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 NINE MONTHS ENDED 31 DECEMBER 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

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000*	Percentage Change	Nine months ended 31 December 2011 *HK$'000*	Percentage Change
Revenue	**1,206,285**	1,678,971	(28%)	1,207,164	(0.1%)
Gross profit	**232,330**	262,464	(11%)	155,434	49%
Profit for the period	**92,471**	116,682	(21%)	69,726	33%
Basic earnings per share attributable to owners of the Company during the period	**0.8 cents**	1.0 cents	(0.2 cents)	0.6 cents	0.2 cents

	31 December 2012 *HK$'000*	31 March 2012 *HK$'000*	**Percentage Change**
Total assets	**3,220,300**	2,546,603	26%
Total equity	**711,012**	693,890	2.5%
Total liabilities	**2,509,288**	1,852,713	35%

ANNUAL RESULTS

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

CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2012

	Note	**Nine months ended 31 December 2012** ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
Revenue	*4*	**1,206,285**	1,678,971
Costs of sales	*6*	**(973,955)**	(1,416,507)
Gross profit		**232,330**	262,464
Reversal/(charge) of impairment		**26,521**	(3,545)
Other income and losses — net	*5*	**(6,498)**	(6,856)
Administrative expenses	*6*	**(104,115)**	(108,315)
		148,238	143,748
Interest waived		**—**	11,902
Finance costs — net	*7*	**(25,828)**	(2,704)
Share of results of jointly controlled entities		**(477)**	16
Profit before taxation		**121,933**	152,962
Income tax expenses	*8*	**(29,462)**	(36,280)
Profit for the period/year		**92,471**	116,682
Attributable to:			
— Owners of the Company		**89,615**	114,221
— Non-controlling interests		**2,856**	2,461
		92,471	116,682
Earnings per ordinary share	*9*		
— basic *(HK cents)*		**0.8 cents**	1.0 cents
— diluted *(HK cents)*		**0.8 cents**	1.0 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2012

	Nine months ended 31 December 2012	Year ended 31 March 2012
	HK$'000	*HK$'000*
		(Restated)
Comprehensive income		
Profit for the period/year	**92,471**	116,682
Other comprehensive income		
Exchange differences	**7,005**	24,523
Total comprehensive income for the period/year	**99,476**	141,205
Attributable to:		
— Owners of the Company	**96,166**	138,233
— Non-controlling interests	**3,310**	2,972
Total comprehensive income for the period/year	**99,476**	141,205

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)
ASSETS			
Non-current assets			
Land use rights		**48,390**	48,717
Property, plant and equipment		**1,792,701**	1,589,980
Interest in jointly controlled entities		**19,679**	14,445
Deferred income tax assets		**8,678**	5,441
		1,869,448	1,658,583
Current assets			
Property under development		**—**	67,199
Inventories		**70,975**	58,396
Trade and other receivables	*11*	**351,058**	273,516
Amounts due from immediate holding company		**3,636**	21,933
Pledged bank deposits		**31,074**	6,154
Cash and cash equivalents		**818,231**	460,822
		1,274,974	888,020
Asset held for sale		**75,878**	—
		1,350,852	888,020
Total assets		**3,220,300**	2,546,603
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*	**111,523**	187,326
Accumulated losses		**(503,470)**	(593,085)
		692,718	678,906
Non-controlling interests		**18,294**	14,984
Total equity		**711,012**	693,890

	Note	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings		**1,062,497**	263,773
Derivative financial instrument		**24,337**	11,605
		1,086,834	275,378
Current liabilities			
Trade and other payables	*13*	**784,953**	630,311
Amounts due to ultimate holding company		—	365,153
Current income taxation liabilities		**43,604**	51,016
Borrowings		**593,897**	530,855
		1,422,454	1,577,335
Total liabilities		**2,509,288**	1,852,713
Total equity and liabilities		**3,220,300**	2,546,603
Net current liabilities		**(71,602)**	(689,315)
Total assets less current liabilities		**1,797,846**	969,268

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2012

	Owners of the Company					Non-controlling interests	Total
	Share Capital	Share Premium	Other Reserves	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2011, as previously reported	659,928	424,737	100,290	(703,476)	481,479	12,012	493,491
Common control business combination *(Note 3)*	—	—	63,024	(3,830)	59,194	—	59,194
Balance at 1 April 2011, as restated	659,928	424,737	163,314	(707,306)	540,673	12,012	552,685
Comprehensive income							
Profit for the year	—	—	—	114,221	114,221	2,461	116,682
Other comprehensive income							
Exchange differences	—	—	24,012	—	24,012	511	24,523
Total comprehensive income for the year	—	—	24,012	114,221	138,233	2,972	141,205
Balance at 31 March 2012, as restated	659,928	424,737	187,326	(593,085)	678,906	14,984	693,890
Balance at 1 April 2012, as previously reported	659,928	424,737	121,946	(592,238)	614,373	14,984	629,357
Common control business combination *(Note 3)*	—	—	65,380	(847)	64,533	—	64,533
Balance at 1 April 2012, as restated	659,928	424,737	187,326	(593,085)	678,906	14,984	693,890
Comprehensive income							
Profit for the period	—	—	—	89,615	89,615	2,856	92,471
Other comprehensive income							
Exchange differences	—	—	6,551	—	6,551	454	7,005
Total comprehensive income for the period	—	—	6,551	89,615	96,166	3,310	99,476
Common control business combination *(Note 3)*	—	—	(82,354)	—	(82,354)	—	(82,354)
Balance at 31 December 2012	659,928	424,737	111,523	(503,470)	692,718	18,294	711,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 31 December 2012

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 status on the GEM of the Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to a resolution of the Board dated 8 November 2012, the financial year end date of the Group has been changed from 31 March to 31 December to coincide with the financial year end date of the Company's principal operating subsidiaries, which are mainly situated in People's Republic of China (the "PRC"), and thereby facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers a nine-month period from 1 April 2012 to 31 December 2012 (nine month period) and the comparative financial period from 1 April 2011 to 31 March 2012 (twelve month period). The comparative figures for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes thereto are not comparable.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under 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 judgment in the process of applying the Group's accounting policies.

As at 31 December 2012, current liabilities of the Group exceeded current assets by HK$72 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 and the available banking facilities, the Directors 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) The Group has adopted the following amendments for the accounting period beginning 1 April 2012:

HKAS 12 (Amendment)	Income Taxes – Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosures –Transfers of Financial Assets

The adoption of these amendments has no significant impact on the results and financial position of the Group.

(b) The following standards, amendments and interpretations which have been issued and are not yet effective have not been early adopted by the Group:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 — 2011 Cycle[2]
HKAS 1 (Amendment)	Amendments to HKAS 1 (Revised) Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	Financial Instruments: Disclosures — Mandatory Effective Date and Transition Disclosures[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10 (Amendment), HKFRS 11 (Amendment) and HKFRS 12 (Amendment)	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance[2]
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (2011) (Amendment)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities[3]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the financial statements of the Group in the initial application.

3. BUSINESS COMBINATION

During the nine months ended 31 December 2012, the Group entered into agreements with TEDA Hong Kong Property Company Limited ("TEDA HK"), the immediate holding company of the Group, and its subsidiary to purchase six entities (the "Six Subsidiaries") held by TEDA HK at a consideration of RMB66,124,793 (equivalent to approximately HK$82,354,000).

The acquisition has been accounted for as a common control combination for which the Company applies the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants in preparing the consolidated financial statements. The consolidated financial statements for the period ended 31 December 2012, including the comparative figures have been prepared on the basis as if the current group structure had been in existence throughout the periods presented.

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheets as at 31 December 2012 and 31 March 2012.

The condensed consolidated balance sheet as at 31 December 2012:

	The Group before the repurchase	**The Six Subsidiaries**	**Adjustments**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Net assets	**715,136**	**78,230**	**(82,354)**	**711,012**
Share capital	**659,928**	**76,524**	**(76,524)**	**659,928**
Share premium	**424,737**	**—**	**—**	**424,737**
Retained earnings	**(512,983)**	**(345)**	**9,858**	**(503,470)**
Other reserves	**125,551**	**2,051**	**(16,079)**	**111,523**
Non-controlling interests	**17,903**	**—**	**391**	**18,294**
	715,136	**78,230**	**(82,354)**	**711,012**

The condensed consolidated balance sheet as at 31 March 2012:

	The Group before the repurchase	The Six Subsidiaries	Adjustments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net assets	629,357	64,533	—	693,890
Share capital	659,928	75,901	(75,901)	659,928
Share premium	424,737	—	—	424,737
Accumulated losses	(592,238)	(10,696)	9,849	(593,085)
Other reserves	121,946	(672)	66,052	187,326
Non-controlling interests	14,984	—	—	14,984
	629,357	64,533	—	693,890

Note:

(i) The above adjustments represent elimination of investment in the combining entities against share capital, reserves and retained earnings.

(ii) No other significant adjustments were made to the net assets and net profit or loss of any entities as a result of the common control combination to achieve consistency policies.

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). Save for Tianjin Pipe Group Corporation ("Tianjin Pipe"), a related party of the Group, the sales to which contributed 14% of the total revenue of the Group (year ended 31 March 2012: 17%), there was no other individual customer of the Group which contributed sales of over 10% of the total revenue for the nine months ended 31 December 2012.

	Nine months ended 31 December 2012				
	On-site gas sales	**Bottled gas sales**	**Piped gas sales**	**Connection services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue					
— Tianjin TEDA Tsinlien Gas Co., Ltd. ("TEDA Gas"), Tianjin Eco-city Energy Investment Construction Company Ltd("Tianjin Eco-city"), Tianjin Pipe, and its associates	**—**	**—**	**282,741**	**—**	**282,741**
— Other customers	**171,449**	**14,441**	**462,526**	**275,128**	**923,544**
Revenue from external customers	**171,449**	**14,441**	**745,267**	**275,128**	**1,206,285**
Segment results	**1,677**	**(577)**	**53,539**	**177,691**	**232,330**
— Reversal of impairment charge — net					**26,521**
— Other income and losses — net					**(6,498)**
— Administrative expenses					**(104,115)**
— Finance costs — net					**(25,828)**
— Share of results of jointly controlled entities					**(477)**
Profit before taxation					**121,933**
Other information for reportable segments:					
Depreciation	**(386)**	**(96)**	**(36,413)**	**(623)**	**(37,518)**
Amortization	**(121)**	**(10)**	**(525)**	**(192)**	**(848)**

	For the year ended 31 March 2012 (Restated)				
	On-site gas sales	Bottled gas sales	Piped gas sales	Connection services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
— TEDA Gas, Tianjin Pipe and its associates	—	—	444,128	—	444,128
— Other customers	424,960	21,919	483,279	304,685	1,234,843
Revenue from external customers	424,960	21,919	927,407	304,685	1,678,971
Segment results	1,666	(2,086)	52,047	210,837	262,464
— Charge of impairment					(3,545)
— Other income and losses — net					(6,856)
— Administrative expenses					(108,315)
— Interest waived					11,902
— Finance costs — net					(2,704)
— Share of results of jointly controlled entities					16
Profit before taxation					152,962
Other information for reportable segments					
Depreciation	(1,058)	(157)	(21,980)	(928)	(24,123)
Amortisation	(239)	(9)	(553)	(234)	(1,035)

5. OTHER INCOME AND LOSSES — NET

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Other income		
Income from management of Disposed Subsidiaries *(Note)*	**522**	244
Income from management of TEDA Gas	**627**	1,042
Assembling service	**1,781**	1,190
	2,930	2,476
Other gains or losses — net:		
(Loss)/gain on disposal of property, plant and equipment	**(965)**	1,957
Gain on disposal of assets of subsidiaries	**—**	1,583
Gain on liquidation of subsidiaries	**2,484**	—
Fair value loss on derivative financial instrument	**(12,732)**	(11,605)
Others	**1,785**	(1,267)
	(9,428)	(9,332)
	(6,498)	(6,856)

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 continues to manage these Disposed Subsidiaries.

6. EXPENSES BY NATURE

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Cost of gas purchased	**787,977**	1,224,876
Changes in inventories	**117**	279
Cost of pipeline materials	**47,387**	31,174
Subcontractor and other costs	**42,933**	77,679
Employee benefit expense	**83,177**	87,433
Depreciation		
— Cost of sales	**34,786**	19,700
— Administrative expenses	**2,732**	4,423
Operating lease rental		
— TEDA	**2,504**	19,349
— Others	**4,480**	1,039
Reversal of over accrued construction costs *(Note)*	**(3,438)**	(15,007)
Provision for impairment of trade and other receivables — net	**3,987**	3,289
Amortisation	**848**	1,035
Auditor's remuneration	**3,770**	4,317
Other professional fees	**10,682**	13,088
Others	**56,128**	52,148
Total cost of sales and administrative expenses	**1,078,070**	1,524,822

Note:

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

7. FINANCE COSTS — NET

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Bank borrowings wholly repayable within 5 years	**43,368**	20,885
Bond wholly repayable within 5 years	**7,577**	—
Other borrowing costs	**205**	1,309
Interest on amounts due to TEDA	**135**	2,910
Interest on amount due to Tsinlien Asset Management	**—**	1,156
Guarantee fee paid to TEDA and Tianjin TEDA Group Company Limited ("TEDA Group")	**—**	799
Exchange gain	**(3,027)**	(2,626)
Finance costs	**48,258**	24,433
Less: Amounts capitalised as part of the cost of property, plant and equipment *(Note)*	**(18,272)**	(20,241)
Total finance cost	**29,986**	4,192
Finance income	**(4,158)**	(1,488)
Net financial costs	**25,828**	2,704

Note:

Amount included finance costs from general borrowings capitalised at a rate of 7.17% (year ended 31 March 2012: 7.12%).

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 (year ended 31 March 2012: Nil).

Subsidiaries established in the PRC are subject to the PRC enterprise income tax ("EIT") at the rate of 25% (year ended 31 March 2012: 24% 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% for the year ended 31 March 2012 and 25% in nine months ended 31 December 2012.

	Note	**Nine months ended 31 December 2012** *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Current taxation:			
— Current tax on profits for the year		**32,699**	42,609
— Over accrual in prior years		**—**	(7,311)
Total current taxation		**32,699**	35,298
Deferred taxation:			
Tax losses		**(3,237)**	982
Total deferred taxation		**(3,237)**	982
Income tax expense		**29,462**	36,280

Note:

The taxation on the profit before taxation of the Group differs from the theoretical amount that would arise using the statutory enterprise income tax rate applicable to profits of the consolidated entities as follows:

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Profit before taxation	**121,933**	152,962
Tax calculated at the respective applicable tax rates	**31,326**	40,251
Expenses not deductible for taxation purposes	**6,578**	6,217
Tax losses for which no deferred income tax asset was recongnised	**494**	1,424
Income not subject to tax	**(7,737)**	(1,001)
Utilisation of previously unrecognised tax losses	**(1,199)**	(3,300)
Over accrual in prior years	**—**	(7,311)
	29,462	36,280

9. EARNINGS PER SHARE

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

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 Marc 2012 *HK$'000* (Restated)
Earnings		
Profit attributable to owners of the Company	**89,615**	114,221
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	**—**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**11,659,478,667**	11,659,478,667

Note:

The calculation has taken into account the 5,666,666,666 new ordinary shares to be issued upon the conversion of the 170 million convertible preference shares as these preference shares will be automatically converted into ordinary shares of the Company by the tenth anniversary of issue.

For the nine month period ended 31 December 2012 and year ended 31 March 2012, the exercise of share options would have no material dilutive effect to earnings per share.

10. DIVIDENDS

No dividend was proposed in respect of the nine month period ended 31 December 2012 (year ended 31 March 2012: Nil).

11. TRADE AND OTHER RECEIVABLES

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**206,795**	157,005
Less: Provision for impairment of trade receivables	**(44,319)**	(41,216)
	162,476	115,789
Notes receivables	**18,582**	17,959
	181,058	133,748
Advances to suppliers	**173,248**	161,155
Less: Provision for impairment	**(84,821)**	(83,996)
	88,427	77,159
Prepayments and other receivables	**55,571**	55,473
Less: Provision for impairment	**(7,156)**	(7,097)
	48,415	48,376
Receivables from related parties	**33,158**	14,233
	351,058	273,516

Note:

The Group credit sales are generally on a credit term of three months to a year. Aging analysis of the trade receivables is as follows:

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
0 — 90 days	**97,751**	76,589
91 — 180 days	**32,030**	12,202
181 — 360 days	**19,512**	16,476
Over 360 days	**57,502**	51,738
	206,795	157,005
Less: Provision for impairment of trade receivables	**(44,319)**	(41,216)
	162,476	115,789

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*
Group						
Balance at 1 April 2011, as previously reported	28,800	(112,434)	2,561	21,363	160,000	100,290
Common control business combination *(Note 3)*	—	(161)	—	—	63,185	63,024
Balance at 1 April 2011, as restated	28,800	(112,595)	2,561	21,363	223,185	163,314
Translation differences	—	24,012	—	—	—	24,012
Balance at 31 March 2012, as restated	28,800	(88,583)	2,561	21,363	223,185	187,326
Balance at 1 April 2012, as previously reported	28,800	(90,778)	2,561	21,363	160,000	121,946
Common control business combination *(Note 3)*	—	2,195	—	—	63,185	65,380
Balance at 1 April 2012, as restated	28,800	(88,583)	2,561	21,363	223,185	187,326
Translation differences	—	6,551	—	—	—	6,551
Common control business combination *(Note 3)*	—	—	—	—	(82,354)	(82,354)
Balance at 31 December 2012	28,800	(82,032)	2,561	21,363	140,831	111,523

Notes:

(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.

(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) Amounts represented difference between capitalised debt and par value of convertible preference shares issued in 2009 and merger reserve resulted from common control business combination (Note 3).

13. TRADE AND OTHER PAYABLES

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**250,549**	210,303
Advance from customers	**134,737**	83,373
Other payables	**364,332**	307,066
Accrued expenses	**28,508**	14,769
Amounts due to related parties	**6,827**	14,800
	784,953	630,311

Note:

At 31 December 2012, the ageing analysis of the trade payables based on invoice date was as follows:

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
0 — 90 days	**87,381**	74,618
91 — 180 days	**32,895**	33,615
181 — 360 days	**36,896**	30,409
Over 360 days	**93,377**	71,661
	250,549	210,303

PERFORMANCE REVIEW

2012 is the second year of the implementation of China's "Twelfth Five-year Plan". The continuous economic growth, the process of urbanization and industrialization of China have further increased the demand for energy. On the other hand, a new standard of ambient air quality issued by the State Council and the serious problems of China's air quality have further stimulated demand for the natural gas to maintain a good growth momentum.

The Group has continuously dedicated to the sustainable and continuous development of its gas business and has focused on market expansion in Tianjin Binhai New Area. It has enhanced the integration and optimization of other cities' resources and has further improved its management system. Through the joint effort of its management and staff, the Group has achieved rapid growth of business for the fourth consecutive year.

With hard endeavors, the Group created a series of good conditions for its further rapid development, including:

- Basically completed the layout of main pipeline network in our key business region, Tianjin Binhai New Area. Together with the Tianjin Binhai Second Gas pipeline acquired from our substantial shareholder in February 2012, our pipeline network has covered the main development area of Tianjin Binhai New Area, thereby providing a solid foundation for the Group's long-term development within Tianjin Binhai New Area.

- In recent years, the newly constructed gas pipeline network in other business area outside of Tianjin Binhai New Area amounted to approximately 300 kilometers, which is a delightful growth of some of the Company's subsidiaries based outside of Tianjin.

- In addition to a stable growth of gas consumption by Tianjin Pipe, Tianjin Eco-City and some other important customers, the Company has also started providing gas for Tang Shan Lan Xin Glass Corporation Limited from June 2012, symbolizing a new progress of our market expansion.

- Further strengthened the cooperation with China National Petroleum Corporation and Sinopec and has fostered considerable development in gas supplies coordination, purchasing procedures and gas allocation and delivery. Meanwhile, the Company has achieved positive progress in cooperating with Sinopec in promoting automobile gas filling business.

- In October 2012, the Group successfully issued RMB500,000,000 bonds in Hong Kong at a reasonable price, providing sufficient funding for the Group's future development.

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 customers 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 2012, the Group's total gas pipeline network was approximately 1,489 kilometers, representing an increase of 337 kilometers of the pipeline network from 1,152 kilometers as at 31 March 2012. Of this increase, 144 kilometers was through the acquisition of the Six Subsidiaries. During the nine months ended 31 December 2012, the connection service fees amounted to approximately HK$275,128,000, representing an increase of HK$75,817,000 or 38% and a decrease of HK$29,557,000 or 10% compared to HK$199,310,000 for the nine months ended 31 December 2011 and HK$304,685,000 for the year ended 31 March 2012 respectively.

Piped Gas Sales

During the nine months ended 31 December 2012, consumption of piped gas by residential and industrial customers amounted to approximately $1,234 \times 10^6$ and $7,461 \times 10^6$ mega-joules respectively, as compared to $1,374 \times 10^6$ and $9,287 \times 10^6$ mega-joules respectively for the year ended 31 March 2012. For the period, the piped gas sales income of the Group amounted to HK$745,267,000, representing an increase at HK$108,487,000 or 17% and a decrease of HK$182,140,000 or 20% compared to HK$636,789,000 for the nine months ended 31 December 2011 and HK$927,407,000 for the year ended 31 March 2012 respectively.

Property Development

As the real estate business does not meet the Group's strategic direction of focusing on the development of the gas business, also taking into account the impact of control policy of Mainland China on real estate business, the Group plans to dispose its property, which under development.

FINANCIAL REVIEW

Gross Profit Margin

For the nine months ended 31 December 2012, the gross profit of the Group was HK$232 million (for the nine months ended 31 December 2011: HK$155 million and the year ended 31 March 2012: HK$262 million) and the gross profit margin for the Group was 19% (for the nine months ended 31 December 2011: 13% and the year ended 31 March 2012: 16%). The increase of gross profit margin was mainly due to the change in revenue structure of the Group. For the nine months ended 31 December 2012, on-site gas sales, which contributed lower gross profit, decreased by 60% to HK$171,449,000 as compared to with the year ended 31 March 2012.

Administrative Expenses

Administrative expenses of the Group for the nine months ended 31 December 2012 was HK$104 million, representing an increase of HK$22 million and a decrease of HK$4 million compared to HK$82 million for the nine months ended 31 December 2011 and HK$108 million for the year ended 31 March 2012 respectively. Management cost comprising labor cost increased as the Group further expanded its business scope.

Profit attributable to owners of the Company

For the nine months ended 31 December 2012, the profit attributable to owners of the Company was approximately HK$90 million, comparing to HK$68 million and HK$114 million for the nine months ended 31 December 2011 and the year ended 31 March 2012 respectively.

Basic earnings per share for the nine months ended 31 December 2012 was HK0.8 cents, as compared to HK0.6 cents and HK1.0 cents for the nine months ended 31 December 2011 and the year ended 31 March 2012 respectively.

Liquidity and financial resources

As at 31 December 2012, the total borrowings of the Group were HK$1,656,394,000 (as at 31 March 2012: HK$794,628,000) and the cash and bank deposit of the Group was HK$849,305,000 (as at 31 March 2012: HK$466,976,000), which include cash and cash equivalents of HK$818,231,000 and pledged bank deposits of HK$31,074,000. As at 31 December 2012, the Group had consolidated current assets of HK$1,350,852,000 and its current ratio was approximately 0.95. As at 31 December 2012, the Group had a gearing ratio of approximately 239%, measured by the ratio of total consolidated borrowings of HK$1,656,394,000 to consolidated total equity (includes all capital and reserves of the Group excluding non-controlling interests) of HK$692,718,000.

Borrowings Structure

As at 31 December 2012, the total borrowings of the Group were HK$1,656,394,000 (as at 31 March 2012: HK$794,628,000). Borrowings from Hong Kong syndicated banks of HK$468,396,000 were denominated in Hong Kong Dollars, secured by the Company's guarantee and interests in certain of the Group's subsidiaries, bearing interests at a floating rate. Borrowings from China Merchant Bank of HK$5,000,000 were denominated in Hong Kong Dollars, unsecured, bearing interest at a fixed rate of 4%. Borrowings from Bank of Tianjin were denominated in RMB, unsecured, bearing interest at a fixed rate of 7.20%. Borrowings from other PRC banks were denominated in RMB, secured by guarantee, bearing interest at prevailing market rates. The Bonds of RMB500,000,000 were issued at an issue price of 100 per cent., unsecured, bearing interest at a rate of 6.50 per cent. As at 31 December 2012, short-term borrowings and current portion of long-term borrowings amounted to HK$593,897,000, while the remaining were long-term borrowings falling due to 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 the net cash to be generated from operation of the Group and the available banking facilities, the Directors believe that the Group is able to meet its liabilities as and when they fall due.

Exposure 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 nine months ended 31 December 2012, the Group recognized a fair value loss on derivative financial instrument of HK$12,732,000 (for the year ended 31 March 2012: 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 order to minimize the risk of rising interest rates and to control borrowing costs, the Group entered into an interest rate swap contract with Standard Chartered Bank London with an aggregate notional amount of HK$571,635,500 to control the future interest charges ("Swap Contract"). The deferred payment interest rate swap contract will be effective on 30 September 2013 and will be terminated on 30 September 2018 ("Termination Day"). Before the Termination Day, the changes in the fair value of the Swaps Contract don't have a significant impact on the Group's cash flow. In view of the market interest rates at historically 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 December 2012, the Group had pledged bank deposits of HK$31,074,000 (as at 31 March 2012: HK$6,154,000).

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

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

Acquisitions, disposals and significant investments

On 26 October 2012, the Company announced that the Group had acquired six subsidiaries of TEDA HK, namely Jizhou Binhai Gas Co., Ltd., Anxin TEDA Gas Co., Ltd., Qingyuan Binhai Gas Co., Ltd., Fengxian Binhai Gas Co., Ltd., Liuyang Binhai Gas Co., Ltd., and Gaoan TEDA Gas Co., Ltd. The Group paid TEDA HK in Hong Kong dollars an amount equivalent to RMB66,124,792.53 with reference to the net asset value of these six subsidiaries as at 31 December 2011 in the acquisition. The Company considers that the business operations of these six subsidiaries have improved and are worth investing in by the Group. The Group anticipates that this acquisition will enhance the value of the Group.

Change of financial year end date

The accounts covering a period of nine months from 1 April 2012 to 31 December 2012 are prepared due to the change of the financial year end date of the Company from 31 March to 31 December, as set out in the Company's announcement dated 27 December 2012.

Contingent Liabilities

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

PROSPECTS

The Group is fully confident of the promising growth prospects in the gas industry. The Company will reach a higher stage of development on its current foundation.

2013 will be a crucial year for the Group's future development. Our primary tasks are as follows:

1. Focusing on the improvement of utilizing efficiency of corporate assets;

2. Further integrating existing corporate resources, providing key support and priority to the areas and subsidiaries with development potential and market;

3. Further upgrading corporate informatization level, improving the efficiency and effect of business operation through optimizing corporate management; and

4. Further enhancing cooperation with shareholders, investors, government departments, creditors and other stakeholders to realize a common interest of all parties.

EMPLOYEES

As at 31 December 2012, the Group had 1,375 employees (as at 31 March 2012: 1,147). For the nine months ended 31 December 2012, the salaries and wages of the employees was HK$60 million (for the year ended 31 March 2012: HK$64 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 period will be distributed to reward the contribution of the Group's employees. 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 BUSINESS

During the period, 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 December 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.	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.	Boxing Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
4.	Jinan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
5.	Jiangshan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
6.	Xuzhou Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
7.	Huaining Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
8.	Jiangxi Nanchang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
9.	Suqian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
10.	Xinyi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
11.	Ningyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
12.	Weishan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibility for the leadership and control of the Group, including provision and formulation of the Group's business directions and strategies in the interests of the Group. It believes in good corporate governance practices that strengthen investors' confidence, facilitate the development of the Group, and increase transparency in the operation of the Group, ultimately striving for the long term interest of the Group and enhancement of shareholders' value. During the nine months ended 31 December 2012, the Group had fully complied with the code provisions set out in Appendix 15 of the GEM Listing Rules except for the following two exceptions:

1. Due to the change of the financial year end date, there were only 9 months during the period ended 31 December 2012, and only 3 regular Board meetings were held during the period which did not comply with the code provision A.1.1.

2. Due to their temporary business activities, the non-executive Directors and one independent non-executive Director were unable to attend the annual general meeting held on 23 August 2012 which did not comply with the code provision A.6.7.

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 of Directors are available on the websites of the GEM of the Stock Exchange and the Company. The main responsibilities of the Audit Committee include but 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. monitoring the integrity of the Company's financial statements, the annual report and accounts, half-year report and quarterly reports; and

3. reviewing 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 nine months ended 31 December 2012 and has provided advice and comments thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding securities transactions by directors of the Company 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. The Directors of trading securities shall be approved by the Chairman of the Board and in accordance with the required standard of time and numbers for securities trading.

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 nine months ended 31 December 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 nine months ended 31 December 2012.

ISSUANCE OF ANNUAL REPORT

The Annual Report for the nine months ended 31 December 2012 will be published and despatched to the shareholders of the Company on or before 31 March 2013.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

The figures in respect of this preliminary announcement of the Group's results for the nine months ended 31 December 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 period. 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, 22 March 2013

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.