



濱海投資有限公司 BINHAI INVESTMENT COMPANY LIMITED

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



2011/2012

Third Quarterly Report



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 (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

	Unaudited Nine months ended 31 December 2011 HK\$'000	Unaudited Nine months ended 31 December 2010 HK\$'000	Increase
Revenue	1,168,162	817,402	43%
Gross profit	145,852	119,910	22%
Profit for the period	66,020	18,425	258%
Profit attributable to owners of the Company	64,444	17,428	270%
Basic earnings per share attributable to owners of the Company	0.55 cents	0.15 cents	0.40 cents

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and the nine months ended 31 December 2011, together with the unaudited comparative figures for the corresponding period in 2010.

FINANCIAL INFORMATION

Condensed Consolidated Income Statement

	Note	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	4	365,447	333,327	1,168,162	817,402
Costs of sales		(321,694)	(285,327)	(1,022,310)	(697,492)
Gross profit		43,753	48,000	145,852	119,910
Other income and gains					
— net		2,174	5,215	7,533	10,942
Administrative expenses		(28,384)	(24,055)	(77,970)	(89,763)
Finance income/(costs)	5	17,543	29,160	75,415	41,089
Share of results of a jointly controlled entity		10,622	(3,994)	9,939	(4,008)
		817	(118)	169	(118)
Profit before taxation		28,982	25,048	85,523	36,963
Income tax expenses	6	(4,246)	(7,355)	(19,503)	(18,538)
Profit for the period		24,736	17,693	66,020	18,425
Attributable to:					
— Owners of the Company		24,203	17,402	64,444	17,428
— Non-controlling interest		533	291	1,576	997
		24,736	17,693	66,020	18,425
Earnings per ordinary share	8				
— basic (HK cents)		0.21 cents	0.15 cents	0.55 cents	0.15 cents
— diluted (HK cents)		0.21 cents	0.15 cents	0.55 cents	0.15 cents

Condensed Consolidated Statement Of Comprehensive Income

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Comprehensive income				
Profit for the period	24,736	17,693	66,020	18,425
Other comprehensive income:				
Exchange differences	10,066	6,457	26,205	14,582
Other comprehensive income	10,066	6,457	26,205	14,582
Total comprehensive income for the period	34,802	24,150	92,225	33,007
Attributable to:				
– Owners of the Company	34,090	23,689	90,150	31,631
– Non-controlling interest	712	461	2,075	1,376
Total comprehensive income for the period	34,802	24,150	92,225	33,007

Condensed Consolidated Statement of Changes in Equity

Changes in equity of the Group during the three months ended 31 December 2011 and 2010 are as follows:

	Unaudited						
	Owners of the parent					Non-controlling interest HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 October 2010	659,928	424,737	95,249	(779,593)	400,321	10,748	411,069
Comprehensive income							
Profit for the period	-	-	-	17,402	17,402	291	17,693
Other comprehensive income							
Exchange differences	-	-	6,287	-	6,287	170	6,457
Total comprehensive income for the period	-	-	6,287	17,402	23,689	461	24,150
Balance at 31 December 2010	659,928	424,737	101,536	(762,191)	424,010	11,209	435,219
Balance at 1 October 2011	659,928	424,737	116,109	(663,235)	537,539	13,375	550,914
Comprehensive income							
Profit for the period	-	-	-	24,203	24,203	533	24,736
Other comprehensive income							
Exchange differences	-	-	9,887	-	9,887	179	10,066
Total comprehensive income for the period	-	-	9,887	24,203	34,090	712	34,802
Balance at 31 December 2011	659,928	424,737	125,996	(639,032)	571,629	14,087	585,716

Condensed Consolidated Statement of Changes in Equity

Changes in equity of the Group during the nine months ended 31 December 2011 and 2010 are as follows:

	Unaudited						
	Owners of the parent					Non-controlling interest HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
Balance at 1 April 2010	659,928	424,737	61,207	(779,619)	366,253	9,833	376,086
Comprehensive income							
Profit for the period	-	-	-	17,428	17,428	997	18,425
Other comprehensive income							
Exchange differences	-	-	14,203	-	14,203	379	14,582
Total comprehensive income for the period	-	-	14,203	17,428	31,631	1,376	33,007
Transactions with owners							
Recognition of equity settled share-based payment	-	-	26,126	-	26,126	-	26,126
Total transactions with owners	-	-	26,126	-	26,126	-	26,126
Balance at 31 December 2010	659,928	424,737	101,536	(762,191)	424,010	11,209	435,219
Balance at 1 April 2011	659,928	424,737	100,290	(703,476)	481,479	12,012	493,491
Comprehensive income							
Profit for the period	-	-	-	64,444	64,444	1,576	66,020
Other comprehensive income							
Exchange differences	-	-	25,706	-	25,706	499	26,205
Total comprehensive income for the period	-	-	25,706	64,444	90,150	2,075	92,225
Balance at 31 December 2011	659,928	424,737	125,996	(639,032)	571,629	14,087	585,716



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 nine months ended 31 December 2011 has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities on GEM.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011.

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.



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.

All of the Group’s revenue are generated in the PRC (place of domicile of the Group entities that derive revenue).



For the three months ended 31 December 2011	Unaudited				
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
Revenue					
– Tianjin TEDA Tsinlien Gas Company Limited (“ TEDA Gas ”), Tianjin Pipe (Group) Corporation (“ Tianjin Pipe ”) and its associates	–	–	100,325	–	100,325
– Other customers	76,487	5,963	126,620	56,052	265,122
Revenue from external customers	76,487	5,963	226,945	56,052	365,447
Segment results	300	(418)	11,197	32,674	43,753
Unallocated income/ (expenses):					
– Other income					2,174
– Administrative expenses					(28,384)
– Finance income, net					10,622
– Share of results of a jointly controlled entity					817
Profit before income tax					28,982
Other information for reportable segments:					
Depreciation	–	(42)	(4,213)	–	(4,255)

For the three months ended 31 December 2010	Unaudited				
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
Revenue					
– TEDA Gas, Tianjin Pipe and its associates	–	–	48,968	–	48,968
– Other customers	121,699	5,999	99,740	56,921	284,359
Revenue from external customers	121,699	5,999	148,708	56,921	333,327
Segment results	1,056	188	7,652	39,104	48,000
Unallocated income/(expenses):					
– Other income					5,215
– Administrative expenses					(24,055)
– Finance costs					(3,994)
– Share of results of a jointly controlled entity					(118)
Profit before income tax					25,048
Other information for reportable segments:					
Depreciation	–	(41)	(3,283)	–	(3,324)



For the nine months ended 31 December 2011	Unaudited				
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
Revenue					
– TEDA Gas, Tianjin Pipe and its associates	–	–	330,655	–	330,655
– Other customers	354,519	16,545	298,014	168,429	837,507
Revenue from external customers	354,519	16,545	628,669	168,429	1,168,162
Segment results	935	(1,375)	46,544	99,748	145,852
Unallocated income/ (expenses):					
– Other income					7,533
– Administrative expenses					(77,970)
– Finance income, net					9,939
– Share of results of a jointly controlled entity					169
Profit before income tax					85,523
Other information for reportable segments:					
Depreciation	–	(135)	(13,379)	–	(13,514)



For the nine months ended 31 December 2010	Unaudited				
	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
Revenue					
– TEDA Gas, Tianjin Pipe and its associates	–	–	100,614	–	100,614
– Other customers	313,337	14,750	228,261	160,440	716,788
Revenue from external customers	313,337	14,750	328,875	160,440	817,402
Segment results	2,402	(375)	14,030	103,853	119,910
Unallocated income/(expenses):					
– Other income					10,942
– Administrative expenses					(89,763)
– Finance costs					(4,008)
– Share of results of a jointly controlled entity					(118)
Profit before income tax					36,963
Other information for reportable segments:					
Depreciation		(140)	(8,511)	–	(8,651)

5. FINANCIAL INCOME/(COSTS)

Pursuant to the supplemental agreements with Tsinlien Group (Tianjin) Assets Management Co., Ltd. ("**Tsinlien Assets Management**") dated 31 March 2011 and 23 December 2011, Tsinlien assets management waived all interest on the balance accruing from 5 July 2004 to 31 December 2011 with the repayment of principle of RMB24,000,000 by the Group, and the interest waiver of HK\$11,903,000 was credited to the Group's income statement. Excluding the one-off interest waiver, the financial costs for the three months and the nine months ended 31 December 2011 were HK\$1,281,000 and HK\$1,964,000 respectively.

6. 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 31 December		Unaudited Nine months ended 31 December	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Current taxation: — taxation	4,246	7,355	19,503	18,538
	4,246	7,355	19,503	18,538

7. DIVIDEND

No dividend was declared in respect of the nine months ended 31 December 2011 (2010: Nil).

8. EARNINGS PER SHARE

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Earnings				
Profit attributable to the owners of the Company	24,203	17,402	64,444	17,428
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	11,659,478,667	11,659,478,667	11,659,478,667	11,659,478,667
Effect of dilutive potential ordinary shares arising from share options	-	5,144,211	-	657,553
Weighted average number of ordinary shares for the purpose of diluted earnings per share	11,659,478,667	11,664,622,878	11,659,478,667	11,660,136,220

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 31 December 2011, the Group's total gas pipeline network was approximately 1,022 kilometers, representing an increase of 92 kilometers of the pipeline network from 930 kilometers as at 31 March 2011. During the nine months ended 31 December 2011, the connection service fees amounted to approximately HK\$168,429,000, representing an increase of HK\$7,989,000 or 5% compared to HK\$160,440,000 for the same period last year.

Piped Gas Sales

During the nine months ended 31 December 2011, consumption of piped gas by residential and industrial customers amounted to approximately 870×10^6 and $6,519 \times 10^6$ mega-joules respectively, as compared to 733×10^6 and $3,385 \times 10^6$ mega-joules respectively for the same period last year. For the nine months ended 31 December 2011, the piped gas sales income of the Group amounted to HK\$628,669,000, representing an increase of HK\$299,794,000 or 91% compared to HK\$328,875,000 for the same period last year. The increase of large scale industrial users caused an appreciable escalation of gas consumption.



Property Development

Based on the latest 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 equity capital by Binhai Investment Hong Kong Limited (a wholly-owned subsidiary of the Company) to Tianjin Binhai Xinda Real Estate Company Limited (天津濱海信達地產有限公司, which is the subsidiary established for property development business) is in progress.

PROSPECTS

As a natural gas distributor operating in six provinces and two municipalities of the Chinese mainland, the Group firmly believes that the natural gas industry has broad prospects. According to the Group's overall strategy, the Group spares no effort to develop the natural gas market in the Tianjin Binhai New Area, and has made new progress during the last nine months. In June 2011, Tianjin Wah Sang Gas Enterprise Company Limited (a wholly-owned subsidiary of the Group) entered into a conditional agreement to acquire from Tianjin TEDA Investment Holding Co., Ltd. ("**TEDA**") the Second Pipelines Network. The Second Pipelines Network comprises a gas pipeline of approximately 47.606 km in length and located in the Tianjin Binhai New Area. Base through such network, the Group will have more flexibility to develop its clients in this area. The Company on 17 January 2012 issued a circular to convene a special general meeting to seek its independent shareholder's approval of the acquisition of the Second Pipelines Network. On 30 December 2011, the Group entered into a natural gas supply agreement with Tianjin Eco-City Energy Investment Construction Company Limited. The natural gas supply agreement can expand the market share of the Group in the Binhai New Area as well as its revenue from sales of gas, and will enhance the competitiveness of the Group in the Binhai New Area.

The Group will make full use of its existing resources and will actively explore new resources, continue to strengthen the Company's development advantages, and constantly improve the Company's profitability by optimizing the Company's management.



FINANCIAL REVIEW

Gross Profit Margin

The gross profit margin of the Group during the nine months ended 31 December 2011 was 12.5%, compared to 15% for the corresponding period last year. The decrease was mainly due to the revenue structure of the Group. For the nine months ended 31 December 2011, piped gas sales and connection services accounted for 54% and 14% of the total revenue respectively, comparing to 40% and 20% respectively for the corresponding period last year. Though connection services contributed higher gross profit margin, the increase of piped gas sales proportion will be beneficial to keep the stability of the Group's income in the long term.

The gross profit margin of the Group's piped gas sales during the nine months ended 31 December 2011 was 7.40%, representing an increase of 74% compared to 4.27% 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 nine months ended 31 December 2011 was HK\$77,970,000, representing a decrease of HK\$11,793,000 compared to HK\$89,763,000 for the same period last year. However, the HK\$89,763,000 for the nine months ended 31 December 2010 included the share-based payments expenses of HK\$26,126,000. Excluding this item, the administrative expenses for the period had an increase of HK\$14,333,000 compared for the same period last year. Management cost increased as the Group further expanded its operating scale.



Financial Income/(costs)

Net financial income of the Group for the nine months ended 31 December 2011 was HK\$9,939,000, comparing to the net financial cost of HK\$4,008,000 in the corresponding period in 2010. The net financial income was mainly due to the one-off interest waiver from Tsinlien assets management. Excluding the one-off interest waiver, the net financial costs for the three months and the nine months ended 31 December 2011 were HK\$1,281,000 and HK\$1,964,000 respectively.

Profit attributable to owners of the Company


The profit attributable to owners of the Company was approximately HK\$64,444,000 for the nine months ended 31 December 2011, comparing to HK\$17,428,000 in the corresponding period in 2010. Besides the share-based payments expenses recognized during the nine months ended 31 December 2010, the increase of sales has led to the higher profits.

Basic earnings per share for the nine months ended 31 December 2011 was HK0.55 cents, as compared to HK0.15 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 31 December 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				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 31 December 2011
		Personal interests	Corporate interests	Family interests	Total interests in shares			
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.	Beneficial owner	-	-	-	-	2,000,000	2,000,000	0.03%
Professor Japhet 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. Lou 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 were set out below under the heading "Director's rights to acquire shares".

Director's rights to acquire shares

Pursuant to the Company's share option scheme adopted 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 31 December 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 31 December 2011	Approximate percentage of the Company's total issued ordinary share capital as at 31 December 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 31 December 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 31 December 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	Interests in ordinary shares of the Company				Total	Approximate percentage of the issued ordinary share capital as at 31 December 2011
			Beneficial interests	Family interests	Corporate interests	Others		
Tsinlien Group Company Limited ("Tsinlien")	Long	Interest of controlled corporation	–	–	496,188,000 (Note 1)	1,333,333,333 (Note 2)	1,829,521,333	30.53%
	Short	Nominee for another person	–	–	1,333,333,333 (Note 3)	–	1,333,333,333	22.25%
Tianjin TEDA Investment Holding 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%
Santa Resources Limited	Long	Beneficial owner	496,188,000 (Note 1)	–	–	–	496,188,000	8.28%
Mr. Shum Ka Sang ("Mr. Shum")	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%



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 and the shares of which are listed on the Main Board of the Stock Exchange. Tsinlien, through Tianjin Investment Holdings Limited which it wholly-owns, is a controlling shareholder of Tianjin Development Holdings Limited.
2. These 1,333,333,333 ordinary shares of HK\$0.01 each in the Company ("**Shares**") represent the 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 Cavalier Asia Limited ("**Tsinlien BVI**"), a wholly-owned subsidiary of Tsinlien, 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 has agreed to transfer such Convertible Preference Shares to Teda Hong Kong Property Company Limited ("**TEDA HK**"), a wholly-owned subsidiary of TEDA, after completion of acquisition from the syndicated banks.
3. These 8,670,653,873 Shares represent (i) 3,003,987,207 Shares held by TEDA HK, a wholly-owned subsidiary of TEDA; (ii) 4,333,333,333 potential Shares which are issuable to TEDA HK assuming full conversion of 130,000,000 Convertible Preference Shares held by TEDA HK; (iii) 1,333,333,333 potential Shares that TEDA HK will acquire from Tsinlien BVI as referred to Note 2 above.
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 31 December 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**”) in place of the previous scheme which has lapsed.

No share option was granted, exercised, lapsed or cancelled during the nine months ended 31 December 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

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 nine months ended 31 December 2011.



LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER

On 29 November 2011 Binhai Investment Hong Kong Limited, a wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into a credit facility agreement (the “**Facility Agreement**”) with Standard Chartered Bank (Hong Kong) Limited and China Development Bank Corporation Hong Kong Branch for a loan facility in the aggregate amount of HKD622,400,000 for a term of seven years. Loan funds will be used for company operations and business development. Pursuant to the terms of the Facility Agreement, if TEDA ceases to be the single largest shareholder (whether directly or indirectly) of the Company, the facility commitments of the lenders under the Facility Agreement maybe cancelled and all outstanding loans and accrued interests may be declared to be immediately due and payable. TEDA currently through its wholly-owned subsidiary holds approximately 50.13% of the total issued ordinary share capital of the Company.

COMPETING INTERESTS


During the nine months ended 31 December 2011, save for the interests of TEDA (through TEDA HK) in 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 31 December 2011, the names, nature of business and details of ownership of TEDA HK 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
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 nine months ended 31 December 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 nine months ended 31 December 2011.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the nine months ended 31 December 2011.

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

Hong Kong, 9 February 2012

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.