



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8035)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 30 JUNE 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.**

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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

	<b>Unaudited Three months ended 30 June 2012 <i>HK\$'000</i></b>	Unaudited Three months ended 30 June 2011 <i>HK\$'000</i>	<b>Percentage Change</b>
Revenue	<b>329,592</b>	414,420	-20%
Gross profit	<b>54,401</b>	39,861	+36%
Profit for the period	<b>11,380</b>	11,202	+2%
Basic earnings per share attributable to owners of the Company during the period	<b><u>0.09 cents</u></b>	<u>0.09 cents</u>	<u>—</u>

The board of Directors (the “Board”) of Binhai Investment Company Limited (the “Company”) hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2012, together with the unaudited comparative figures for the corresponding period in 2011.

## FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

		<b>Unaudited</b>	
		<b>Three months ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2012</b>	2011
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>329,592</b>	414,420
Costs of sales		<u>(275,191)</u>	<u>(374,559)</u>
<b>Gross profit</b>		<b>54,401</b>	39,861
Other income and gains — net		<b>(5,537)</b>	415
Administrative expenses		<u>(27,270)</u>	<u>(22,556)</u>
		<b>21,594</b>	17,720
Finance costs		<b>(5,985)</b>	(699)
Share of results of a jointly controlled entity		<u>(82)</u>	<u>(233)</u>
<b>Profit before taxation</b>		<b>15,527</b>	16,788
Income tax expenses	5	<u>(4,147)</u>	<u>(5,586)</u>
<b>Profit for the period</b>		<b><u>11,380</u></b>	<b><u>11,202</u></b>
<b>Attributable to:</b>			
— Owners of the Company		<b>10,866</b>	10,747
— Non-controlling interests		<u>514</u>	<u>455</u>
		<b><u>11,380</u></b>	<b><u>11,202</u></b>
<b>Earnings per ordinary share</b>	7		
— basic (HK cents)		<b>0.09 cents</b>	0.09 cents
— diluted (HK cents)		<b><u>0.09 cents</u></b>	<b><u>0.09 cents</u></b>

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Three months ended	
	30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Comprehensive income</b>		
Profit for the period	11,380	11,202
<b>Other comprehensive income:</b>		
Exchange differences	<u>(7,111)</u>	<u>8,497</u>
Other comprehensive income	<u>(7,111)</u>	<u>8,497</u>
<b>Total comprehensive income for the period</b>	<b><u>4,269</u></b>	<b><u>19,699</u></b>
<b>Attributable to:</b>		
— Owners of the Company	3,904	19,076
— Non-controlling interests	<u>365</u>	<u>623</u>
<b>Total comprehensive income for the period</b>	<b><u>4,269</u></b>	<b><u>19,699</u></b>

## Condensed Consolidated Statement of Changes in Equity

Changes in equity of the Group during the three months ended 30 June 2012 and 2011 are as follows:

	Unaudited						
	Owners of the Company				Total	Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Accumulated losses			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 April 2011</b>	659,928	424,737	100,290	(703,476)	481,479	12,012	493,491
<b>Comprehensive income</b>							
Profit for the period	—	—	—	10,747	10,747	455	11,202
<b>Other comprehensive income</b>							
Exchange differences	—	—	8,329	—	8,329	168	8,497
<b>Total comprehensive income for the period</b>	—	—	8,329	10,747	19,076	623	19,699
<b>Balance at 30 June 2011</b>	659,928	424,737	108,619	(692,729)	500,555	12,635	513,190
<b>Balance at 1 April 2012</b>	659,928	424,737	121,946	(592,238)	614,373	14,984	629,357
<b>Comprehensive income</b>							
Profit for the period	—	—	—	10,866	10,866	514	11,380
<b>Other comprehensive income</b>							
Exchange differences	—	—	(6,962)	—	(6,962)	(149)	(7,111)
<b>Total comprehensive income for the period</b>	—	—	(6,962)	10,866	3,904	365	4,269
<b>Balance at 30 June 2012</b>	659,928	424,737	114,984	(581,372)	618,277	15,349	633,626

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. General Information

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

### 2. Basis of preparation

This condensed consolidated financial information for the three months ended 30 June 2012 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules.

### 3. Accounting policies

The financial information has been on historical cost basis.

The principle accounting policies adopted are consistent with those adopted in the annual financial statements for the year ended 31 March 2012.

The Group has adopted the new/revised accounting standards and interpretations effective for the accounting period beginning on or after 1 April 2012. Adoption of such new/revised accounting standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.

### 4. Segment information

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

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

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

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

The value of the assets and liabilities of each operating segment of the Group are not reviewed by the Executive Directors or otherwise regularly provided to the Executive Directors.

<b>For the three months ended 30 June 2012</b>	<b>On-site gas sales HK\$'000</b>	<b>Bottled gas sales HK\$'000</b>	<b>Unaudited Piped gas sales HK\$'000</b>	<b>Connection services HK\$'000</b>	<b>Total HK\$'000</b>
Revenue					
— Tianjin TEDA Tsinlien Gas Company Limited (“TEDA Gas”), Tianjin Pipe (Group) Corporation (“Tianjin Pipe”) and its associates	—	—	123,864	—	123,864
— Other customers	<u>57,239</u>	<u>4,352</u>	<u>83,836</u>	<u>60,301</u>	<u>205,728</u>
Revenue from external customers	<u>57,239</u>	<u>4,352</u>	<u>207,700</u>	<u>60,301</u>	<u>329,592</u>
Segment results	<u>532</u>	<u>(35)</u>	<u>15,927</u>	<u>37,977</u>	<u>54,401</u>
Unallocated income/(expenses):					
— Other income and gains — net					(5,537)
— Administrative expenses					(27,270)
— Finance costs					(5,985)
— Share of results of a jointly controlled entity					<u>(82)</u>
Profit before income tax					<u>15,527</u>
<i>Other information for reportable segments:</i>					
Depreciation	(232)	(34)	(9,523)	(260)	(10,049)
Amortisation	<u>(48)</u>	<u>(3)</u>	<u>(176)</u>	<u>(53)</u>	<u>(280)</u>

For the three months ended 30 June 2011	On-site gas sales HK\$'000	Bottled gas sales HK\$'000	Unaudited Piped gas sales HK\$'000	Connection services HK\$'000	Total HK\$'000
Revenue					
— TEDA Gas, Tianjin Pipe and its associates	—	—	115,139	—	115,139
— Other customers	<u>172,416</u>	<u>5,055</u>	<u>83,671</u>	<u>38,139</u>	<u>299,281</u>
Revenue from external customers	<u>172,416</u>	<u>5,055</u>	<u>198,810</u>	<u>38,139</u>	<u>414,420</u>
Segment results	<u>409</u>	<u>(418)</u>	<u>15,262</u>	<u>24,608</u>	<u>39,861</u>
Unallocated income/(expenses):					
— Other income and gains — net					415
— Administrative expenses					(22,556)
— Finance costs					(699)
— Share of results of a jointly controlled entity					<u>(233)</u>
Profit before income tax					<u>16,788</u>
<i>Other information for reportable segments:</i>					
Depreciation	(178)	(52)	(4,851)	(39)	(5,120)
Amortisation	<u>(113)</u>	<u>(3)</u>	<u>(130)</u>	<u>(25)</u>	<u>(271)</u>

## 5. Income tax expenses

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

Subsidiaries established in the People's Republic of China (the "PRC") are subject to the PRC enterprise income tax ("EIT") at the rate of 25% (2011: 24% to 25%).

	Unaudited Three months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Current taxation:		
— Current taxation on profits for the period	<u>4,147</u>	<u>5,586</u>
	<u>4,147</u>	<u>5,586</u>



## 6. Dividend

No dividend was proposed in respect of the three months ended 30 June 2012 (2011: Nil).

## 7. Earnings per share

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

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Profit attributable to owner of the Company	<u><u>10,866</u></u>	<u><u>10,747</u></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>Note</i> )	<u>11,659,478,667</u>	11,659,478,667
Effect of dilutive potential ordinary shares arising from share options	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>11,659,478,667</u></u>	<u><u>11,659,478,667</u></u>

*Note:* The calculation has taken into account the 5,666,666,666 new ordinary shares of the Company 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 issuance.

## BUSINESS REVIEW

The Group is principally engaged in the construction of gas pipeline networks, the provision of connection services and the 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 30 June 2012, the Group's total gas pipeline network was approximately 1,160 kilometers, representing an increase of 8 kilometers of the pipeline network from 1,152 kilometers as at 31 March 2012. During the three months ended 30 June 2012, the connection service fees amounted to HK\$60,301,000, representing an increase of HK\$22,162,000 or 58% compared to HK\$38,139,000 for the same period last year.

## **Sales of Piped Gas**

During the three months ended 30 June 2012, consumption of piped gas by residential and industrial customers amounted to approximately  $311 \times 10^6$  and  $2,055 \times 10^6$  mega-joules respectively, as compared to  $260 \times 10^6$  and  $2,120 \times 10^6$  mega-joules respectively for the same period last year. For the three months ended 30 June 2012, the piped gas sales income of the Group amounted to HK\$207,700,000, representing an increase of HK\$8,890,000 or 4% as compared to HK\$198,810,000 for the same period last year.

## **Property Development**

As approved by the Board on 25 June 2012, the Group plans to dispose of the property under development. The Directors consider that the plan of disposal does not have significant financial impact to the Group.

## **PROSPECTS**

As one of the most important natural gas suppliers in Tianjin Binhai New Area (the “Binhai New Area”), the Group has always been concerned with the development trend of the gas market of it. The twelfth five-year plan of the energy development of the Binhai New Area, issued by the Binhai New Area Government on 4 June 2012, pointed out that the proportion of natural gas in primary energy in the Binhai New Area will reach 15.9% in 2015, an increase of 11.3 % comparing to that at the end of 2010. Natural gas consumption of the Binhai New Area was only 1.36 billion cubic meters in 2010, and will reach 8.2 billion cubic meters in 2015. A massive demand of natural gas in the Binhai New Area will provide the Group with a broad market space.

The Group will further strengthen the market competitiveness of its gas business, and expand its business scale and market share in the Binhai New Area and existing markets in other areas. The Group will further improve the pipeline infrastructure, so as to increase the proportion of piped natural gas sales in revenue. In the Binhai New Area, the Group will manage the gas network system effectively, develop key customers, and improve the efficiency of the pipe network assets usage continuously. The Group will increase investment in the promising subsidiary, improve the quality of its assets and its profitability. With continuous efforts, the Group will achieve long-term, rapid and healthy growth.

## **FINANCIAL REVIEW**

### **Gross Profit Margin**

The gross profit margin of the Group during the three months ended 30 June 2012 was 17% as compared to 10% for the corresponding period last year. The increase was mainly due to the change in revenue structure of the Group. For the three months ended 30 June 2012, on-site gas sales amounted to HK\$57,239,000, a sharp decrease of 67% from HK\$172,416,000 for the corresponding period last year. As on-site gas sales contributed lower gross profit margin, the gross profit margin of the Group increased for the three months ended 30 June 2012.

## **Administrative Expenses**

Administrative expenses of the Group for the three months ended 30 June 2012 was HK\$27,270,000, representing an increase of HK\$4,714,000 or 21% as compared to HK\$22,556,000 for the corresponding period last year. Management cost comprising labor cost increased as the Group further expanded its operating scale.

## **Profit Attributable to Owners of the Company**

The profit attributable to owners of the Company was approximately HK\$10,866,000 for the three months ended 30 June 2012, representing an increase of HK\$119,000 or 1% as compared to HK\$10,747,000 in the corresponding period in 2011. However, the HK\$10,866,000 in 2012 included a fair value loss on derivative financial instrument of HK\$7,205,000 recognized in the income statement for the period.

Basic earnings per share of the Company for the three months ended 30 June 2012 was HK0.09 cents, equaling last year's same period.

## **Interest Rate Swap Contract**

For the three months ended 30 June 2012, the Group recognized a fair value loss on derivative financial instrument of HK\$7,205,000, primarily attributable to the drop in the fair value of an interest rate swap contract entered into by the Group for a long-term loan, as a result of the impact of the instability in global economy. In November 2011, the Group entered into a 7-year 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 utilization 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-fix rate swap contract with Standard Chartered Bank London with an aggregate notional amount of HK\$571,635,000 to control the further 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, 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.

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

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

As at 30 June 2012, 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 (the “SFO”), Chapter 571 of the Laws of Hong Kong) which were required to be: (a) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	Capacity	Interest in ordinary shares of the Company				Interests in underlying ordinary shares pursuant to share options	Total aggregate interests in ordinary shares and underlying shares	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2012
		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 are set out below under the heading “Director's rights to acquire shares”.

## Director's rights to acquire shares

Pursuant to the share option scheme adopted by the Company on 20 August 2010, the Company granted options on its ordinary shares to the Directors, the details of such options outstanding as at 1 April 2012 and as at 30 June 2012 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 2012	Number of ordinary shares subject to outstanding options as at 30 June 2012	Approximate percentage of the Company's total issued ordinary share capital as at 30 June 2012
Mr. Gao Liang	27.9.2010	27.9.2010 — 26.9.2020	0.56	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	27.9.2010	27.9.2010 — 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Dai Yan	27.9.2010	27.9.2010 — 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Wang Gang	27.9.2010	27.9.2010 — 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	27.9.2010	27.9.2010 — 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	27.9.2010	27.9.2010 — 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	27.9.2010	27.9.2010 — 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Tse Tak Yin	27.9.2010	27.9.2010 — 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	27.9.2010	27.9.2010 — 26.9.2020	0.56	2,000,000	2,000,000	0.03%

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

Save as disclosed above, as at 30 June 2012, there were no other interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations entered in the register kept by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rules 5.46 of the GEM Listing Rules.

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

As at 30 June 2012, the persons (not being a Director or chief executive of the Company) or companies who had interests or short positions in the shares or underlying shares of the Company which were notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO are listed as follows:

Name of shareholder	Position	Capacity and nature of interest	Interest in ordinary share of the Company					Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2012
			Beneficial interests	Family interests	Corporate interests	Others	Total	
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 Holdings Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	—	—	8,670,653,873 (Note 3)	—	8,670,653,873	144.68%
Tianjin Development Holdings Limited	Long	Interest of controlled corporation	—	—	496,188,000 (Note 1)	—	496,188,000	8.28%
Tianjin Investment Holdings Limited	Long	Interest of controlled corporation	—	—	496,188,000 (Note 1)	—	496,188,000	8.28%

Name of shareholder	Position	Capacity and nature of interest	Interest in ordinary share of the Company					Total	Approximate percentage of the total issued ordinary share capital of the Company as at 30 June 2012
			Beneficial interests	Family interests	Corporate interests	Others			
Santa Resources Limited	Long	Beneficial owner	496,188,000 <i>(Note 1)</i>	—	—	—	496,188,000	8.28%	
Mr. Shum Ka Sang ("Mr. Shum")	Long	Beneficial owner/Interest of controlled corporation	15,650,000	—	749,350,000 <i>(Note 4)</i>	—	765,000,000	12.77%	
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	749,350,000 <i>(Note 4)</i>	—	—	—	749,350,000	12.50%	
Ms. Wu Man Lee	Long	Interest of spouse	—	765,000,000 <i>(Note 5)</i>	—	—	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.

3. These 8,670,653,873 Shares represent (i) 3,003,987,207 Shares held by TEDA HK, a wholly-owned subsidiary of TEDA; (ii) 4,333,333,333 potential Shares which are issuable to TEDA HK assuming full conversion of 130,000,000 Convertible Preference Shares held by TEDA HK; (iii) 1,333,333,333 potential Shares that TEDA HK will acquire from Tsinlien BVI as referred to Note 2 above.
4. Wah Sang Gas Development Group (Cayman Islands) Limited is wholly-owned by Mr. Shum. The corporate interests held by Mr. Shum represent his deemed interests in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.
5. Ms. Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such Shares owned by her spouse, Mr. Shum.

Other than as disclosed above, as at 30 June 2012, 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, cancelled or lapsed under the 2010 Scheme during the three months ended 30 June 2012.

## **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.

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

## **DIRECTORS' INTEREST IN CONTRACTS**

No Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party which subsisted at any time during the three months ended 30 June 2012.



## **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 HK\$622,400,000 for a term of seven years. Loan funds are 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.

## **INTERESTS IN COMPETING BUSINESS**

For the three months ended 30 June 2012, 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 been completed in May 2009, none of the Directors or the controlling shareholders of the Company or their respective associates had any interests in a business which competes or may compete with the business of the Group. Although some of the business carried out by the former subsidiaries of the Group is similar to the business of the Group, they are in different locations. Therefore, the Directors are of the view that the business of the former subsidiaries do not compete directly with the business of the Group.

As at 30 June 2012, the names, nature of business and details of ownership of TEDA HK in the former subsidiaries of the Group were as follows:

	<b>Name of former subsidiary</b>	<b>Nature of Business</b>	<b>% of interests</b>
1	Shouguang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	75
2	Dongying Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
3	Jizhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	98
4	Boxing Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
5	Jinan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
6	Jiangshan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
7	Xuzhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
8	Ningguo Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
9	Huaining Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
10	Jiangxi Nanchang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

	<b>Name of former subsidiary</b>	<b>Nature of Business</b>	<b>% of interests</b>
11	Suqian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
12	Gaoan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
13	Pizhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
14	Xinyi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
15	Fengxian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
16	Liuyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
17	Ningyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
18	Qingyuan Yimin Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
19	Anxin Lihua Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	99
20	Weishan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in accordance with the GEM Listing Rules. 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 unaudited consolidated results of the Group for the three months ended 30 June 2012 and has provided advice and comments on this announcement.

## **CODE OF CONDUCT REGARDING 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 regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 30 June 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the three months ended 30 June 2012.

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

Hong Kong, 8 August 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](http://www.hkgem.com) on the “Latest Company Announcement” page for at least 7 days from the date of this publication.*