濱 海 投 資 有 限 公 司
BINHAI INVESTMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 8035)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

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.

FINANCIAL HIGHLIGHTS

	2012	2011	**Percentage**
	HK$'000	*HK$'000*	**Change**
Revenue	**1,623,293**	1,231,065	+32%
Gross profit	**248,092**	167,444	+48%
Profit for the year	**113,699**	73,127	+55%
Basic earnings per share attributable to owners of the Company during the year	**1.0 cents**	0.6 cents	0.4 cents

	2012	2011	**Percentage**
	HK$'000	*HK$'000*	**Change**
Total assets	**2,463,872**	1,454,064	+69%
Total equity	**629,357**	493,491	+28%
Total liabilities	**1,834,515**	960,573	+91%

ANNUAL RESULTS

The board of Directors (the "Board") of Binhai Investment Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (thereafter collectively referred to as the "Group") for the year ended 31 March 2012 and the comparative figures for the corresponding period of 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
Revenue	*3*	**1,623,293**	1,231,065
Costs of sales	*5*	**(1,375,201)**	(1,063,621)
Gross profit		**248,092**	167,444
Reversal of impairment charge — net		**—**	40,489
Other income and gains — net	*4*	**(5,361)**	24,534
Administrative expenses	*5*	**(102,441)**	(126,096)
		140,290	106,371
Interest waived	*6*	**11,902**	—
Finance costs	*7*	**(3,889)**	(12,372)
Share of results of a jointly controlled entity		**16**	(351)
Profit before taxation		**148,319**	93,648
Income tax expenses	*8*	**(34,620)**	(20,521)
Profit for the year		**113,699**	73,127
Attributable to:			
— Owners of the Company		**111,238**	71,380
— Non-controlling interests		**2,461**	1,747
		113,699	73,127
Earnings per ordinary share	*10*		
— basic (HK cents)		**1.0 cents**	0.6 cents
— diluted (HK cents)		**1.0 cents**	0.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Comprehensive income		
Profit for the year	**113,699**	73,127
Other comprehensive income:		
Exchange differences	**22,167**	18,152
Other comprehensive income	**22,167**	18,152
Total comprehensive income for the year	**135,866**	91,279
Attributable to:		
— Owners of the Company	**132,894**	89,100
— Non-controlling interests	**2,972**	2,179
Total comprehensive income for the year	**135,866**	91,279

CONSOLIDATED BALANCE SHEET

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Land use rights		**44,630**	41,628
Property, plant and equipment		**1,545,267**	645,289
Interest in a jointly controlled entity		**14,445**	13,891
Deferred income tax assets		**5,441**	6,423
		1,609,783	707,231
Current assets			
Property under development		**67,199**	46,937
Inventories		**48,462**	38,090
Trade and other receivables	*11*	**279,067**	226,335
Amount due from immediate holding company		**7,803**	—
Pledged bank deposits		**6,154**	1,187
Cash and cash equivalents		**445,404**	431,467
		854,089	744,016
Assets held for sale		—	2,817
		854,089	746,833
Total assets		**2,463,872**	1,454,064
EQUITY			
Owners of the Company			
Share capital			
— Ordinary shares		**59,928**	59,928
— Convertible preference shares		**170,000**	170,000
— Redeemable preferences shares		**430,000**	430,000
Share premium		**424,737**	424,737
Others reserves	*12*	**121,946**	100,290
Accumulated losses		**(592,238)**	(703,476)
		614,373	481,479
Non-controlling interests		**14,984**	12,012
Total equity		**629,357**	493,491

CONSOLIDATED BALANCE SHEET

As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Amounts due to ultimate holding company		**—**	17,810
Borrowings		**263,773**	10,000
Derivative financial instrument		**11,605**	—
		275,378	27,810
Current liabilities			
Trade and other payables	*13*	**611,204**	534,361
Amounts due to ultimate holding company		**365,153**	59,771
Current income taxation liabilities		**51,925**	41,005
Borrowings		**530,855**	297,626
		1,559,137	932,763
Total liabilities		**1,834,515**	960,573
Total equity and liabilities		**2,463,872**	1,454,064
Net current liabilities		**(705,048)**	(185,930)
Total assets less current liabilities		**904,735**	521,301

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Owners of the Company						
	Share capital	Share premium	Other reserves	Accu-mulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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 year	—	—	—	71,380	71,380	1,747	73,127
Other comprehensive income							
Exchange differences	—	—	17,720	—	17,720	432	18,152
Total comprehensive income for the year	—	—	17,720	71,380	89,100	2,179	91,279
Transactions with owners							
Recognition of equity settled share-based payments	—	—	26,126	—	26,126	—	26,126
Transfer to accumulated losses	—	—	(4,763)	4,763	—	—	—
Total transactions with owners	—	—	21,363	4,763	26,126	—	26,126
Balance at 31 March 2011	659,928	424,737	100,290	(703,476)	481,479	12,012	493,491
Comprehensive income							
Profit for the year	—	—	—	111,238	111,238	2,461	113,699
Other comprehensive income							
Exchange differences	—	—	21,656	—	21,656	511	22,167
Total comprehensive income for the year	—	—	21,656	111,238	132,894	2,972	135,866
Balance at 31 March 2012	659,928	424,737	121,946	(592,238)	614,373	14,984	629,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Binhai Investment Company Limited (the "Company"), was incorporated in Bermuda on 8 October 1999, with its principal place of business at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are hereafter together referred to as the Group.

For purpose of these financial statements, the directors regard Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA") as being the ultimate holding company.

The Company has its listing on the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared on the historical cost convention.

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

As at 31 March 2012, current liabilities of the Group exceeded current assets by HK$705 million. The Group's ability to continue as a going concern depends on the financial resources presently available to the Group. Taking into account the expected financial performance and net cash to be generated from operation of the Group, the available banking facilities and written statement supplied by TEDA after year end stating its intention to extend payment term of the amounts due to it upon maturity for twelve months if necessary, the directors of the Company believe that the Group is able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations for the foreseeable future. Accordingly, the consolidated financial statements have been prepared under the going concern basis.

Changes in accounting policies and disclosures

(a) Following are amendments and interpretations which are effective in the current year, relevant to and applied by the Group:

HKAS 1 (Amendments)	Presentation of financial statements
HKAS 27 (Amendments)	Consolidated and separate financial statements
HKAS 34 (Amendments)	Interim financial reporting
HKFRS 3 (Amendments)	Business combinations
HKFRS 7 (Amendments)	Financial instruments: Disclosures
HK(IFRIC) — Int14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) — Int19	Extinguishing financial liabilities with equity instruments

(b) Amendments to accounting standards published and relevant to the Group's but are not effective for the financial year ended 31 March 2012 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of financial statements[3]
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets[2]
HKAS 19 (Amendment)	Employee benefits[4]
HKAS 27 (revised 2011)	Separate financial statements[4]
HKAS 28 (revised 2011)	Investments in associates and joint ventures[4]
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities[5]
HKFRS 7 (Amendment)	Disclosures Transfers of financial assets[1]
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures[6]
HKFRS 10	Consolidated financial statements[4]
HKFRS 11	Joint arrangements[4]
HKFRS 12	Disclosure of interests in other entities[4]
HKFRS 13	Fair value measurements[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of assessing the impact of the application of these new standards, interpretations and amendments but is not yet in a position to state whether they would have a significant impact on its results and financial position.

3. 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). Save for Tianjin Pipe Group Corporation ("Tianjin Pipe") contributed sales of 17% of the total revenue of the Group, there is no other individual customer of the Group who has contributed sales of over 10% of the total revenue for the year ended 31 March 2012 (2011: Nil).

	For the year ended 31 March 2012				
	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 Co., Ltd. ("TEDA Gas"), Tianjin Pipe and its associates	**—**	**—**	**444,128**	**—**	**444,128**
— Other customers	**424,960**	**21,801**	**470,110**	**262,294**	**1,179,165**
Revenue from external customers	**424,960**	**21,801**	**914,238**	**262,294**	**1,623,293**
Segment results	**1,666**	**(2,066)**	**64,263**	**184,229**	**248,092**
— Other income and gains — net					**(5,361)**
— Administrative expenses					**(102,441)**
— Share of results of a jointly controlled entity					**16**
— Interest waived					**11,902**
— Finance costs					**(3,889)**
Profit before income tax					**148,319**
Other information for reportable segments:					
Depreciation	**(1,058)**	**(151)**	**(20,414)**	**(692)**	**(22,315)**
Amortisation	**(239)**	**(9)**	**(515)**	**(157)**	**(920)**

	For the year ended 31 March 2011				
	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	—	—	208,864	—	208,864
— Other customers	415,698	19,882	366,105	220,516	1,022,201
Revenue from external customers	415,698	19,882	574,969	220,516	1,231,065
Segment results	1,531	(1,141)	31,976	135,078	167,444
— Reversal of impairment charge, net					40,489
— Other income and gains — net					24,534
— Administrative expenses					(126,096)
— Share of results of a jointly controlled entity					(351)
— Finance costs					(12,372)
Profit before income tax					93,648
Other information for reportable segments:					
Depreciation	(1,162)	(300)	(13,482)	(616)	(15,560)
Amortisation	(285)	(14)	(395)	(151)	(845)

4. OTHER INCOME AND GAINS — NET

	2012	2011
	HK$'000	*HK$'000*
Other income:		
Income from management of Disposed Subsidiaries *(Note)*	**244**	982
Income from management of TEDA Gas	**1,042**	1,280
Interest income	**1,488**	799
Others	**—**	1,144
	2,774	4,205
Other gains — net:		
Gain on disposal of property, plant and equipment	**1,816**	1,116
Write back of over accrued compensation for an accident	**—**	6,984
Reimbursement from TEDA for payment of compensation for an accident	**—**	4,098
Gain on disposal of assets of subsidiaries	**1,583**	8,131
Fair value loss on derivative financial instrument	**(11,605)**	—
Others	**71**	—
	(8,135)	20,329
	(5,361)	24,534

Note:

The Group disposed 30 of its subsidiaries ("Disposed Subsidiaries") to Cavalier Asia Limited ("Tsinlien BVI"), the then nominee major shareholder of the Group, on 4 May 2009. Following the completion of the disposal and pursuant to a management agreement, the Group will continue to manage these Disposed Subsidiaries.

5. EXPENSES BY NATURE

	2012	2011
	HK$'000	*HK$'000*
Cost of gas purchased	**1,205,026**	909,020
Changes in inventories	**187**	29
Cost of pipeline materials	**24,273**	14,064
Subcontractor and other costs	**68,799**	71,375
Employee benefit expense	**82,293**	85,159
Depreciation		
— Cost of sales	**18,245**	12,120
— Administrative expenses	**4,070**	3,440
Operating lease rental		
— TEDA	**19,349**	10,510
— Others	**1,027**	5,893
Reversal of over accrued construction costs *(Note)*	**(15,007)**	—
Provision for impairment of trade and other receivables — net	**3,291**	4,515
Inventory write-off	**—**	110
Amortisation	**920**	845
Auditor's remuneration	**4,317**	2,910
Other professional fees	**12,985**	15,099
Others	**47,867**	54,628
Total cost of sales and administrative expenses	**1,477,642**	1,189,717

Note:

The reversal is related to over accrued construction costs of connection service projects which have been completed.

6. INTEREST WAIVED

	2012	2011
	HK$'000	*HK$'000*
Interest payable to Tsinlien Group (Tianjin) Assets Management Co., Ltd. ("Tsinlien Assets Management") *(Note 13(b))*	**11,902**	—

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings	**20,885**	4,322
Other borrowing costs	**1,006**	—
Interest on amounts due to TEDA	**2,910**	1,359
Interest on amount due to Tsinlien Asset Management	**1,156**	2,782
Guarantee fee paid to TEDA and Tianjin TEDA Group Company Limited ("TEDA Group")	**799**	1,467
Exchange (gain)/loss	**(2,626)**	4,640
	24,130	14,570
Less: Amounts capitalised as part of the cost of property, plant and equipment *(Note)*	**(20,241)**	(2,198)
	3,889	12,372

Note:

Amount included finance costs from general borrowings capitalised at a rate of 7.12% (2011: 5.43%).

8. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2011: 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% (2011: 22% to 25%).

Certain subsidiaries of the Group qualify as foreign investment enterprises. As approved by the tax authorities Jinguoshuibao (2001) No.32, these subsidiaries' original applicable enterprise income tax rate is 15%. Under the relevant regulations of the Corporate Income Tax Law, the corporate income tax rate applicable to these subsidiaries is gradually increased to 25% in a 5-year period from 2008 to 2012. The applicable income tax rate is 24% in 2011 and 25% in 2012.

	2012	2011
	HK$'000	*HK$'000*
Current taxation:		
— Current tax on profits for the year	**40,949**	26,944
— Over accrual in prior years	**(7,311)**	—
Total current taxation	**33,638**	26,944
Deferred taxation:		
— Tax losses	**982**	(6,423)
Total deferred taxation	**982**	(6,423)
Income tax expense	**34,620**	20,521

Note:

The taxation on the profit before taxation of the Group differs from the theoretical amount that would arise using the applicable statutory enterprise income tax rate. Below is the reconciliation between taxation in the consolidated income statement and aggregate tax at the rates applicable to profits in the respective entities concerned.

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation	**148,319**	93,648
Tax calculated at the respective applicable tax rates	**39,090**	25,567
Expenses not deductible for taxation purposes	**5,337**	9,410
Tax losses for which no deferred income tax asset was recongnised	**1,314**	5,743
Income not subject to tax	**(1,001)**	(12,499)
Utilisation of previously unrecognised tax losses	**(2,809)**	(7,700)
Over accrual in prior years	**(7,311)**	—
	34,620	20,521

9. DIVIDENDS

No dividend was proposed in respect of the year ended 31 March 2012 (2011: Nil).

10. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**111,238**	71,380
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
Effect of dilutive potential ordinary shares arising from share options	**—**	41,151
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**11,659,478,667**	11,659,519,818

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.

11. TRADE AND OTHER RECEIVABLES

	Note	2012	2011
		HK$'000	*HK$'000*
Trade receivables		**148,439**	115,116
less: Provision for impairment		**(40,624)**	(32,197)
	(c)	**107,815**	82,919
Notes receivables		**17,959**	28,574
		125,774	111,493
Advances to suppliers		**160,692**	152,181
less: Provision for impairment	*(f)*	**(83,683)**	(85,813)
		77,009	66,368
Prepayments and other receivables		**83,373**	54,424
less: Provision for impairment	*(g)*	**(7,089)**	(5,950)
		76,284	48,474
		279,067	226,335

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

(b) The carrying amounts of trade and other receivables approximate their fair values due to their short-term maturities.

(c) The Group's credit sales are generally on a credit term of three months to a year. Ageing analysis of the trade receivables is as follows:

		2012	2011
	Note	***HK$'000***	*HK$'000*
0 — 90 days		**71,747**	58,705
91 — 180 days		**11,255**	7,858
181 — 360 days		**14,325**	10,108
Over 360 days		**51,112**	38,445
		148,439	115,116
Less: Provision for impairment of trade receivables	*(e)*	**(40,624)**	(32,197)
		107,815	82,919

Trade receivables net of provision and notes receivables of HK$126 million are fully collectible as they are due from active trading customers with low default rate.

(d) The aging analysis of the trade receivables that are past due but not considered impaired is as follows:

	2012	2011
	HK$'000	*HK$'000*
91 — 180 days	**990**	418
181 — 360 days	**78**	200
Over 360 days	**10,607**	6,248
	11,675	6,866

(e) Movements of the Group's provision for impairment of trade receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 April	**(32,197)**	(26,568)
Exchange differences	**(1,384)**	(1,063)
Impairment of trade receivables	**(8,713)**	(6,356)
Write back for the year	**1,670**	1,790
At 31 March	**(40,624)**	(32,197)

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. Amounts charged to the allowance account are generally written back when there is an evidence of recovering additional cash.

(f) Movements of the Group's provision for impairment of advances to suppliers are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 April	**(85,813)**	(82,561)
Exchange differences	**(2,514)**	(3,303)
Impairment of advances to suppliers	**(1,423)**	(1,075)
Write back for the year	**6,067**	1,126
At 31 March	**(83,683)**	(85,813)

Provision for impairment of approximately HK$84 million (2011: HK$86 million) principally relates to advances to suppliers which arose as a result of termination of trading relationships.

(g) Movements of the Group's provision for impairment of prepayments and other receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 April	**(5,950)**	(6,006)
Exchange differences	**(247)**	56
Impairment of prepayments and other receivables	**(2,449)**	—
Write back for the year	**1,557**	—
At 31 March	**(7,089)**	(5,950)

Prepayments and other receivables mainly represent deposits for gas purchase. Balance also includes management fee receivable from TEDA Gas of about HK$4.0 million (2011: HK$2.8 million).

12. OTHER RESERVES

	Contributed surplus (Note (i)) HK$'000	Exchange reserve (Note(ii)) HK$'000	Statutory reserves (Note (iii)) HK$'000	Employee share option reserve HK$'000	Others (Note (iv)) HK$'000	Total HK$'000
Balance at 1 April 2010	28,800	(130,154)	2,561	—	160,000	61,207
Translation differences	—	17,720	—	—	—	17,720
Recognition of equity settled share-based payment	—	—	—	26,126	—	26,126
Transfer to accumulated loss	—	—	—	(4,763)	—	(4,763)
Balance at 31 March 2011	28,800	(112,434)	2,561	21,363	160,000	100,290
Translation differences	—	21,656	—	—	—	21,656
Balance at 31 March 2012	28,800	(90,778)	2,561	21,363	160,000	121,946

Note:

(i) Contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganization on 26 February 2000 in preparation for the listing of the Company's shares on SEHK and the nominal value of the Company's shares issued in exchange therefore.

Contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group's reorganization on 26 February 2000, over the nominal value of the Company's shares issued in exchange therefore. Under the Companies Act 1981 of Bermuda, a company may make distributions to its members out of its contributed surplus under certain circumstances.

(ii) The exchange reserve arose upon translation of the consolidated financial statements from the functional to the presentation currency.

(iii) In accordance with the relevant PRC regulations, the subsidiaries of the Company established in the PRC are required to transfer a certain percentage (as determined by the board of Directors of each of the subsidiaries) of their profits after tax (as determined in accordance with PRC generally accepted accounting principles), if any, to the statutory reserves. The statutory reserves can be used to offset accumulated losses or to increase capital upon approval by their respective board of Directors. The statutory reserves are not distributable unless the respective subsidiaries in the PRC are dissolved.

(iv) Amount represented difference between capitalized debt and par value of convertible preference shares issued in 2009.

13. TRADE AND OTHER PAYABLES

	Note	2012 HK$'000	2011 HK$'000
Trade payables	(a)	**193,149**	208,350
Amounts due to Tsinlien Assets Management	(b)	**—**	28,497
Advance from customers		**91,211**	104,089
Other payables	(c)	**312,078**	159,128
Accrued expenses		**14,766**	34,297
		611,204	534,361

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

	2012 HK$'000	2011 HK$'000
RMB	**606,690**	530,968
HK dollars	**4,514**	3,393
	611,204	534,361

(a) At 31 March 2012, the ageing analysis of the trade payables was as follows:

	2012 HK$'000	2011 HK$'000
0 — 90 days	**67,469**	101,951
91 — 180 days	**32,133**	11,956
181 — 360 days	**26,287**	23,945
Over 360 days	**67,260**	70,498
	193,149	208,350

(b) The balance as at 31 March 2011 represented a principal of RMB24 million payable to Tsinlien Assets Management.

On 31 March 2011, the Group entered into a supplemental agreement with Tsinlien Assets Management, pursuant to which Tsinlien Assets Management shall waive all interest on the balance accruing from 5 July 2004 to 30 June 2011 if the Group agreed to repay RMB5 million by 30 April 2011 and the remaining RMB19 million on or before 30 June 2011.

On 23 December 2011, the Group entered into another supplemental agreement with Tsinlien Assets Management, pursuant to which the deadline of the repayment of RMB19 million was extended for six months to 31 December 2011. The Group had repaid all the principal of RMB24 million according to the two supplemental agreements, and the interest from 7 July 2004 to the repayment day of HK$11.9 million was waived and was credited to the Group's income statement (Note 6).

(c) Included in other payables are construction payables and amounts due to non-controlling interests of subsidiaries calculated pursuant to the respective joint venture agreements.

PERFORMANCE REVIEW

For the financial year of 2012, the Group recorded revenue of HK$1,623 million (2011: HK$1,231 million), 32% higher year-on-year. The Group's gross profit amounted to HK$248 million (2011: HK$167 million), representing an increase of 48% from last year. The profit attributable to owners of the Company was approximately HK$111 million (2011: HK$71 million), indicating a growth of 56% over last fiscal year.

During the fiscal year of 2012, the Group attained remarkable achievements, including:

- Successfully acquired the assets of Tianjin Binhai Secondary Gas Pipeline ("Secondary Gas Pipeline") from TEDA at a consideration of RMB279 million, which is of great significance to the Group becoming more competitive within the area of Tianjin Binhai New Area ("TBNA").

- Signed an agreement of syndicated loan in the amount of HK$622.4 million with Standard Chartered Bank (Hong Kong) Limited and China Development Bank Corporation Hong Kong Branch for a loan period of 7 years. This syndicated loan is a good demonstration of active participation of Hong Kong financial institutions in the domestic PRC infrastructure project. With adequate funding, the Group is able to strengthen pipeline networks in key business regions.

- Further underpinned the cooperation with China National Petroleum Corporation and Sinopec as well as fostered long-term developments in gas supplies coordination, purchasing procedures and gas allocation and delivery.

- Increased efforts on the development in the area of TBNA. By conducting research and analysis regarding the competitive market environment, the Group has ascertained a series of purposeful competitive strategies, thus expanding its market share.

BUSINESS REVIEW

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

Connection Services

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 31 March 2012, the Group's total gas pipeline network was approximately 1,152 kilometers, representing an increase of 222 kilometers of the pipeline network from 930 kilometers as at 31 March 2011. During the year ended 31 March 2012, income from the connection service fees amounted to approximately HK$262,294,000, representing an increase of HK$41,778,000 or 19% compared to HK$220,516,000 for the last year.

Piped Gas Sales

During the year ended 31 March 2012, consumption of piped gas by residential and industrial customers amounted to approximately $1,374x10^6$ and $9,287x10^6$ mega-joules respectively, as compared to $1,145x10^6$ and $5,850x10^6$ mega-joules respectively for the last year. For the year ended 31 March 2012, the piped gas sales income of the Group amounted to HK$914,238,000, representing an increase of HK$339,269,000 or 59% compared to HK$574,969,000 for the last year. The increase in the number of large scale industrial users led to an appreciable escalation of gas consumption.

Property Development

As the real estate business does not meet the Group's current strategic direction to focus on the development of the gas business, and taking into account the impact of control policy of the mainland on real estate business, the Group plans to dispose of the property under development.

Completion of the TEDA Investment Agreement

Pursuant to the TEDA investment agreement in relation to the nominee arrangement for TEDA's shareholding interests in the Company held by Tsinlien BVI and its amendment, Tsinlien BVI transferred 3,003,987,207 ordinary shares, 130,000,000 convertible preference shares, 8,600,000 redeemable preference shares of the Company and the entire issued share capital in Topfair International Limited (which indirectly holds interests in certain former subsidiaries of the Group) that it holds to TEDA Hong Kong Property Company Limited, a wholly-owned subsidiary of TEDA ("TEDA HK") during the year ended 31 March 2012. The condition for completion of the TEDA investment agreement was deemed to have been fulfilled, and TEDA formally became the ultimate controlling shareholder of the Company upon completion of such transfer.

FINANCIAL REVIEW

Gross Profit Margin

The gross profit margin of the Group during the year was 15.3%, a fraction higher than the margin level of 13.6% in last year. The gross profit margin of the piped gas sales was 7.0%, representing an increase of 25% compared to 5.6% for the last year. The increase of industrial users' gas consumption which contributed to higher gross profit margin caused an appreciable escalation of the gross profit margin of the piped gas sales.

Administrative Expenses

Administrative expenses of the Group for the year ended 31 March 2012 was HK$102 million, representing a decrease of HK$24 million compared to HK$126 million for the last year. However, the HK$126 million in last year included the share-based payments expenses of HK$26 million. Excluding this item, the administrative expenses for the year had increased by HK$2 million compared to HK$100 million for the last year. The reason for the increase was that management cost comprising labor cost increased as the Group further expanded its business scope.

Profit attributable to owners of the Company

For the year ended 31 March 2012, the profit attributable to owners of the Company of the Group was approximately HK$111 million, comparing to HK$71 million in 2011.

Basic earnings per share for the year ended 31 March 2012 was HK1.0 cents, as compared to HK0.6 cents in 2011.

Liquidity and financial resources

As at 31 March 2012, the total borrowings of the Group were HK$794,628,000 (2011: HK$307,626,000) and the cash and bank deposit of the Group was HK$451,558,000 (2011: HK$432,654,000), which include cash and cash equivalents of HK$445,404,000 and pledged bank deposits of HK$6,154,000. As at 31 March 2012, the Group had consolidated current assets of HK$854,089,000 and its current ratio was approximately 0.55. As at 31 March 2012, the Group had a gearing ratio of approximately 129%, measured by the ratio of total consolidated borrowings of HK$794,628,000 to total equity (includes all capital and reserves of the Group excluding non-controlling interests) of HK$614,373,000.

Borrowings Structure

As at 31 March 2012, the total borrowings of the Group were HK$794,628,000 (2011: HK$307,626,000). Borrowings from Hong Kong syndicate banks of HK$265,388,000 were denominated in HKD, secured by the Company's guarantee and interests in certain of the Group's subsidiaries, bearing interest at a floating rate. Borrowings from China Merchant Bank of HK$10,000,000 were denominated in HKD, unsecured, bearing interest at a fixed rate of 4%. Borrowings from PRC banks were denominated in RMB, secured by guarantee, bearing interest at prevailing market rates. As at 31 March 2012, short-term borrowings and current portion of long-term borrowings amounted to HK$530,855,000, while the remaining were long-term borrowings falling due after one year or above.

Directors' opinion on sufficiency of working capital

In view of the Group's current stable financial positions and in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present needs. Taking into account the expected financial performance and net cash to be generated from operation of the Group, the available banking facilities and written statement supplied by TEDA after the year end stating its intention to extend payment term of amounts due to it upon maturity for twelve months if necessary, the Directors of the Company believe that the Group is able to meet its liabilities as and when they fall due.

Risks created by to exchange rate fluctuations

The Directors considered that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of the respective group entities. Certain bank balances and bank borrowings are denominated in HK Dollars and US Dollars which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange risks and will consider hedging significant foreign currency exposure should the need arises.

Interest rate swap contract

For the year ended 31 March 2012, the Group recognized a fair value loss on derivative financial instrument of HK$11,605,000, primarily attributable to the drop in the fair value of an interest rate swap contract entered into by the Group, which was impacted by the global economic instability during the period. In November 2011, the Group entered into a 7 years bank borrowings facilities of HK$622,400,000 with Hong Kong syndicate banks, which carry interest at HIBOR plus 3.5% per annum from the first utilisation date up to (but excluding) the second anniversary of the facility agreement and HIBOR plus 4% per annum thereafter. In order to minimize the risk of rising interest rates and to control borrowing costs, the Group entered into a floating-to-fixed rate swap contract with Standard Chartered Bank London with an aggregate notional amount of HK$571,635,500 to control the future interest costs ("Swap Contract"). The deferred payment interest rate swap contract will be effective on 30 September 2013 and will terminate on 30 September 2018 ("Termination Day"). Pursuant to the Swap Contract, the Group will pay interest at a fixed rate of 2.25%, and will receive interest at floating rate with reference to the HIBOR as published by the Hong Kong Association of Bank. Before the Termination Day, the changes in the fair value of the Swap Contract will not have a significant impact on the Group's cash flow. In view of the market interest rates at historical lows, the fair value of the Swap Contract will be adjusted to economic situation and interest rates. The Group believes that such arrangements are advantageous to the Group in the long run.

Charge over the Group's assets

As at 31 March 2012, the Group had pledged bank deposits for gas purchase of HK$6,154,000.

In November 2011, the Group entered into bank borrowings facilities of HK$622,400,000 with two syndicated banks in Hong Kong. The borrowings are secured by the interests in certain of the Group's subsidiaries and guaranteed by the Company.

Save as disclosed above, there were no charges over of any the Group's assets as at 31 March 2012.

Acquisitions, disposals and significant investments

On 24 June 2011, TEDA and Tianjin Wah Sang Gas Enterprise Company Limited ("Tianjin Wah Sang"), which is a wholly-owned subsidiary of the Company, entered into an asset transfer agreement under which it was conditionally agreed that Tianjin Wah Sang shall acquire the assets comprising the Second Pipelines Network from TEDA at a consideration of RMB279,003,500. The acquisition constituted a discloseable and connected transaction of the Company under the GEM Listing Rules, and is subject to the announcement requirement under Chapter 19 and the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Such transaction was approved by the Company's independent shareholders at the special general meeting held on 9 February 2012 and was completed before 31 March 2012.

Subsequent Event

As the real estate business does not meet the Group's current strategic direction to focus on the development of the gas business, and taking into account the impart of the control policy of the mainland on real estate business, the Group plans to dispose of the property under development, as approved by the Board on 25 June 2012.

The directors consider that the plan of disposal does not have significant negative impact to the Group.

Contingent Liabilities

As at 31 March 2012, the Group did not have any significant contingent liabilities.

PROSPECTS

In the fiscal year of 2012, natural gas consumption of the country grew by 12%, the growth of which was the largest among all forms of energy consumption. Nevertheless, natural gas currently accounts for only 4.4% of domestic PRC primary energy consumption. During the twelfth five-year plan period, the Chinese government vigorously advances gas market structure and expands gas market shares in the primary energy resources. As a result, there are tremendous growth prospects in gas industry development.

Currently, the Group's services cover six provinces and two municipalities in Mainland China. We will continuously focus on resources integration, quality management, and constantly increase levels of investment return and profit. It is our mission to endeavor to become an influential gas supplier in Mainland China.

In the fiscal year of 2012, the Group already made new progress in certain areas of significantly functional regions of TBNA. The Group will fully and properly utilize and maximize pipeline network, gas sources, accumulated reputation and co-operation with from the controlling shareholder of the Company so as to constantly expand its market share and make the Group to become the most important clean energy supplier in TBNA.

The Group has and always will be on the solid ground to the industrial advantage, and relying on its long-term professional experience, safe and reliable service quality, specialized knowledge, the remarkable brand value of the controlling shareholder of the Company, good relationship with the government and extensive social resources, will contribute to the environmental protection, while realising enterprise development at the same time.

EMPLOYEES

As at 31 March 2012, the Group had 1,147 employees (2011: 1,071). For the year ended 31 March 2012, the salaries and wages of the employees were HK$60 million (2011: HK$47 million).

REMUNERATION POLICY

The remuneration of the employees of the Group is determined by reference to the market rate, and the performance, qualification and experience of the relevant staff. Also, a discretionary bonus based on individual performance during the year will be distributed to reward the contributions of employees to the Group. The Group also provides training opportunity and other benefits to its empolyees, including pension insurance, unemployment insurance, injury insurance, medical insurance, maternity insurance and housing fund, etc.

INTERESTS IN COMPETING INTERESTS

During the year, save for the interests acquired by TEDA (through TEDA HK) in certain former subsidiaries of the Group, the disposal of which to Tsinlien BVI pursuant to an agreement dated 28 May 2008 between Tsinlien BVI and a subsidiary of the Group (as amended) 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 March 2012, 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

CORPORATE GOVERNANCE CODE

The Board is responsible for the overall business management of the Group, and assumes overall responsibility for the leadership and control of the Group. By providing directions and supervising its affairs, the Board is responsible for the success of the Group. It believes that good corporate governance practices can strengthen investors' confidence, facilitate the development of the Group, and increase transparency in the operations of the Group, ultimately striving for the long term interest of the Group and shareholders'. During the year ended 31 March 2012, the Group had fully complied with the code provisions set out in Appendix 15 of the GEM Listing Rules except for code provision E1.2. Due to unexpected significant official business, the Chairman of the Board could not attend the Annual General Meeting held in such financial year.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in accordance with Rule 5.28 of the GEM Listing Rules. The Terms of Reference of the Audit Committee (as amended) approved by the Board are available on the websites of the Stock Exchange and the Company.The main responsibilities of the Audit Committee include, but are not limited to, the following:

1. primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor;

2. monitor the integrity of the Company's financial statements, the annual report and accounts, half-year report and quarterly report; and

3. review the Company's financial controls, internal control and risk management systems.

The Audit Committee comprises 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, the chairman of the Audit Committee, and Mr. Tse are qualified accountants.

The Audit Committee has reviewed the consolidated financial results of the Group for the year ended 31 March 2012 and has provided advices and comments thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Dealings in securities of the Company by Directors shall be notified to and acknowledged by the Chairman of the Board in accordance with required standard of time.

All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and the Code of Conduct regarding securities transactions by Directors throughout the year ended 31 March 2012.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

ISSUANCE OF ANNUAL REPORT

The Annual Report 2012 will be published and dispatched to the shareholders of the Company on or before 30 June 2012.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accounts and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 25 June 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.