30 June 2011
			Beneficial interests	Family interests	Corporate interests	Others		
Santa Resources Limited	Long	Beneficial owner	496,188,000	-	-	-	496,188,000	8.28%
Mr. Shum Ka Sang	Long	Beneficial owner/ Interest of controlled corporation	15,650,000	-	749,350,000 (Note 4)	-	765,000,000	12.77%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	749,350,000 (Note 4)	-	-	-	749,350,000	12.50%
Ms. Wu Man Lee	Long	Interest of spouse	-	765,000,000 (Note 5)	-	-	765,000,000	12.77%

**Note:**

- 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 controlling shareholder of Tianjin Development Holdings Limited. Tianjin Investment Holdings Limited is wholly-owned by Tsinlien.

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2. These 8,670,653,873 ordinary shares of HK\$0.01 each in the Company ("**Shares**") represent (i) 3,000,000,000 Shares which were allotted and issued to Cavalier Asia Limited ("**Tsinlien BVI**"), a wholly-owned subsidiary of Tsinlien, 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) 3,987,207 Shares acquired by Tsinlien BVI due to acceptance of the General Offer which closed on 6 July 2009; (iii) 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 (iv) 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. Tsinlien BVI will complete the purchase of 40,000,000 Convertible Preference Shares from the syndicated banks in 2014 with funds from Teda Hong Kong Property Company Limited ("**TEDA HK**"), a wholly-owned subsidiary of TEDA, and will transfer such Convertible Preference Shares to TEDA HK.
  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 and TEDA HK. TEDA HK has conditionally agreed to acquire Tsinlien BVI from Tsinlien under the agreement dated 28 May 2008 (as amended by a supplemental agreement dated 25 February 2009 ("**TEDA Investment Agreement**")). The Company has been informed by TEDA that all necessary approvals by the relevant PRC regulatory authorities for the transfer of 3,003,987,207 Shares, 130,000,000 Convertible Preference Shares and 8,600,000 Redeemable Preference Shares by Tsinlien BVI to TEDA HK have been obtained. Tsinlien BVI has started the process to transfer the 3,003,987,207 Shares, 130,000,000 Convertible Preference Shares and 8,600,000 Redeemable Preference Shares and the entire issued share capital in Topfair International Limited that it holds to TEDA HK and such process is expected to be completed soon.
  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. Ms. 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.



Other than as disclosed above, as at 30 June 2011, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital.

## SHARE OPTION SCHEME

At the annual general meeting held on 20 August 2010, the shareholders of the Company approved a new share option scheme (the "**2010 Scheme**") at the annual general meeting in place of the previous scheme which has lapsed.


No option had been granted, exercised, cancelled or lapsed under the 2010 Scheme during the three months ended 30 June 2011.

## 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 the date that the Company issues its financial results for the year ending 31 March 2013. WAG Worldsec receives a fee for working as the compliance adviser of the Company. Pursuant to the two agreements both dated 13 September 2010 between the Company and WAG Worldsec, WAG Worldsec has also been appointed as the financial adviser of the Company and WAG Worldsec receives a fee for working as the financial adviser of the Company.

Save as disclosed above, none of WAG Worldsec or its directors, employees or associates had 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.

## DIRECTORS' INTEREST IN CONTRACTS



No 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 three months ended 30 June 2011.

## INTERESTS IN COMPETING BUSINESS

During the period, save for the interests of TEDA and Tsinlien (through Tsinlien BVI) in 30 former subsidiaries of the Group, the disposal of which was deemed to have completed in May 2009, none of the Directors or the controlling 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. Although some of the business carried out by the former subsidiaries of the Group is similar to the business of the Group, they are in different locations. Therefore, the Directors are of the view that the business of the former subsidiaries do not compete directly with the business of the Group.

As at 30 June 2011, the names, nature of business and details of ownership of Tsinlien BVI in the former subsidiaries of the Group were as follows:

Name of former subsidiary	Nature of Business	% of interests
1 Xintai Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
2 Shouguang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	75
3 Dongying Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
4 Jizhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	98
5 Boxing Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
6 Jinan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
7 Jiangshan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
8 Xuzhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
9 Ningguo Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
10 Huaining Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
11 Jiangxi Nanchang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
12 Suqian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
13 Huangshan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
14 Guixi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
15 Gaoan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
16 Pizhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

Name of former subsidiary	Nature of Business	% of interests
17 Xinyi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
18 Youxian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
19 Fengxian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
20 Liuyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
21 Ningyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
22 Qingyuan Yimin Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
23 Peixian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
24 Anxin Lihua Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
25 Weishan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100


## AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") in accordance with Rule 5.28 of the GEM Listing Rules, duties of which have been set out in writing in compliance with Rule 5.29 of the GEM Listing Rules.

The Audit Committee comprises the four independent non-executive Directors, namely Mr. Lau Siu Ki Kevin, Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Ip Shing Hing J.P.. Mr. Lau, who is the chairman of the Audit Committee, and Mr. Tse are qualified accountants. The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2011 and has provided advice and comments on this report.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company regulates the securities trading of Directors according to the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Dealings in securities of the Company by Directors are subject to the approval of the chairman of the Board.



All Directors have confirmed, following specific enquiries by the Company that they have complied with the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 30 June 2011.

## **PURCHASES, SALES AND REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the three months ended 30 June 2011.

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

Hong Kong, 9 August 2011

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Zhang Bing Jun and Mr. Gao Liang, five non-executive Directors, namely, Mr. Shen Xiao Lin, Mr. Zhang Jun, Mr. Dai Yan, Mr. Wang Gang and Ms. Zhu Wen Fang, 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.*