



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 8035)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

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 announcement, 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 announcement 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 announcement misleading.*

FINANCIAL HIGHLIGHTS

| | Unaudited Nine months ended 31 December 2011 <i>HK\$'000</i> | Unaudited Nine months ended 31 December 2010 <i>HK\$'000</i> | 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 | <u>0.55 cents</u> | <u>0.15 cents</u> | <u>0.40 cents</u> |

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

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

Condensed Consolidated Statement of Comprehensive Income

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

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 Company | | | | Total | Non-controlling interest | Total |
| | Share capital | Share premium | Other reserves | Accumulated losses | | | |
| <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| 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 Company | | | | Total HK\$'000 | Non- controlling interest HK\$'000 | Total HK\$'000 |
| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Accu- mulated losses 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 | <u>76,487</u> | <u>5,963</u> | <u>226,945</u> | <u>56,052</u> | <u>365,447</u> |
| Segment results | <u>300</u> | <u>(418)</u> | <u>11,197</u> | <u>32,674</u> | <u>43,753</u> |
| 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 | | | | | <u>28,982</u> |
| <i>Other information for reportable segments:</i> | | | | | |
| Depreciation | <u>—</u> | <u>(42)</u> | <u>(4,213)</u> | <u>—</u> | <u>(4,255)</u> |

| 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 | <u>121,699</u> | <u>5,999</u> | <u>148,708</u> | <u>56,921</u> | <u>333,327</u> |
| Segment results | <u>1,056</u> | <u>188</u> | <u>7,652</u> | <u>39,104</u> | <u>48,000</u> |
| 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 | | | | | <u>25,048</u> |
| <i>Other information for reportable segments:</i> | | | | | |
| Depreciation | <u>—</u> | <u>(41)</u> | <u>(3,283)</u> | <u>—</u> | <u>(3,324)</u> |

| 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 | <u>354,519</u> | <u>16,545</u> | <u>628,669</u> | <u>168,429</u> | <u>1,168,162</u> |
| Segment results | <u>935</u> | <u>(1,375)</u> | <u>46,544</u> | <u>99,748</u> | <u>145,852</u> |
| 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 | | | | | <u>85,523</u> |
| <i>Other information for reportable segments:</i> | | | | | |
| Depreciation | <u>—</u> | <u>(135)</u> | <u>(13,379)</u> | <u>—</u> | <u>(13,514)</u> |

| 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 | <u>313,337</u> | <u>14,750</u> | <u>328,875</u> | <u>160,440</u> | <u>817,402</u> |
| Segment results | <u>2,402</u> | <u>(375)</u> | <u>14,030</u> | <u>103,853</u> | <u>119,910</u> |
| 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 | | | | | <u>36,963</u> |
| <i>Other information for reportable segments:</i> | | | | | |
| Depreciation | <u>—</u> | <u>(140)</u> | <u>(8,511)</u> | <u>—</u> | <u>(8,651)</u> |

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 | | Unaudited | |
|-------------------|---------------------------|---------------------|--------------------------|----------------------|
| | Three months ended | | Nine months ended | |
| | 31 December | | 31 December | |
| | 2011 | 2010 | 2011 | 2010 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Current taxation: | | | | |
| — taxation | <u>4,246</u> | <u>7,355</u> | <u>19,503</u> | <u>18,538</u> |
| | <u>4,246</u> | <u>7,355</u> | <u>19,503</u> | <u>18,538</u> |

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

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 | | | | 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 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. 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 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% |

| 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 | | |
| 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:

- 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.
- 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.
- 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 HKD 622,400,000 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 |

| | Name of former subsidiary | Nature of Business | % of interests |
|-----|--------------------------------------|------------------------------------|-----------------------|
| 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 announcement.

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 announcement, 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.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of this publication.