濱海投資有限公司

BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

Stock Code: 8035

Annual Report 2012

2012.4.1 - 2012.12.31

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.

CONTENT

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhang Bing Jun *(Chairman)*
Mr. Gao Liang

NON-EXECUTIVE DIRECTORS

Mr. Shen Xiao Lin
Mr. Dai Yan
Mr. Wang Gang
Mr. Zhang Jun
Ms. Zhu Wen Fang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Shing Hing, *J.P.*
Mr. Lau Siu Ki, Kevin
Professor Japhet Sebastian Law
Mr. Tse Tak Yin

AUDIT COMMITTEE

Mr. Lau Siu Ki, Kevin *(Chairman)*
Mr. Ip Shing Hing, *J.P.*
Professor Japhet Sebastian Law
Mr. Tse Tak Yin

REMUNERATION COMMITTEE

Professor Japhet Sebastian Law *(Chairman)*
Mr. Gao Liang
Mr. Ip Shing Hing, *J.P.*
Mr. Lau Siu Ki, Kevin
Mr. Tse Tak Yin

NOMINATION COMMITTEE

Mr. Ip Shing Hing, *J.P.* *(Chairman)*
Mr. Gao Liang
Professor Japhet Sebastian Law
Mr. Lau Siu Ki, Kevin
Mr. Tse Tak Yin

COMPLIANCE OFFICER

Mr. Gao Liang

JOINT COMPANY SECRETARIES

Mr. Yin Fu Gang
Mr. Yip Wai Yin

AUTHORISED REPRESENTATIVE

Mr. Gao Liang
Mr. Yin Fu Gang

AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton
HM11 Bermuda

HEAD OFFICE

Suites 3205-07, 32/F., Tower Two
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

COMPLIANCE ADVISER

WAG Worldsec Corporate Finance Limited
6th Floor, New Henry House
10 Ice House Street, Central, Hong Kong

LEGAL ADVISER ON HONG KONG LAW

Woo Kwan Lee & Lo
26th Floor, Jardine House, 1 Connaught Place
Central, Hong Kong

PRINCIPAL BANKERS

CITIC Bank International Limited
Standard Chartered Bank (Hong Kong) Limited
China Merchants Bank Hong Kong Branch
China Construction Bank
Standard Chartered Bank (China) Limited
Tianjin Branch
Bank of Tianjin Company Limited

STOCK CODE

8035

WEBSITE

www.binhaiinv.com

CORPORATE PROFILE

Binhai Investment Company Limited — **incorporated: Bermuda**

↓ 100%

Winstar Venture Limited — **incorporated: BVI**

↓ 100%

Binhai Investment Hong Kong Company Limited — **incorporated: Hong Kong**

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Share-holding		Incorporated
100%	**Tianjin Binhai Xinda Real Estate Company Limited**	**Tianjin**
100%	**Binhai Investment (Tianjin) Company Limited**	**Tianjin**

Share-holding		Incorporated
100%	Tianjin Binda Gas Enterprise Company Limited	Tianjin
100%	Tianjin Bintai Energy Development Company Limited	Tianjin
100%	Tianjin HuaTai Xinda Company Limited	Tianjin
85%	Beijing Airport TEDA Gas Company Limited	Beijing
90%	Sanhe TEDA Gas Company Limited	Hebei Province
85%	Zhuozhou Binhai Gas Development Company Limited	Hebei Province
100%	Qinhuangdao TEDA Gas Company Limited	Hebei Province
100%	Zibo Jin Bin Gas Company Limited	Shandong Province
100%	Binzhou Wah Sang Gas Company Limited	Shandong Province
99%	Changle Wah Sang Gas Company Limited	Shandong Province
100%	Dezhou Wah Sang Gas Company Limited	Shandong Province
100%	Qingdao Jiaonan Wah Sang Gas Company Limited	Shandong Province
100%	Qingdao Jiaozhou Wah Sang Gas Company Limited	Shandong Province
100%	Haiyang Wah Sang Gas Company Limited	Shandong Province
100%	Zhaoyuan Binhai Gas Company Limited	Shandong Province
100%	Yishui Binhai Gas Company Limited	Shandong Province
100%	Qingdao Laixi Wah Sang Gas Company Limited	Shandong Province
100%	Rizhao Binhai Gas Company Limited	Shandong Province
100%	Qixia Wah Sang Gas Company Limited	Shandong Province
100%	Leiyang Wah Sang Gas Company Limited	Hunan Province
100%	Funing TEDA Gas Company Limited	Jiangsu Province
100%	Jinhu Wah Sang Gas Company Limited	Jiangsu Province
100%	Suining Wah Sang Gas Company Limited	Jiangsu Province

CORPORATE PROFILE

100%	Yizheng TEDA Gas Company Limited	Jiangsu Province
100%	Nanjing Binhai Gas Company Limited	Jiangsu Province
99%	Jurong Wah Sang Gas Company Limited	Jiangsu Province
98%	Zhangjiagang Wah Sang Gas Company Limited	Jiangsu Province
99%	Jingjiang Wah Sang Gas Co., Ltd	Jiangsu Province
90%	Deqing Wah Sang Gas Development Company Limited	Zhejiang Province
100%	Haiyan Tian Tai Gas Development Company Limited	Zhejiang Province
100%	Huzhou Nanxun Binhai Gas Company Limited	Zhejiang Province
98%	Tonglu Wah Sang Gas Company Limited	Zhejiang Province
100%	Tangshan Binhai Gas Company Limited	Hebei Province
100%	Yizheng Jin Bin Gas Company Limited	Jiangsu Provice
100%	Tangshan TEDA Gas Company Limited	Hebei Province
98%	Jizhou Binhai Gas Company Limited	Hebei Province
99%	Anxin TEDA Gas Company Limited	Hebei Province
99.71%	Qingyuan Binhai Gas Company Limited	Hebei Province
100%	Fengxian Binhai Gas Company Limited	Jiangsu Province
100%	Liuyang Binhai Gas Company Limited	Hunan Province
100%	Gaoan TEDA Gas Company Limited	Jiangxi Province

FINANCIAL HIGHLIGHTS

	Audited Nine months ended 31 December 2012 *HK$'000*	Audited Year ended 31 March 2012 *HK$'000*	**Percentage Change**	Unaudited 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

	Audited 31 December 2012 *HK$'000*	Audited 31 March 2012 *HK$'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%

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am delighted to present the annual report of Binhai Investment Company Limited (the "Company") and its subsidiaries (collectively, the "Group") for the nine months ended 31 December 2012. This report covers a period of nine months from 1 April 2012 to 31 December 2012 due to the change of financial year end date from 31 March to 31 December, as set out in the Company's announcement dated 27 December 2012.

BUSINESS 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 focussed 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 the stable growth of gas consumption by Tianjin Pipe Group Corporation ("Tianjin Pipe"), Tianjin Eco-City Energy Investment Construction Company Limited ("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.

CORPORATE GOVERNANCE

The Group has spared no effort to strengthen corporate governance practices, which has laid a solid foundation for the Group's healthy development. During the nine months ended 31 December 2012, the management has maintained efficient and adequate communication with all Directors to ensure an efficient and effective operation of the Board. In the fiscal year, the Group has further promoted performance evaluation of the management and staff and the construction of informatization to upgrade the level of corporate management. In the fiscal year, the Group continued to engage WAG Worldsec Corporate Finance Limited ("WAG Worldsec") as its compliance adviser, assisting the Groups to follow and comply with the GEM Listing Rules.

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.

The developments and accomplishments obtained by the Company since its resumption of trading are inseparably owed to the respect for and adaptation to the market development trends, the wise and correct decisions by the Board, the struggling and exploring by all staff, and the support from all shareholders and cooperation partners.

CHAIRMAN'S STATEMENT

Currently, the Group's gas business scope encompasses six provinces and two municipalities in Mainland China. We have great confidence in constantly increasing the level of investment return and profit, and will make unremitting endeavor to become an influential gas supplier in Mainland China.

On behalf of the Board, I extend my gratitude and appreciation to shareholders, clients, employees, business partners and other stakeholders for their strong support towards the Group.

On behalf of the Board
Binhai investment Company Limited

Zhang Bing Jun
Chairman of the Board

Hong Kong, 22 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the construction of gas pipeline networks, provision of connection services and the sale of liquefied petroleum gas ("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 1,234x10^6 and 7,461x10^6 mega-joules respectively, as compared to 1,374x10^6 and 9,287x10^6 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 of 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 is under development.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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"). Pursuant to the Swap Contract, the Group will pay interest at a fixed rate at 2.25%, and will receive interest at floating rate with reference to the HIBOR as published by the Hong Kong Associate of Bank. 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 the 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 Hong Kong Property Company Limited ("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 "Six Subsidiaries"). 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 the Six Subsidiaries as at 31 December 2011 for the acquisition of the Six Subsidiaries. The Company considers that the business operations of the such Six Subsidiaries have improved and are worth investing in by the Group. The Group anticipates that acquisition will enhance the value of the Group.

Contingent Liabilities

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

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. Details of pension scheme are set out in Note 2.21(c) and Note 9 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The Board presents the corporate governance report of the Company for the nine months ended 31 December 2012.

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 ("Corporate Governance Code") 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; and

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.

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 of the Company throughout the nine months ended 31 December 2012.

CORPORATE GOVERNANCE REPORT

THE BOARD

The Board currently comprises eleven Directors, including two executive Directors, five non-executive Directors, and four independent non-executive Directors. Mr. Zhang Bing Jun is the chairman of the Board and an executive Director, Mr. Gao Liang is the general manager of the Company and an executive Director, Mr. Shen Xiao Lin, Mr. Zhang Jun, Mr. Dai Yan, Mr. Wang Gang and Ms. Zhu Wen Fang are non-executive Directors, Mr. Ip Shing Hing, *J.P.*, Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Lau Siu Ki, Kevin are independent non-executive Directors. Detailed information of the Directors are set out in the section titled "BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT" herein.

Rule 5.05 of the GEM Listing Rules requires the Company to have at least three independent non-executive directors and one of whom must have appropriate professional qualifications or accounting or related financial management expertise. Rule 5.05A of the GEM Listing Rules requires the Company to have independent non-executive directors representing at least one-third of the board by 31 December 2012. Rule 5.28 of the GEM Listing Rules requires the Company to retain at all times a minimum of three independent non-executive directors in its audit committee, and at least one member of the audit committee must have appropriate professional qualifications or accounting or related financial management expertise. In addition, as a condition for resumption of trading proposed by the Company to the Securities and Futures Commission ("SFC"), the Company is required to appoint and retain two qualified persons as members of its audit committee from time to time for a period of three years from the date of resumption of trading. The Company has four independent non-executive Directors representing not less than one-third of the Board. Among the four independent non-executive Directors, Mr. Lau Siu Ki, Kevin and Mr. Tse Tak Yin are qualified accountants.

According to Rule 5.09 of the GEM Listing Rules, the Company has received from each independent non-executive Director a written confirmation of independence. The Company considers all independent non-executive Directors to be independent.

There is/are no financial, business, family or other material/relevant relationship(s) between the Board members (including between the Chairman of the Board and the general manager of the Company).

The Board is responsible for the overall management of the Company, undertaking the responsibility to lead and control and to promote the success of the Company through providing direction and supervision. All the Directors are bound by their duties to act in the interests of the Company to make an objective decision. The Board is responsible for the major affairs of the Company, including the approval and supervision of all major policies, overall strategies, internal control and risk management systems, material transactions (particular transactions which may involve a conflict of interest), financial information, appointment of Directors and other material financial and operating matters. The management is responsible for the Group's daily administration and operations. Material transactions by the management are subject to approval of the Board.

A total of 3 regular Board meetings were held during the nine months ended 31 December 2012 to discuss and decide on the Company's major strategies, important business matters, financial issues and issues regarding the Company's bye-laws set forth in other matters. A summary of the Directors' attendance at such meetings is as follows:

Executive Directors	**Number of meetings attended/Number of meetings held**	**Attendance percentage**
Mr. Zhang Bing Jun	3/3	100%
Mr. Gao Liang	3/3	100%

Non-Executive Directors	**Number of meetings attended/Number of meetings held**	**Attendance percentage**
Mr. Shen Xiao Lin	3/3	100%
Mr. Zhang Jun	3/3	100%
Mr. Dai Yan	1/3	33%
Mr. Wang Gang	3/3	100%
Ms. Zhu Wen Fang	2/3	67%

Independent Non-Executive Directors	**Number of meetings attended/Number of meetings held**	**Attendance percentage**
Mr. Lau Siu Ki, Kevin	3/3	100%
Mr. Ip Shing Hing, *J.P.*	3/3	100%
Professor Japhet Sebastian Law	3/3	100%
Mr. Tse Tak Yin	3/3	100%

DIRECTORS' AND OFFICERS' INSURANCE

Appropriate insurance covering directors' and officers' liabilities have been in force in order to protect the directors and officers of the Group from any risks arising from the business of the Group.

DIRECTORS' TRAINING

Record of training received by each Director in 2012 is summarized below:

Directors	Contents of the training
Mr. Zhang Bing Jun	A
Mr. Gao Liang	A
Mr. Shen Xiao Lin	A
Mr. Zhang Jun	A
Mr. Dai Yan	A
Mr. Wang Gang	A
Ms. Zhu Wen Fang	A
Professor Japhet Sebastian Law	A, B, C
Mr. Lau Siu Ki, Kevin	D
Mr. Tse Tak Yin	D
Mr. Ip Shing Hing, *J.P.*	E

A. briefing by legal adviser on disclosure of inside information

B. attending seminar organized by an institute in Singapore

C. study of cases of various infringement/violation of HKSE regulations

D. attending CPD required by HKICPA

E. attending seminars on "Role of Solicitors under the Reverse Mortgage Programme of Hong Kong Mortgage Corporation Limited", "Data Protection in Banking/Financial Services", "Recent Developments in Securities Law", and "The Carbon Disclosure Project in Asia — Trends and Targets for 2012"

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS

The following table lists details of Directors' attendance of general meetings of the Company held during the nine months ended 31 December 2012:

Directors	Number of general meetings attended / Number of meetings held	Attendance percentage
Mr. Zhang Bing Jun	1/1	100%
Mr. Gao Liang	1/1	100%
Mr. Shen Xiao Lin	0/1	0%
Mr. Zhang Jun	0/1	0%
Mr. Dai Yan	0/1	0%
Mr. Wang Gang	0/1	0%
Ms. Zhu Wen Fang	0/1	0%
Mr. Lau Siu Ki, Kevin	1/1	100%
Mr. Ip Shing Hing, *J.P.*	1/1	100%
Professor Japhet Sebastian Law	0/1	0%
Mr. Tse Tak Yin	1/1	100%

CHAIRMAN OF THE BOARD AND GENERAL MANAGER

Mr. Zhang Bing Jun is the chairman of the Board ("Chairman"). Mr. Gao Liang is the general manager of the Company ("General Manager"). The Chairman is primarily responsible for leading the Board and ensuring the effective operation of the Board, and the General Manager is primarily responsible for the day-to-day operations of the Company. Such distinction between the respective roles and responsibilities of the Chairman and the General Manager are set out in the Company's bye-law and the Regulation on Operation of the Board and its Committees of the Company.

TERM OF OFFICE AND RE-ELECTION

Independent non-executive Directors have a two-year term of office, and non-executive Directors have a three-year term of office, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

In accordance with the Company's bye-law 87(2), Mr. Dai Yan (a non-executive Director), Mr. Lau Siu Ki, Kevin and Mr. IP Shing Hing, *J.P.* (both independent non-executive Directors) will retire by rotation and will be eligible for re-election at the forthcoming annual general meeting of the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") comprises four independent non-executive Directors, namely Professor Japhet Sebastian Law (chairman), Mr. Tse Tak Yin, Mr. Lau Siu Ki, Kevin, Mr. Ip Shing Hing, *J.P.*, and an executive Director, Mr. Gao Liang.

The Terms of Reference of the Remuneration Committee (as amended) approved by the Board are available on the websites of the GEM of the Stock Exchange and the Company.

The main responsibilities of the Remuneration Committee include but not limited to, the following:

1. making recommendations to the Board on the Company's policy and structure for all Director's and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; and

2. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the nine months ended 31 December 2012, 2 meetings were held by the Remuneration Committee. The Remuneration Committee reviewed the remuneration of individual Directors and senior management and made recommendation to the Board.

Committee members	Number of meetings attended/Number of meetings held	Attendance percentage
Professor Japhet Sebastian Law *(chairman)*	2/2	100%
Mr. Ip Shing Hing, *J.P.*	2/2	100%
Mr. Lau Siu Ki, Kevin	2/2	100%
Mr. Tse Tak Yin	2/2	100%
Mr. Gao Liang	2/2	100%

The remuneration of members of the senior management by band for the nine months ended 31 December 2012 is set out below :

Remuneration band	Number of individuals
Nil to HK$1,000,000	15
HK$1,000,001 to HK$1,500,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to the GEM Listing Rules are set out in Note 9 to the financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") currently comprises four independent non-executive Directors, namely Mr. Ip Shing Hing, *J.P.* (chairman), Professor Japhet Sebastian Law, Mr. Tse Tak Yin, Mr. Lau Siu Ki, Kevin and an executive Director, Mr. Gao Liang.

The Terms of Reference of the Nomination 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 Nomination Committee include but not limited to, the following:

1. reviewing the structure, size, and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the corporate strategy;

2. assessing the independence of independent non-executive Directors and proposed independent non-executive Directors; and

3. Identifing individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

Nomination procedures of the Nomination Committee include identification and acknowledgement of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee will evaluate potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

During the nine months ended 31 December 2012, 1 meeting was held by the Nomination Committee. The Nomination Committee mainly discussed the direction of Board optimization in the future.

Committee members	Number of meetings attended/Number of meetings held	Attendance percentage
Mr. Ip Shing Hing, *J.P. (chairman)*	1/1	100%
Professor Japhet Sebastian Law	1/1	100%
Mr. Lau Siu Ki, Kevin	1/1	100%
Mr. Tse Tak Yin	1/1	100%
Mr. Gao Liang	1/1	100%

AUDITOR'S REMUNERATION

The statement of responsibility to the financial statements by PricewaterhouseCoopers, the auditor of the Group, is set out in the section of "INDEPENDENT AUDITOR'S REPORT" on pages 49 to 50 of this Annual Report. The remuneration for the auditor's services for the nine months ended 31 December 2012 amounted to RMB3.05 million.

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 (chairman), Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Ip Shing Hing, *J.P.*. Mr. Lau and Mr. Tse are qualified accountants.

6 meetings were held by the Audit Committee during the nine months ended 31 December 2012.

At the meetings, the Audit Committee reviewed and discussed the following matters:

1. the audited results, financial statements of the Group for the year ended 31 March 2012;

2. the unaudited results of the Group for the 3 months and 6 months ended 30 June 2012 and 30 September 2012 respectively;

3. financial reporting system and internal control procedures;

4. relationship with the external auditor including approval of the audit fee and making recommendation on re-appointment of auditor; and

5. function of corporate governance, and disclosure policy.

The following table lists the details of attendance of the members of the Audit Committee at the meetings held during the nine months ended 31 December 2012:

Committee members	Number of meetings attended/Number of meetings held	Attendance percentage
Mr. Lau Siu Ki, Kevin *(chairman)*	6/6	100%
Professor Japhet Sebastian Law	4/6	67%
Mr. Tse Tak Yin	6/6	100%
Mr. Ip Shing Hing, *J.P.*	6/6	100%

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Audit Committee has also reviewed the audited annual results of the Group for the nine months ended 31 December 2012. The Audit Committee opined and viewed that:

1. The Group's accounting and management system and controls procedures have been maintained at a generally satisfactory and acceptable standard; and

2. The quarterly, interim and annual financial statements for the relevant reporting periods are complete and accurate in all respects.

CORPORATE GOVERNANCE FUNCTION

The Company has not established a corporate governance committee and the corporate governance functions are to be performed by the Audit Committee as set out in its terms of reference. The Audit Committee had considered the policies and practices for corporate governance as set out in the Corporate Governance Code.

DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation and the true and fair presentation of the consolidated financial statements for the nine months ended 31 December 2012 in accordance with statutory requirements and applicable standards.

The Directors consider that in preparing the financial statements, the Group adopts appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed. The Directors are responsible for ensuring that the Group had kept the accounting records, which disclose with reasonable accuracy the financial position of the Group, and facilitate the preparation of the financial statements in accordance with the applicable accounting standards.

CORPORATE GOVERNANCE REPORT

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 49 to 50 herein.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is to safeguard the assets of the Group and the shareholders' investment and to ensure the reliability of financial reporting as well as compliance with the relevant requirements of the GEM Listing Rules.

During the nine months ended 31 December 2012, the management of the Company provided training to the internal audit, accounting team and operations teams, so as to ensure effective implementation of the internal control system and procedures. The Audit Committee paid great attention to internal controls and made efforts to improve the internal control system during the nine months ended 31 December 2012.

The Company established internal control department, which is responsible for the implementation of the specific responsibilities of the internal control carried out 14 internal control reviews and audit projects during the nine months ended 31 December 2012.

The Directors have conducted reviews of its internal control system periodically to ensure the effective and adequate internal control system. The Company convened meetings periodically to review financial, operational and compliance controls. The Directors are of the view that the existing system of internal control is effective and adequate for the Group.

COMPLIANCE ADVISER

WAG Worldsec has been appointed as the compliance adviser of the Company, for the period commencing on the date of resumption of trading in the ordinary shares of HK$0.01 each in the capital of the Company ("Shares") on GEM (12 May 2009) and ending on the date that the Company issues its financial results of the third full financial year after the date of resumption of trading. The responsibility of the compliance adviser is to provide the Company with advice regarding compliance with the GEM Listing Rules and corporate governance matters. The compliance adviser is independent from the Company and the Group.

JOINT COMPANY SECRETARIES

Mr. Yin Fu Gang ("Mr. Yin"), an employee of the Company, has been appointed as a company secretary of the Company. The Company also engaged and appointed Mr. Yip Wai Yin ("Mr. Yip"), a Hong Kong practicing solicitor, as a company secretary of the Company. They work together as joint company secretaries of the Company in handling the corporate secretarial matters of the Company. Mr. Yin has day-to-day involvement in the affairs of the Company. The primary corporate contact person at the Company with Mr. Yip is Mr. Yin.

The joint company secretaries of the Company have duly complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the bye-laws of the Company, Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Chairman of the Board, or in his absence, an executive Director. The chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will be commonly be present and available to answer questions. Shareholders may also contact the company secretary of the Company to direct their written enquires.

CORPORATE GOVERNANCE REPORT

The Company is committed to enhancing communications and relationships with its investors. Designated senior management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.binhaiinv.com, where updates on the Company's business developments and operations, financial information and news can always be found.

As regards the shareholders' communication policy, please refer to the procedures made available under the Corporate Governance of the Company's website at www.binhaiinv.com.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Hong Kong

Address:	Suite 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Tel:	(852) 2572 9228
Fax:	(852) 2572 9283
Email:	prd@binhaiinv.com

Tianjin

Address:	Suites 501-502, Block 6, East Area, Airport Business Park, 80 Huanhe Road North, Airport Industrial Park, Tianjin, China
Tel:	86-22-5880 1800
Fax:	86-22-5880 1801
P.C.:	300308
E-mail:	wsg@binhaiinv.com

The updated memorandum of association and bye-laws of the Company have been posted on the website of the Company at www.binhaiinv.com and the designated website of the Stock Exchange at www.hkexnews.hk. There was no change to the memorandum of association and bye-laws of the Company during the nine months ended 31 December 2012.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Bing Jun, aged 49, is the Chairman and an Executive Director since 25 February 2011. Mr. Zhang graduated from Xidian University (西安電子科技大學) with a Bachelor of Engineering Science degree in 1984 and is a qualified senior engineer of the People's Republic of China (the "PRC"). Mr. Zhang studied the State-owned Enterprises course at the Beijing Motorola University (北京摩托羅拉大學) and the Executive Master of Business Administration course at the Guanghua School of Management of the Beijing University (北京大學光華管理學院). Mr. Zhang is currently the Party Secretary and Chairman of TEDA, a wholly State-owned company established in the PRC which indirectly holds 50.13% ordinary shares of the Company through TEDA Hong Kong Property Co., Ltd. ("TEDA HK"). Mr. Zhang has over twenty years' experience in electronic engineering, corporate strategy and planning, management, operation and investment. Mr. Zhang was the General Manager and Deputy Party Secretary of TEDA from June 2006 to January 2011, the Deputy General Manager of Tianjin Zhonghuan Electronic Information Group Co., Ltd. (天津中環電子信息集團有限公司) from December 2005 to June 2006, the Chairman, General Manager and Deputy Party Secretary of Tianjin Optical Electrical Group Co., Ltd. (天津光電集團有限公司) from April 2003 to June 2006 and the Chairman, General Manager and Deputy Party Secretary of Tianjin Optical Electrical Communications Company (天津光電通信公司) from April 1997 to April 2003. Since April 2011, he has been chairman of Sihuan Pharmaceutical Co., Ltd. (四環藥業股份有限公司) (a company listed on Shenzhen Stock Exchange). Since February 2013, he has been the chairman of Tianjin TEDA Co., Ltd. (天津泰達股份有限公司) (a company listed on Shenzhen Stock Exchange).

Mr. Gao Liang, aged 45, is the General Manager and an Executive Director since August 2009. He is the Compliance Officer of the Company since February 2010. He is also the general manager of Binhai Investment (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Company incorporated in the PRC since April 2009. Mr. Gao is a senior engineer. He graduated from Wuhan Urban Construction Institute (武漢城市建設學院) with a major in environment hygiene engineering in 1988, and obtained a master's degree in business administration from Nankai University (南開大學) in 2005. He was the deputy director of the Science Promotion Center of Urban and Rural Development Administrative Committee of Tianjin Municipal (天津市城鄉建設管理委員會科技推廣中心) for the period from 1993 to 1995 and the deputy director of the Tianjin Municipal Environmental and Hygienic Engineering Design Council (天津市環衛工程設計院) for the period from 1995 to 2001.

Mr. Gao is a member of the Remuneration Committee and the Nomination Committee.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Directors

Mr. Shen Xiao Lin, aged 45, is a Non-Executive Director since 25 February 2011. Mr. Shen is a Doctor of Management Studies who graduated from the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) with a Doctorate degree in Technical Economics and Management in December 2001. Mr. Shen obtained a master's degree in Economics and Management at the School of Management of Huazhong University of Science and Technology (華中科技大學管理學院) in July 1992 and a Bachelor of Industrial Electrical Automation degree at the Wuhan University of Science and Technology (武漢科技大學) in July 1989, and is a qualified senior economist and accountant of the PRC. Mr. Shen is currently the Deputy General Manager of TEDA. Mr. Shen was appointed as a full-time supervisor of the Supervisory Board for Key Large State-Owned Enterprises of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國資委國有重點大型企業監事會) from March 2003 to August 2008, a full-time supervisor of the Supervisory Board for Key Large State-Owned Enterprises of the Central Enterprises Work Committee (中央企業工作委員會國有重點大型企業監事會) from September 2002 to March 2003 and the Deputy Head of Project Finance of Shougang Company (首鋼總公司) from January 1999 to September 2002. He worked in the Economic Development Research Centre of the State Metallurgical Industry Bureau (國家冶金部經濟發展研究中心) from July 1992 to December 1998. Since 19 April 2011, he has been a director of Sihuan Pharmaceutical Co., Ltd. (四環藥業股份有限公司) , a company listed on Shenzhen Stock Exchange.

Mr. Zhang Jun, aged 45, is a Non-Executive Director since February 2010. Mr. Zhang worked as an Executive Director since June 2009, and was re-designated as a non-executive Director in February 2010. Mr. Zhang graduated from Beijing Normal University (北京師範大學) with a degree in philosophy in 1990 and completed a course in economics from NanKai University (南開大學) in 1998. He is currently the deputy general manager and a director of TEDA. Mr. Zhang was the general manager of Tianjin TEDA Group Company Limited (天津泰達集團有限公司), an administrative officer of TEDA and a deputy administrative officer of TEDA Administrative Commission (天津經濟技術開發區管理委員會) and administrative officer of Tianjin TEDA Eco-Landscape Development Co., Ltd. (天津經濟技術開發區總公司園林綠化公司). He acted as the chairman of Tianjin TEDA Co., Ltd. (天津泰達股份有限公司) (a company listed on Shenzhen Stock Exchange) from May 2011 to February 2013. He has been a director of Tianjin Binhai Teda Logistics (Group) Corporation Limited (listed on the Stock Exchange) since April 2008.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Dai Yan, aged 59, is a Non-Executive Director since February 2010. Mr. Dai worked as an Executive Director since 2007, and was re-designated as a non-executive Director in February 2010. Mr. Dai is a senior economist. Mr. Dai graduated from Beijing Foreign Economic Trade University in 1980. In 1998, he completed the postgraduate professional course in law in the Party School of the Central Committee of the Communist Party of China and the postgraduate course of international trade in the Tianjin Economics and Finance Institute respectively. From 1988 to 2002 he worked as the deputy general manager of Tianjin Garment Import & Export Corporation, deputy general manager of Tianjin Garment Associate Corporation, director, deputy general manager and general manager of Tianjin Zhong Fu International Group Company Limited and deputy general manager and director of Tianjin Textile (Holdings) Limited. He is currently a director and deputy general manager of Tianjin Development Holdings Limited and is also a director and deputy general manager of Tsinlien, the controlling shareholder of Tianjin Development Holdings Limited since September 2009.Mr Dai has been an executive director of Tianjin Port Development Holdings Limited (listed on the Main Board of the Stock Exchange). Mr. Dai has solid experience in management for over twenty years.

Mr. Wang Gang, aged 47, is a Non-Executive Director since February 2010. Mr. Wang worked as an Executive Director of the Company since 2004, and was re-designated as a Non-Executive Director in February 2010. He is the former chief executive officer of the Company and the former general manager of Tianjin district operations. He has ample professional experience in thermal engineering. From August 2003 to May 2004, he was the chairman and general manager of TEDA Gas, a subsidiary of Tsinlien and a fellow subsidiary of Tianjin Development operating gas supply business in Tianjin. Mr. Wang was the vice manager of TEDA Heat and Power Company (泰達熱電公司), a wholly owned subsidiary of TEDA, the vice general manager of Tianjin TEDA Tsinlien Heat & Power Co., Ltd. (泰達津聯熱電公司), a subsidiary of Tianjin Development, and the general manager of Guohua Energy Development (Tianjin) Co., Ltd. (國華能源發展(天津)有限公司) from August 1997 to August 2003. Mr. Wang was responsible for the day-to-day operation of the Group including the implementation of the business plan of the Group from May 2004 to July 2007.

Ms. Zhu Wen Fang, aged 45, is a Non-Executive Director since 20 August 2010. Ms. Zhu graduated from Lanzhou University (蘭州大學) with a bachelor's degree in 1990 and a master's degree in business management in 1995. She is currently the manager of the Securities Department of TEDA. Prior to that, Ms. Zhu was project manager of TEDA Industrial Investment Co. Ltd. (天津開發區工業投資公司), and project manager and deputy administrative officer of Tianjin TEDA Group Co., Ltd. (天津泰達集團有限公司), a wholly-owned subsidiary of TEDA. She has been the deputy chairperson of the board of directors of Sihuan Pharmaceutical Co., Ltd. (四環藥業股份有限公司), a company listed on Shenzhen Stock Exchange, since 2009. She has been a director of Changjiang Securities Co., Ltd. (長江證券股份有限公司), a company listed on the Shenzhen Stock Exchange, since 2007, a director of Tianjin Jinbin Development Co., Ltd. (天津津濱發展股份有限公司), a company listed on the Shenzhen Stock Exchange, since 2008, and a director of Tianjin Binhai Energy and Development Co., Ltd. (天津濱海能源發展股份有限公司) since 2007.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Ip Shing Hing *J.P.*, aged 57, is an Independent Non-Executive Director since March 2009. He holds a Bachelor of Laws (Hons.) Degree from the University of Hong Kong and a Master of Arts: Arbitration and Alternative Dispute Resolution from the City University of Hong Kong. He is a solicitor and Notary Public, Hong Kong SAR and China-Appointed Attesting Officer, and Justice of Peace, and has been a practising solicitor in Hong Kong for more than 20 years. He also serves as an independent non-executive director of Far East Hotels and Entertainment Limited and PC Partner Group Limited (listed on the Stock Exchange). He was an independent non-executive director of Quam Limited (listed on the Stock Exchange) during the period from 1 October 2006 to 30 September 2008. He is enthusiastic in community activities which include serving as the President of The Law Society of Hong Kong (2002-2004), Vice-President of The Law Society of Hong Kong (1999-2002), President of the Association of China-Appointed Attesting Officers Limited (since 2012), Director of Hong Kong Chinese General Chamber of Commerce (since 1997) and part-time Member of Central Policy Unit (2004-2005), Member of Basic Law Promotion Steering Committee, and Member of the Greater Pearl River Delta Business Council.

Mr. Ip is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

Professor Japhet Sebastian Law, aged 61, is an Independent Non-Executive Director since March 2009. He obtained his Ph.D. in Mechanical/Industrial Engineering from the University of Texas at Austin in 1976. He joined the Chinese University of Hong Kong in 1986. He was the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002. Professor Law has acted as a consultant with various corporations in Hong Kong and overseas and is currently an independent non-executive director of Tianjin Port Development Holdings Limited, Beijing Capital International Airport Co., Ltd., Global Digital Creations Holdings Limited, Cypress Jade Agricultural Holdings Limited, Regal Hotels International Holdings Limited, and Tianjin Binhai Teda Logistics (Group) Corporation Limited (listed on the Stock Exchange). He is also active in public services, having served as Member of the Provisional Regional Council of the Hong Kong SAR Government, and various Government and charitable boards and committees.

Professor Law is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tse Tak Yin, aged 64, is an Independent Non-Executive Director since March 2009. He has 17 years of experience in finance and operation of the gas industry. He was the Chief Accountant of a local piped gas company in 1980 and was appointed as General Manager of Customer Services Division in 1993 and General Manager of Corporate Development Division until 1997. He is currently Director — Corporate Finance and Affairs of ITApps Limited. Mr. Tse is a Fellow Member of Association of Chartered Certified Accountants ("ACCA") and an Associate Member of Hong Kong Institute of Certified Public Accountants.

Mr. Tse is a member of the Audit Committee, the Remuneration Committee, and the Nomination Committee.

Mr. Lau Siu Ki, Kevin, aged 54, is an Independent Non-Executive Director since March 2009. He is currently running his own management consultancy firm, Hin Yan Consultants Limited. Mr. Lau has previously worked at Ernst & Young for over 15 years. He graduated from the Hong Kong Polytechnic in 1981. Mr. Lau is a Fellow Member of both the ACCA and the HKICPA. Mr. Lau was a Member of the World Council of ACCA from May 2002 to September 2011 and the President of ACCA Hong Kong in 2000/2001. Mr. Lau is currently the company secretary of Yeebo (International Holdings) Limited, and an independent non-executive director of COL Capital Limited, Comba Telecom Systems Holdings Limited, Embry Holdings Limited, Foxconn International Holdings Limited, Samson Holdings Ltd and TCL Communication Technology Holdings Limited respectively and the shares of these companies are listed on the Main Board of the Stock Exchange. Mr. Lau also acted as an independent non-executive director of Greenfield Chemical Holdings Limited, and Proview International Holdings Limited, both companies listed on the Main Board of the Stock Exchange, from April 2002 to June 2010 and September 2005 to August 2010, respectively.

Mr. Lau is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

SENIOR MANAGEMENT

Mr. Ji Li Guo, aged 49, senior engineer, joined the Group in May 2009, is currently Executive Deputy General Manager of the Group. Mr. Ji graduated from Harbin Institute of Technology (哈爾濱工業大學) in 1986. During the period from 1999 to 2005, he served as Chief Engineer of Tianjin TEDA Group Real Estate Department (天津泰達集團房產部). During the period from 2005 to 2009, he served as Deputy General Manager of Tianjin TEDA Venture Project Management Co., Ltd (天津泰達創業項目管理有限公司).

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xing Dong, aged 45, joined the Group in June 2007. He is currently Deputy General Manager of the Group. Mr. Xing graduated from Tianjin University (天津大學) in 1989. During the period from 1990 to 2007, he was Minister of the Engineering Department, Diversion Operation Department and Investment Management Department of Tianjin Economic-Technological Development Area Water Corporation (天津經濟開發區總公司自來水公司).

Mr. Hu Mao Jie, aged 59, senior engineer, joined the Group in July 2009. He is currently Deputy General Manager and Chief Engineer of the Group. Mr. Hu graduated from East China University of Science and Technology (華東理工大學) with a bachelor degree, and obtained a master degree from Tianjin University of Finance and Economics (天津財經大學). During the period from 1998 to 2001, he was Deputy Party Secretary and General Manager of Tianjin Gas Group Company (天津燃氣集團公司). During the period from 2001 to 2003, he was Vice Chairman and Executive Deputy General Manager of Tianjin Gas Group Company (天津燃氣集團公司). During the period from 2004 to 2006, he was Director, General Manager of Beijing New Hualian Gas Investment Company (北京新華聯燃氣投資公司). During the period from 2007 to2008, he was Vice President of China Leason Investment Group (Hong Kong) Co., Ltd. (香港中國聯盛投資公司). Mr. Hu has nearly thirty years of experience in the gas industry, and he is also a director of the China Civil Engineering Association (中國土木工程協會), China Gas Association (中國煤氣協會), and an executive director of China City Gas Society (中國煤氣學會).

Mr. Zhang Zhong Hai, aged 37, accountant, joined the Group in May 2009. He is currently the Chief Finance Officer of the Company and Deputy General Manager of the Group. Mr. Zhang holds a master's degree in accounting in Nankai University (南開大學) and has worked as an accounting manager, finance vice-president and finance minister in other PRC corporations prior to joining the Group.

Mr. Yin Fu Gang, aged 38, joined the Group in September 2009. He is currently the Company Secretary of the Company and Deputy General Manager of the Group. Mr. Yin holds a master's degree of Laws in Nankai University (南開大學). Mr. Yin is a qualified lawyer in the PRC and also has the qualifications as a judge, a corporate legal adviser and an intermediate economist in the PRC. He works together with Mr. Yip Wai Yin, a practising solicitor of the Hong Kong Special Administrative Region and a partner of Messrs. Woo Kwan Lee & Lo, as joint company secretaries of the Company in handling the corporate and secretarial matters of the Company. He has been a director and the company secretary of TEDA HK since 2011. During the period from 1997 to 2002, he was a former court judge of the People's Court of Jinnan District, Tianjin. During the period from 2005 to 2009, he was a Corporate Counsel Section Chief in TEDA.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the nine months ended 31 December 2012.

CHANGE OF FINANCIAL YEAR END DATE

The accounts as audited 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.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. Details of the principal activities of the Company's subsidiaries are set out in Note 36 to the financial statements.

The analysis of the Group's performance for the nine months by business segments is set out in Note 6 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the nine months ended 31 December 2012 are set out in the consolidated income statement on page 51.

The Board does not recommend the payment of a dividend in respect of the period (for the year ended 31 March 2012: Nil).

FINANCIAL HIGHLIGHTS

A summary of the results and the assets and liabilities of the Group for the last four financial years ended 31 March 2012 and the nine months ended 31 December 2012 are set out on page 136.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the period are set out in Note 17 to the financial statements.

SHARE CAPITAL

As at 31 December 2012, the Company had 5,992,812,000 Shares, 170,000,000 convertible preference shares of nominal value HK$1.00 each ("Convertible Preference Shares") and 8,600,000 redeemable preference shares of nominal value HK$50.00 each ("Redeemable Preference Shares") in issue. 130,000,000 Convertible Preference Shares and 8,600,000 Redeemable Preference Shares were issued to Cavalier Asia Limited ("Tsinlien BVI") for the consideration of HK$130 million and HK$430 million respectively on 4 May 2009 and were subsequently transferred to TEDA HK in August 2011. The 40,000,000 Convertible Preference Shares were issued to the Hong Kong syndicated banks with the repayment of HK$10 million to discharge the syndicate bank loan HK$210 million on 7 May 2009.

The Convertible Preference Shares are convertible into Shares during the period from the fifth anniversary of the date of issue but before the tenth anniversary thereof at the conversion price of HK$0.03 per Share (subject to adjustment and no fractional Shares will be issued). All outstanding Convertible Preference Shares will be automatically converted by the Company after the tenth anniversary of the date of issue.

The Redeemable Preference Shares are redeemable at the discretion of the Company into their full nominal amount of HK$50.00 per Redeemable Preference Share as from the fifth anniversary of the date of resumption of trading of the Shares on GEM, i.e. 12 May 2009, subject to various conditions.

Details of the movements in the share capital of the Company during the nine months ended 31 December 2012 are set out in Note 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which impose an obligation on the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Movements in the reserves of the Group and of the Company during the period are set out in Note 26 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company had no reserves available for cash distribution and/or distribution in specie as calculated under the Companies Act of Bermuda as at 31 December 2012 (as at 31 March 2012: Nil).

CHARITABLE DONATIONS

During the nine months ended 31 December 2012, the Group made no charitable and other donations (for the year ended 31 March 2012: Nil).

SHARE OPTION SCHEME

At the annual general meeting of the Company 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 had lapsed. The Company operates the 2010 Scheme for the purpose of providing the Company with a flexible means of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants of the 2010 Scheme (the "Participants"). Participants include the Directors (including independent non-executive Directors) and employees of the Group. The 2010 Scheme became effective on 20 August 2010 and, unless otherwise cancelled or amended, will remain in force until 19 August 2020.

The maximum number of share options permitted to be granted under the 2010 Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval of the 2010 Scheme. The total number of Shares issued under the 2010 Scheme and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) under the 2010 Scheme in any 12-month period shall not exceed 1% of the total number of Shares in issue unless approved by the shareholders of the Company.

There is no minimum period for which an option under the 2010 Scheme must be held before such option can be exercised. HK$1 is payable by the Participant to the Company upon acceptance of an offer under the 2010 Scheme.

The exercise price of the share options under the 2010 Scheme is determinable by the Board and will be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer under the 2010 Scheme; (b) the average closing prices of the Shares as stated in the Stock Exchange's quotations sheets for the 5 business days immediately preceding the date of the offer under the 2010 Scheme; and (c) the nominal value of a Share.

Pursuant to the 2010 Scheme, the Company granted 90,500,000 share options to the Directors and certain continuous contract employees of the Group on 27 September 2010. 16,500,000 of these share options had lapsed.

As at 31 December 2012, a total of 525,281,200 Shares (representing approximately 8.76% of the existing issued share capital of the Company) could be issued upon exercise of all options which may be granted under the 2010 Scheme and a total of 74,000,000 Shares (representing approximately 1.24% of the existing issued ordinary share capital of the Company) could be issued upon exercise of all options which had been granted and yet to be exercised under the 2010 Scheme.

Details of movement of share options granted under the 2010 Scheme during the nine months ended 31 December 2012 were as follows:

Grantee	Date of grant	Exercise Period *(Note)*	Exercise Price *(HK$)*	Number of shares subject to outstanding options as at 1 April 2012	Number of shares subject to outstanding options as at 31 December 2012	Approximate percentage of the Company's total issued share capital as at 31 December 2012
Directors	27.9.2010	27.9.2010 – 26.9.2020	0.56	46,000,000	46,000,000	0.77%
Employees	27.9.2010	27.9.2010 – 26.9.2020	0.56	28,000,000	28,000,000	0.47%
Total				74,000,000	74,000,000	1.24%

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

No share option was granted, exercised, lapsed or cancelled during the nine months ended 31 December 2012.

DIRECTORS

The Directors during the nine months ended 31 December 2012 and up to the date of this report are:

Executive Directors:

Mr. Zhang Bing Jun *(Chairman)*
Mr. Gao Liang

Non-executive Directors:

Mr. Shen Xiao Lin
Mr. Zhang Jun
Mr. Wang Gang
Mr. Dai Yan
Ms. Zhu Wen Fang

Independent Non-executive Directors:

Mr. Ip Shing Hing, *J.P.*
Mr. Lau Siu Ki, Kevin
Professor Japhet Sebastian Law
Mr. Tse Tak Yin

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent.

In accordance with the Company's bye-law 87(2), Mr. Dai Yan (a non-executive Director), Mr. Lau Siu Ki, Kevin and Mr. Ip Shing Hing, *J.P.* (both independent non-executive Directors) will retire by rotation and will be eligible for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Independent non-executive Directors have a two-year term of office and non-executive Directors have a three-year term of office, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with any member of the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

MATERIAL CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save for the contracts with TEDA and its subsidiaries which are set out in the section "CONNECTED TRANSACTIONS" and "CONTINUING CONNECTED TRANSACTIONS", there were no material contracts between the Group and its controlling shareholder or its subsidiaries during the nine months ended 31 December 2012.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine months ended 31 December 2012.

DIRECTORS' INTERESTS IN CONTRACTS

No Director 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 the end of the nine months ended 31 December 2012 or at any time during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the nine months ended 31 December 2012 were rights to acquire benefit by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such right in any other body corporate.

DIRECTORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in Note 9 to the consolidated financial statement to this report. Policies of the Directors' remuneration are set out in the section headed "REMUNERATION COMMITTEE" in "CORPORATE GOVERNANCE REPORT".

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

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

As at 31 December 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 ("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:

		Interest in ordinary shares of the Company						
Name of Director	Capacity	Personal interests	Corporate interests	Family interests	Total interests in shares	Interests in underlying shares pursuant to share options	Total aggregate interests in shares and shares underlying shares	Approximate percentage of the Company's total issued ordinary share capital as at 31 December 2012
Mr. Gao Liang	Beneficial owner	–	–	–	–	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	Beneficial owner	–	–	–	–	7,000,000	7,000,000	0.12%
Mr. Dai Yan	Beneficial owner	–	–	–	–	7,000,000	7,000,000	0.12%
Mr. Wang Gang	Beneficial owner	–	–	–	–	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	Beneficial owner	–	–	–	–	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	Beneficial owner	1,000,000	–	–	1,000,000	2,000,000	3,000,000	0.05%
Mr. Tse Tak Yin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.03%

Details of the Director's interests in share options granted by the Company were set out below under the heading "Director's rights to acquire shares".

Director's rights to acquire shares

Pursuant to the 2010 Scheme, the Company granted options on the Company's ordinary shares to the Directors, the details of which were as follows:

Name of Director	Date of grant	Exercise Period	Exercise Price (HK$)	Number of shares subject to outstanding options as at 1 April 2012	Number of shares subject to outstanding options as at 31 December 2012	Approximate percentage of the Company's total issued share capital as at 31 December 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 share options is 10 years from the date of grant.

Save as disclosed above, as at 31 December 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 31 December 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:

			Interests in ordinary shares of the Company					
Name of shareholder	Position	Capacity and nature of interest	Beneficial interests	Family interests	Corporate interests	Others	Total	Approximate percentage of the issued ordinary share capital as at 31 December 2012
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%
TEDA	Long	Interest of controlled corporation	–	–	8,670,653,873 *(Note 3)*	–	8,670,653,873	144.68%
Tianjin Development Holdings Limited	Long	Interest of controlled corporation	–	–	496,188,000 *(Note 1)*	–	496,188,000	8.28%
Tianjin Investment Holdings Limited	Long	Interest of controlled corporation	–	–	496,188,000 *(Note 1)*	–	496,188,000	8.28%
Santa Resources Limited	Long	Beneficial owner	496,188,000 *(Note 1)*	–	–	–	496,188,000	8.28%
Mr. Shum Ka Sang ("Mr. Shum")	Long	Beneficial owner/ Interest of controlled corporation	15,650,000	–	749,350,000 *(Note 4)*	–	765,000,000	12.77%
Wah Sang Gas Development Group (Cayman Islands) Limited	Long	Beneficial owner	749,350,000 *(Note 4)*	–	–	–	749,350,000	12.50%
Ms. Wu Man Lee	Long	Interest of spouse	–	765,000,000 *(Note 5)*	–	–	765,000,000	12.77%

Notes:

1. The interest disclosed represents the interest in the Company held by Santa Resources Limited, a company which is directly wholly-owned by Tianjin Development Holdings Limited, a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange. Tsinlien, through Tianjin Investment Holdings Limited which it wholly-owns, is a controlling shareholder of Tianjin Development Holdings Limited.

2. These 1,333,333,333 ordinary shares of HK$0.01 each in the Company ("Shares") represent the 1,333,333,333 potential Shares which are issuable assuming full conversion of the 40,000,000 Convertible Preference Shares issued to the syndicated banks under the Settlement Agreement, pursuant to which 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 HK, a wholly-owned subsidiary of TEDA, after completion of acquisition from the syndicated banks.

3. These 8,670,653,873 Shares represent (i) 3,003,987,207 Shares held by TEDA HK, a wholly-owned subsidiary of TEDA; (ii) 4,333,333,333 potential Shares which are issuable to TEDA HK assuming full conversion of 130,000,000 Convertible Preference Shares held by TEDA HK; (iii) 1,333,333,333 potential Shares that TEDA HK will acquire from Tsinlien BVI as referred to Note 2 above.

4. Wah Sang Gas Development Group (Cayman Islands) Limited is wholly-owned by Mr. Shum. The corporate interests held by Mr. Shum represent his deemed interests in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.

5. Ms. Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such Shares owned by her spouse, Mr. Shum.

Other than as disclosed above, as at 31 December 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.

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 is 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

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

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the Compliance Adviser Agreement dated 7 May 2009 between the Company and WAG Worldsec, WAG Worldsec has been appointed as the compliance adviser of the Company for the period from 12 May 2009 to the date the Company issues its financial results for the third full financial year after the date of resumption of trading.

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.

CONNECTED TRANSACTIONS

As TEDA HK is the controlling shareholder of the Company holding approximately 50.13% of the total issued Shares, TEDA HK and Nicetime Investment Limited (a wholly-owned subsidiary of TEDA HK) ("Nietime") are connected persons of the Company under the GEM Listing Rules.

On 26 October 2012, Nicetime entered into agreements with Binhai Investment (Tianjin) Company Limited ("BITCL"), the subsidiary of the Group that agreed to dispose of equity interest in (among others) 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. to Nicetime, pursuant to which Nicetime handed over the management control over the Six Subsidiaries back to BTICL. Binhai Investment Hong Kong Limited (a wholly-owned subsidiary of the Company) ("Binhai HK") on the same date entered into an agreement with TEDA HK, under which Binhai HK agreed to pay RMB66,124,792.53 (determined with reference to the net asset value of the Six Subsidiaries as at 31 December 2011) to TEDA HK, in view of the Group's obtaining control of the Six Subsidiaries.

Binhai HK and TEDA HK agreed that with effect from the date of execution of the above agreements, the income statement and the balance sheet of the Six Subsidiaries would become consolidated in the accounts of the Group and the economic interests in the Six Subsidiaries would be vested in Binhai HK.

CONTINUING CONNECTED TRANSACTIONS

As the composition of a majority of the board of directors of Tianjin TEDA Tsinlien Gas Company Limited ("TEDA Gas") is controlled by TEDA, TEDA Gas is an associate of TEDA and therefore is a connected person of the Company.

TEDA Real Property Development Company, an indirect wholly-owned subsidiary of TEDA, is a connected person of the Company under the GEM Listing Rules.

Jizhou Binhai Gas Company Limited, Boxing Wah Sang Gas Company Limited, Qingyuan Binhai Gas Company Limited, Anxin TEDA Gas Company Limited, Pizhou Wah Sang Gas Company Limited and Fengxian Binhai Gas Company Limited which purchase gas from the Group (the "6 Former Subsidiaries"), the directors of each of which are in effect controlled by TEDA since the completion of the Disposal through Tsinlien BVI's nomination of persons designated by TEDA as directors, are associates of TEDA and therefore connected persons of the Company.

Tianjin Pipe Group Corporation ("Tianjin Pipe"), a limited liability company established under the laws of PRC, directly owned as to 57% by TEDA, is a connected person of the Company. Tianjin Dawufeng Copper Materials Company Limited, and Construction Company Limited, and Tianjin Tian Hai High Pressure Containers Limited Company, which are associates of Tianjin Pipe, became connected persons of the Company.

Tianjin Eco-City Energy Investment Construction Company Limited ("Tianjin Eco-City") is a direct subsidiary of Tianjin Eco-City Investment Development Company Limited which is owned by TEDA as to 35%. As an associate of TEDA, Tianjin Eco-City is regarded as a connected person of the Company under the GEM Listing Rules.

Tianjin Sai-rui Machinery Equipment Company Limited ("Sai Rui") is a direct subsidiary of Tianjin Pipe (Group) Corporation, which is owned as to 57% by TEDA. As an associate of TEDA, Sai Rui is also regarded as a connected person of the Company under the GEM Listing Rules.

Bohai Property Insurance Company Limited ("Bohai") is owned by TEDA and its subsidiaries as to 60% in aggregate and is non-wholly owned subsidiary of TEDA. As an associate of TEDA, Bohai is also regarded as a connected person of the Company under the GEM Listing Rules.

During the nine months ended 31 December 2012, the Group's continuing connected transactions with the above connected persons or their respective associates were as follows:

(a) Lease of premises from an associate of TEDA

Date of the agreement:	8 June 2011
Parties:	Tianjin Bintai Energy Development Company Limited ("Bintai Energy") (as the lessee) TEDA Real Property Development Company (天津開發區泰達大廈房地產開發公司), an indirect wholly-owned subsidiary of TEDA (as the lessor)
Transaction involved:	lease of (i) the office premises on 25/F, TEDA Building, 256 South of Jiefang Road, Hexi District, Tianjin with a total floor area of 2117.25 square metres; (ii) 17 parking spaces at the ground level and at the basement second floor of TEDA Building, and (iii) a storage house at the basement second floor of TEDA Building for a term from 1 July 2011 to 31 March 2014
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB3,911,170
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB2,021,711

(b) Sales of gas to TEDA Gas

Date of the agreement:	28 May 2008
Parties:	TEDA Gas
	Tianjin Binda Gas Enterprise Company Limited ("Binda Gas")
Transaction involved:	Supply of gas by the Group to TEDA Gas in priority over other suppliers given equal terms, at prices determined in accordance with prevailing market rates and no less favourable than those charged to independent third parties
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB118,000,000
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB57,843,600

(c) Sales of gas to 6 Former Subsidiaries

Date of the agreement:	25 June 2010
Parties:	Binda Gas
	Six of the 30 former subsidiaries of the Group the interests in which were disposed of to Tsinlien BVI under the Disposal (and subsequently transferred to TEDA HK)
Transaction involved:	Supply of gas by the Binda Gas to the 6 Former Subsidiaries
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB7,500,000
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB1,674,507

(d) Sales of gas to Tianjin Pipe and its associated companies

Date of the agreement:	10 September 2010
Parties:	Binda Gas and Bintai Energy Tianjin Pipe
Transaction involved:	Supply of gas by the Binda Gas and/or Bintai Energy to Tianjin Pipe and Tianjin Pipe associated companies
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB369,000,000
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB163,375,780

(e) Sales of gas to Tianjin Eco-City

Date of the agreement:	30 December 2011
Parties:	Binda Gas Tianjin Eco-City
Transaction involved:	Supply of gas by the Binda Gas to Tianjin Eco-City
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB37,600,000
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB7,094,209

(f) Sales of gas to Sai Rui

Date of the agreement:	24 June 2011
Parties:	Binda Gas Sai Rui
Transaction involved:	Supply of gas by the Binda Gas to Tianjin Sai Rui
Annual cap for the period from 1 April 2012 to 31 December 2012	RMB29,160,000
Actual amount in the period from 1 April 2012 to 31 December 2012	RMB6,256,144

(g) Insurance agreements

Date of the agreement:	5 April 2012
Parties:	Binhai Investment (Tianjin) Company Limited ("BITJ") Bohai
Transaction involved:	Bohai provides insurance coverage to various subsidiaries of the Group. The insurance policies under such insurance arrangements are for a term of one year commencing from 5 April 2012 up to and including 4 April 2013.
Aggregate premium paid in the period from 1 April 2012 to 31 December 2012	RMB1,043,922

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 42 to 46 of the Annual Report in accordance with Rule 20.38 of the GEM Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions referred above for the nine months ended 31 December 2012 and confirm that these transactions have been entered into:—

(a) in the ordinary and usual course of business of the Company and the Group;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

MAJOR CUSTOMERS AND SUPPLIERS

For the nine months ended 31 December 2012, sales to the Group's five largest customers accounted for 28% (for the year ended 31 March 2012: 28%) of the total sales for the period and sales to the largest customer included therein accounted for 14% (for the year ended 31 March 2012: 17%).

Purchases from the Group's five largest suppliers accounted for 52% (for the year ended 31 March 2012: 67%) of the total purchases for the nine months ended 31 December 2012 and purchases from the largest supplier included therein accounted for 21% (for the year ended 31 March 2012: 30%).

Of the Group's five largest customers, TEDA Gas, Tianjin Pipe, and Tianjin Dawufeng Copper Materials Company Limited are connected persons of the Company.

Save for disclosed above, none of the Directors of or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers and suppliers.

DIRECTORS' REPORT

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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the total issued Shares as required under the GEM Listing Rules.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the upcoming annual general meeting. There was no change in auditors of the Company in any of the 3 years immediately preceding the date of the report.

On behalf of the Board
Binhai Investment Company Limited

Gao Liang
Executive Director

Hong Kong, 22 March 2013

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

To the shareholders of Binhai Investment Company Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Binhai Investment Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 135, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the nine month period ended 31 December 2012, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the nine month period ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2013

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	6	**1,206,285**	1,678,971
Costs of sales	8	**(973,955)**	(1,416,507)
Gross profit		**232,330**	262,464
Reversal/(charge) of impairment	17	**26,521**	(3,545)
Other income and losses — net	7	**(6,498)**	(6,856)
Administrative expenses	8	**(104,115)**	(108,315)
		148,238	143,748
Interest waived	10	**–**	11,902
Finance costs — net	11	**(25,828)**	(2,704)
Share of results of jointly controlled entities		**(477)**	16
Profit before taxation		**121,933**	152,962
Income tax expenses	12	**(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	14		
— basic *(HK cents)*		**0.8 cents**	1.0 cents
— diluted *(HK cents)*		**0.8 cents**	1.0 cents

The notes on pages 60 to 135 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2012

	Nine months ended 31 December 2012 ***HK$'000***	Year ended 31 March 2012 *HK$'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

The notes on pages 60 to 135 are an integral part of these financial statements.

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	16	**48,390**	48,717
Property, plant and equipment	17	**1,792,701**	1,589,980
Interest in jointly controlled entities	20	**19,679**	14,445
Deferred income tax assets	31	**8,678**	5,441
		1,869,448	1,658,583
Current assets			
Property under development	21	**–**	67,199
Inventories	22	**70,975**	58,396
Trade and other receivables	23	**351,058**	273,516
Amounts due from immediate holding company	28	**3,636**	21,933
Pledged bank deposits	24	**31,074**	6,154
Cash and cash equivalents	24	**818,231**	460,822
		1,274,974	888,020
Asset held for sale	21	**75,878**	–
		1,350,852	888,020
Total assets		**3,220,300**	2,546,603
EQUITY			
Owners of the Company			
Share capital			
— Ordinary shares	25	**59,928**	59,928
— Convertible preference shares	25	**170,000**	170,000
— Redeemable preferences shares	25	**430,000**	430,000
Share premium		**424,737**	424,737
Others reserves	26	**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

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings	29	**1,062,497**	263,773
Derivative financial instrument	30	**24,337**	11,605
		1,086,834	275,378
Current liabilities			
Trade and other payables	27	**784,953**	630,311
Amounts due to ultimate holding company	28	**–**	365,153
Current income taxation liabilities		**43,604**	51,016
Borrowings	29	**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

The notes on pages 60 to 135 are an integral part of these financial statements.

The financial statements on pages 51 to 135 were approved by the Board of Directors on 22 March 2013 and were signed on its behalf.

Director
Zhang Bing Jun

Director
Gao Liang

BALANCE SHEET

As at 31 December 2012

	Note	31 December 2012 HK$'000	31 March 2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19	**–**	–
Amounts due from subsidiaries	19	**1,209,116**	587,424
		1,209,116	587,424
Current assets			
Amount due from a subsidiary	19	**–**	10,632
Cash and cash equivalents	24	**92,748**	194
Trade and other receivables		**150**	–
		92,898	10,826
Total assets		**1,302,014**	598,250
EQUITY			
Owners of the Company			
Share capital			
— Ordinary shares	25	**59,928**	59,928
— Convertible preference shares	25	**170,000**	170,000
— Redeemable preferences shares	25	**430,000**	430,000
Share premium		**424,737**	424,737
Others reserves	26	**218,282**	212,821
Accumulated losses		**(628,193)**	(712,725)
Total equity		**674,754**	584,761

BALANCE SHEET

As at 31 December 2012

	Note	**31 December 2012 HK$'000**	31 March 2012 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	29	**610,139**	5,000
Current liabilities			
Trade and other payables	27	**12,121**	3,489
Borrowings	29	**5,000**	5,000
		17,121	8,489
Total liabilities		**627,260**	13,489
Total equity and liabilities		**1,302,014**	598,250
Net current assets		**75,777**	2,337
Total assets less current liabilities		**1,284,893**	589,761

The notes on pages 60 to 135 are an integral part of these financial statements.

The financial statements on pages 51 to 135 were approved by the Board of Directors on 22 March 2013 and were signed on its behalf.

Director
Zhang Bing Jun

Director
Gao Liang

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2012

	Owners of the Company						
	Share Capital HK$'000	Share Premium HK$'000	Other Reserves (Note26) HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total 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 5)	–	–	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 5)	–	–	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 5)	**–**	**–**	**(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**

The notes on pages 60 to 135 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW 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)
Cash flows from operating activities			
Cash generated from operations	32(a)	**181,230**	93,512
Income tax paid		**(40,111)**	(24,377)
Net cash generated from operating activities		**141,119**	69,135
Cash flows from investing activities			
Interest paid		**(18,272)**	(19,384)
Purchase of property, plant and equipment		**(437,665)**	(436,007)
Investment in assets held for sale/property under development		**(9,558)**	(31,011)
Purchase of land use rights		**(125)**	(2,948)
Investment in a jointly controlled entity		**(5,711)**	–
Proceeds from sale of property, plant and equipment		**4,312**	14,714
Proceeds from disposal of assets		**–**	1,358
Proceeds from disposal of assets held for sale		**–**	442
Acquisition of subsidiaries under common control *(Note 5)*		**(82,354)**	–
Increase in pledged cash		**(24,920)**	(4,967)
Interest received		**4,158**	1,488
Net cash used in investing activities		**(570,135)**	(476,315)

CONSOLIDATED CASH FLOW 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)
Cash flows from financing activities			
Proceeds from issuance of bond		**621,736**	–
Proceeds from borrowings		**730,692**	791,540
Repayments of borrowings		**(476,276)**	(297,626)
Repayments to TEDA		**(57,859)**	(29,545)
Repayments to Tsinlien Assets Management		**–**	(28,497)
Interest paid		**(22,594)**	(1,464)
Commitment and agency fee paid		**(12,302)**	(19,439)
Guarantee fee paid		**–**	(2,324)
Net cash generated from financing activities		**783,397**	412,645
Net increase in cash and cash equivalents		**354,381**	5,465
Cash and cash equivalents at beginning of the period/year		**460,822**	452,760
Effect of exchange differences		**3,028**	2,597
Cash and cash equivalents at end of period/year		**818,231**	460,822

The notes on pages 60 to 135 are an integral part of these financial statements.

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 principle activities of its subsidiaries are set out in Note 36 to these consolidated financial statements. 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 Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 22 March 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Pursuant to a resolution of the Board of Directors 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Going concern

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 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.

2.1.2 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.

2.2 Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2012.

(a) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Business combinations

(i) Common control acquisitions:

For common control combination, the consolidated financial statements incorporate the financial entities of the combining entities or businesses as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The consolidated financial statements are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(ii) *Other acquisitions:*

The Group applies the acquisition method to account for business combinations except for those under common control by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill (Note 2.8).

2.3 Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties having unilateral control over the economic activity of the jointly controlled entity. Interests in jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's interest in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition results in jointly controlled entities is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the jointly controlled entity is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the jointly controlled entity and its carrying value and recognises the amount adjacent to 'share of results of jointly controlled entities' in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors of the Company.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and each of its subsidiaries is determined to be Renminbi ("RMB").

The financial statements of the Company and the Group are presented in Hong Kong dollars ("HK$") as the Directors are of the view that presenting the consolidated financial statements in Hong Kong dollars will provide a better reference to its readers.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Construction-in-progress represents gas station properties, machinery and pipelines and related assets under construction/installation and is stated at cost less any provision for impairment losses. Cost comprises direct costs of construction, installation and testing. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, construction-in-progress is transferred to appropriate categories of property, plant and equipment.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold properties	30 years
Machinery and equipment	20 years
Gas pipelines	30 years
Office equipment and motor vehicles	5 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income and gains – net' in the income statement.

2.7 Intangible assets

Intangible assets represent cost of acquisition of operating licenses. They are stated at cost less accumulated amortisation and any identified impairment loss.

2.8 Impairment of investment in subsidiaries, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' *(Note 23)*, amount due from subsidiaries *(Note 19)*, 'amounts due from immediate holding company' *(Note 28)* and 'cash and cash equivalents' *(Note 24)* in the balance sheet. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 Impairment of financial assets

The Group assesses at reporting period end whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the time being hedged.

For derivative financial instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the consolidated income statement within 'other income and gains — net'.

2.12 Properties under development

Properties under development are included in current assets at the lower of cost and net realisable value.

The costs of property under development consists of construction expenditures, amount capitalised in respect of upfront payments of land use rights, borrowing costs directly attributable to construction of such properties and other direct costs. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.13 Inventories

Inventories principally comprise materials for gas pipelines and gases, and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.17 Trade payable

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially a fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Bond issued by the Company is recognised as liability at fair value at the date of issue. In subsequent periods, the liability component of the bond is carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the bond are allocated to the liability which are included in the carrying amount of the liability portion and amortised over the period of the bond using the effective interest method.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Pension obligations

All eligible employees of the Group's subsidiaries which operate in the PRC participate in a central pension scheme operated by the local municipal government.

All eligible employees in Hong Kong participate in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance.

The assets of both the above schemes are held separately from those of the Group in an independently administered fund. Contributions made are based on a percentage of the participating employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the respective scheme.

(d) Employee benefits — share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (option) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

For share options lapsed, amount previously recognised as equity are transferred to retained earnings.

2.22 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods suppled, stated net of discounts, returns and value-added tax and business tax. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Connection services

Connection service connects customers to the Group's pipeline network. When the outcome of a connection service contract can be ascertained with reasonable certainty and the stage of completion at the balance sheet date can be measured reliably, revenue and costs are recognised over the period of the contract. The percentage of completion method is used to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured for each specific contracted work by reference to the proportion of the services performed to date as a percentage of total services to be performed. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated with reasonable certainty, revenue is recognised only to the extent of costs incurred that it is probably recoverable. Costs are recognised when incurred.

(b) Sale of gases

Revenue from the sale of gases is recognised on the transfer of risks and rewards of ownership (which generally coincides with the time when the gas is delivered to customers and title has passed) and when it is probable that future economic benefits will flow to the Group.

(c) Interest income

Interest income from a financial asset is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.24 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the period of the lease.

2.25 Financial guarantee contract

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary holder of the guarantee (i.e. the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors.

2.27 Asset held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

3. FINANCIAL RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet). Total equity is calculated as 'equity' as shown in the consolidated balance sheet excluding non-controlling interests.

The Group's gearing ratio increased significantly during the period because of increased bank borrowings to finance investment in long term assets (Note 29).

	31 December 2012 *HK$'000*	31 March 2012 *HK$'000* (Restated)
Debt *(Note (i))*	**1,656,394**	794,628
Equity *(Note (ii))*	**692,718**	678,906
Debt to equity ratio	**239%**	117%

Notes:

(i) Debt is defined as long and short-term borrowings, as detailed in Note 29.

(ii) Equity includes all capital and reserves of the Group excluding non-controlling interests.

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, borrowings and balances with holding companies. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow interest rate risks and fair value interest rate risks

The Group does not have any specific interest rate policy for short-term borrowings except that the Group would regularly review the market interest rates to capture potential opportunities to reduce the borrowing costs.

The Group's interest rate risk arises primarily from deposits and borrowings which are issued at variable rates and fixed rates. The deposits interest rate risk is considered not material. The borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk of the long-term bank borrowings by using floating-to-fixed interest rate swap in order to minimise the potential impact of increase in interest rate. Such interest rate swap has the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

At 31 December 2012, if interest rate has been 50 basis points higher/lower with all other variables held constant, the Group's profit for the period would have been approximately HK$8.3 million higher/lower, mainly as a result of higher/lower interest costs from borrowings and lower/higher fair value change on derivative financial instrument (Year ended 31 March 2012: HK$7 million).

Foreign currency risk

The Group collects most of its revenue in RMB and incurs most of its expenditure including capital expenditure in RMB. The Directors considered that the Group's exposure to foreign currency exchange risk from daily operation 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 exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The following table details the Group's sensitivity to a 10% (Year ended 31 March 2012: 10%) appreciation in RMB against Hong Kong Dollars and US Dollars, mainly as a result of foreign exchange gain on translation of Hong Kong Dollar-denominated borrowings.

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Increase in post-tax profit and equity	**32,013**	22,792

For a 10% (Year end 31 March 2012: 10%) depreciation of RMB against HK Dollars, there would be an equal and opposite impact on the profit and equity.

Credit risk

The maximum credit risk of the Company includes the carrying value of its financial assets on books.

In order to minimise the credit risk over trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each half-year end date and balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. Concentration of credit risk with respect to trade receivables is limited as the Group has a large number of customers none of whom singly exceeds 5% of gross receivables. Therefore, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

The credit risk on bank deposits is limited because the counterparties are reputational PRC banks. The Group has no significant concentration of credit risk as the exposure is spreaded over a number of counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities which has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay, including both interest and principal cash flows.

Group	Weighted average effective interest rate %	Less than 1 year HK$ million	1 to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flow HK$ million	Carrying amount HK$ million
As at 31 December 2012						
Payables	**N/A**	**650**	**–**	**–**	**650**	**650**
Borrowings	**2.4%-7.872%**	**665**	**546**	**39**	**1,250**	**1,046**
Bond	**6.50%**	**40**	**703**	**–**	**743**	**610**
Derivative financial instrument	**N/A**	**–**	**–**	**24**	**24**	**24**
As at 31 March 2012, as restated						
Payables	N/A	532	–	–	532	532
Borrowings	3.86%-7.87%	571	201	106	878	795
Amounts due to TEDA and Tsinlien Group (Tianjin) Assets Management Co., Ltd. ("Tsinlien Assets Management")	0%-6.56%	365	–	–	365	365
Derivative financial instrument	N/A	–	–	12	12	12

Company	Weighted average effective interest rate %	Less than 1 year HK$ million	1 to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flow HK$ million	Carrying amount HK$ million
As at 31 December 2012						
Payables	**N/A**	**12**	**–**	**–**	**12**	**12**
Borrowings (HK)	**4.0%**	**5**	**–**	**–**	**5**	**5**
Bond	**6.50%**	**40**	**703**	**–**	**743**	**610**
As at 31 March 2012						
Payables	N/A	3	–	–	3	3
Borrowings (HK)	4.0%	5	5	–	10	10

The Company has given guarantee of approximately HK$701 million to subsidiaries in respect of bank borrowings. Under the term of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the subsidiaries to make payments when due (Note 33).

Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's liabilities that are measured at fair value.

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Liabilities				
Derivative financial instrument				
As at 31 December 2012	—	24,337	—	24,337
As at 31 March 2012	—	11,605	—	11,605

Derivative financial instrument is an interest rate swap contract entered into with a commercial bank, the fair value of which is determined using valuation models and observable data either directly or indirectly.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of property, plant and equipment

The Group's major operating assets are gas pipelines and other gas supply machinery and equipment. Management performs review for impairment of these gas pipelines and machinery and equipment whenever events or changes in circumstances indicate that their carrying values may not be recovered.

The recoverable amounts of the gas pipelines and gas supply machinery and equipment are determined based on value-in-use calculations. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. At 31 December 2012 the carrying amount of property, plant and equipment is HK$1,793 million (31 March 2012: HK$1,590 million). Details of the recoverable amount calculation are disclosed in Note 17.

(b) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to these receivables where events or changes in circumstance indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the year in which such estimate has been made.

(c) Income taxes

As at 31 December 2012, no deferred tax asset is recognised in the Group's balance sheet in relation to the estimated unused tax losses of HK$71.6 million due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the actual future assessable profits generated are more than expected, a recognition of deferred tax asset may arise, which would be recognised in the consolidated income statement for the period in which such recognition takes place.

(d) Revenue recognition of on-site gas sales

The Group considered itself as a principal in the on-site gas sales business and hence, recognised the corresponding revenue on a gross basis. As part of the assessment to determine the basis of revenue recognition for on-site gas sales, the directors of the Company have taken into consideration of the price risk, product risk, credit risk and inventory risk involved in this line of business. The Group will regularly review its revenue recognition policy for on-site gas sales and make necessary changes should there be a change in the business model in the future.

5. BUSINESS COMBINATION

On 26 October 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 of six entities ("Six Subsidiaries", Note 36(b)(iv)) held by TEDA HK at a consideration of RMB66,124,793 (equivalent to approximately HK$82,354,000). The acquisition has been completed during the period.

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 acquisition HK$'000	Six subsidiaries HK$'000	Adjustments HK$'000	Consolidated HK$'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 acquisition *HK$'000*	Six subsidiaries *HK$'000*	Adjustments *HK$'000*	Consolidated *HK$'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.

6. 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, contributed sales of 14% of the total revenue of the Group (Year ended 31 March 2012: 17%), there is no other individual customer of the Group who has contributed sales of over 10% of the total revenue for the period ended 31 December 2012.

	Nine months ended 31 December 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 Eco-city Energy Investment Construction Co., Ltd. ("Tianjin Eco-city"), Tianjin Pipe and its associates *(Note 35)*	–	–	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 *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 *(Note 35)*	–	–	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)

7. 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 *(Note 35)*	**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 *(Note 30)*	**(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 (Note 35).

8. 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 *(Note 9(a))*	**83,177**	87,433
Depreciation		
— Cost of sales	**34,786**	19,700
— Administrative expenses	**2,732**	4,423
Operating lease rental		
— TEDA *(Note 35(a),(b))*	**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.

9. EMPLOYEE BENEFIT EXPENSE

(a) The analysis of employee benefit expense including directors' emoluments is as follows:

	Nine months ended 31 December 2012 ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
Wages and salaries	**59,816**	63,569
Pension costs	**10,644**	11,857
Other welfares	**12,717**	12,007
	83,177	87,433

(b) The emoluments paid or payable to the each of the directors is as follows:

	Directors' fee ***HK$'000***	**Salaries and allowances** ***HK$'000***	**Pension cost** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
For the period ended 31 December 2012					
Executive Directors:					
Zhang Bing Jun *(Note i)*	**300**	**–**	**–**	**–**	**300**
Gao Liang *(Note iv)*	**150**	**1,087**	**24**	**211**	**1,472**
Non-Executive Directors:					
Dai Yan *(Note iii)*	**150**	**–**	**–**	**–**	**150**
Zhang Jun *(Note iii)*	**150**	**–**	**–**	**–**	**150**
Wang Gang *(Note iii)*	**150**	**–**	**–**	**–**	**150**
Zhu Wen Fang *(Note ii)*	**150**	**–**	**–**	**–**	**150**
Shen Xiao Lin *(Note i)*	**150**	**–**	**–**	**–**	**150**
Independent Non-Executive Directors:					
Lau Siu Ki, Kevin	**198**	**–**	**–**	**–**	**198**
Ip Shing Hing	**198**	**–**	**–**	**–**	**198**
Japhet Sebastian Law	**198**	**–**	**–**	**–**	**198**
Tse Tak Yin	**198**	**–**	**–**	**–**	**198**
	1,992	**1,087**	**24**	**211**	**3,314**

	Directors' fee *HK$'000*	Salaries and allowances *HK$'000*	Pension cost *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 31 March 2012 (Restated)					
Executive Directors:					
Zhang Bing Jun *(Note i)*	400	–	–	–	400
Gao Liang *(Note iv)*	200	1,246	28	53	1,527
Non-Executive Directors:					
Dai Yan *(Note iii)*	200	–	–	–	200
Zhang Jun *(Note iii)*	200	–	–	–	200
Wang Gang *(Note iii)*	200	–	–	–	200
Zhu Wen Fang *(Note ii)*	200	–	–	–	200
Shen Xiao Lin *(Note i)*	200	–	–	–	200
Independent Non-Executive Directors:					
Lau Siu Ki, Kevin	240	–	–	–	240
Ip Shing Hing	240	–	–	–	240
Japhet Sebastian Law	240	–	–	–	240
Tse Tak Yin	240	–	–	–	240
	2,560	1,246	28	53	3,887

Notes:

(i) Appointed on 25 February 2011.

(ii) Appointed on 20 August 2010.

(iii) Re-designated as non-executive directors on 9 February 2010.

(iv) Mr. Gao Liang is also the chief executive of the Company.

(c) Five highest paid individuals:

The five individuals whose emoluments were the highest in the Group during the period included one director (Year ended 31 March 2012: one director) whose emoluments are reflected in the analysis presented above. The emolument of the remaining four individuals is below HK$1 million. The emoluments paid to the four highest paid individuals are as follows:

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Wages and salaries	**2,739**	3,147
Pension costs	**94**	112
Other welfares	**870**	212
	3,703	3,471

No emoluments were paid by the Group to the directors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of directors has waived any emoluments in the nine months ended 31 December 2012.

10. INTEREST WAIVED

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 *HK$'000* (Restated)
Interest payable to Tsinlien Assets Management	–	11,902

Note:

Pursuant to the agreement and supplemental agreement entered by the Group with Tsinlien Assets Management, all interest payable of HK$11.9 million on the principal loan of RMB24 million accruing from 5 July 2004 to the repayment date was waived and credited to the Group's income statement in year ended 31 March 2012.

11. 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 *(Note 35)*	**135**	2,910
Interest on amount due to Tsinlien Asset Management *(Note 35)*	**–**	1,156
Guarantee fee paid to TEDA and Tianjin TEDA Group Company Limited ("TEDA Group") *(Note 35)*	**–**	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%).

12. 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 *(Note 31)*:			
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

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

During the period ended 31 December 2012, the profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$85 million (Year ended 31 March 2012: HK$113 million).

14. 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$'000**	Year ended 31 March 2012 *HK$'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.

15. DIVIDENDS

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

16. LAND USE RIGHTS

Movements of the Group's interests in land use rights held under leases of between 10 to 50 years in the PRC are as follows:

	HK$'000
As as 1 April 2011 (Restated)	45,675
Exchange differences	1,809
Additions	2,948
Disposals	(680)
Amortisation charge	(1,035)
As at 31 March 2012 (Restated)	48,717
Exchange differences	396
Additions	125
Amortisation charge	(848)
As at 31 December 2012	48,390

The Group is in the process of applying for the title to certain land use rights with cost of approximately HK$1.4 million (approximately RMB1.1 million) as at 31 December 2012 (31 March 2012: HK$1.4 million (approximately RMB1.2 million)). The directors of the Company believe that the title documents will be obtained in due course without significant cost.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	Machinery and equipment HK$'000	Gas pipelines HK$'000	Office equipment and motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
Cost:						
Balance at 1 April 2011, as previously reported	82,703	96,200	469,076	69,278	231,316	948,663
Common control business combination *(Note 5)*	9,376	9,868	25,731	1,637	6,062	52,674
At 1 April 2011, as restated	92,079	106,158	494,807	70,915	237,378	1,001,337
Exchange differences	3,831	4,719	30,492	2,543	14,857	56,442
Additions	1,738	1,567	340,402	4,797	560,727	909,231
Transfer upon completion	7,962	9,886	234,120	–	(251,968)	–
Disposals	(1,032)	(936)	(2,201)	(3,583)	(10,783)	(18,535)
At 31 March 2012, as restated	104,578	121,394	1,097,620	74,672	550,211	1,948,475
Exchange differences	915	804	6,792	571	3,481	12,563
Additions	237	562	66	2,189	206,344	209,398
Transfer upon completion	8,638	8,399	424,158	–	(441,195)	–
Disposals	–	(4,327)	(2,414)	(567)	(2,221)	(9,529)
At 31 December 2012	114,368	126,832	1,526,222	76,865	316,620	2,160,907
Accumulated depreciation:						
Balance at 1 April 2011, as previously reported	27,709	18,282	1,118	32,365	–	79,474
Common control business combination *(Note 5)*	1,777	2,571	2,119	570	–	7,037
At 1 April 2011, as restated	29,486	20,853	3,237	32,935	–	86,511
Exchange differences	679	1,359	1,768	434	–	4,240
Depreciation charge for the year	3,083	4,838	8,912	7,290	–	24,123
Disposals	(40)	(447)	(429)	(1,627)	–	(2,543)
At 31 March 2012, as restated	33,208	26,603	13,488	39,032	–	112,331
Exchange differences	130	280	339	214	–	963
Depreciation charge for the period	2,591	5,821	22,334	6,772	–	37,518
Disposals	(11)	(3,780)	(5)	(352)	–	(4,148)
At 31 December 2012	35,918	28,924	36,156	45,666	–	146,664

	Leasehold properties HK$'000	Machinery and equipment HK$'000	Gas pipelines HK$'000	Office equipment and motor vehicles HK$'000	Construction in-progress HK$'000	Total HK$'000
Impairment Change:						
Balance at 1 April 2011, as previously reported	29,302	63,608	126,885	4,105	–	223,900
Common control business combination *(Note 5)*	–	815	11,817	–	–	12,632
At 1 April 2011, as restated	29,302	64,423	138,702	4,105	–	236,532
Exchange differences	1,460	2,921	3,799	932	–	9,112
Impairment charge for the year	–	–	3,545	–	–	3,545
Disposals	–	–	(3,025)	–	–	(3,025)
At 31 March 2012, as restated	30,762	67,344	143,021	5,037	–	246,164
Exchange differences	263	583	1,134	23		2,003
Reversal of impairment charge	–	–	(26,521)	–	–	(26,521)
Disposals	–	–	–	(104)	–	(104)
At 31 December 2012	31,025	67,927	117,634	4,956	–	221,542
Net book value:						
At 31 December 2012	47,425	29,981	1,372,432	26,243	316,620	1,792,701
At 31 March 2012, as restated	40,608	27,447	941,111	30,603	550,211	1,589,980

Notes:

(a) The Group is in the process of applying for the title to certain buildings with cost of approximately HK$5.5 million (approximately RMB4.5 million) as at 31 December 2012 (31 March 2012: HK$4.5 million). The directors of the Company believe that the title documents will be obtained in due course without significant additional cost.

(b) For purpose of assessment of impairment of property, plant and equipment, management considers each subsidiary represents a separate cash generating unit ("CGU").

The recoverable amount of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates of 13.3% using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs. The number of connection customers are based on 2012 performance and no growth rate is assumed. The growth rates of residential customers are based on forecasted number of connection customers whist no growth is assumed in the unit price. The growth rates of industrial customers are based on an average growth rate of 2009 to 2012 and assumed such growth rate will remain constant through out the first ten years and the growth rate for the remaining ten years will be zero.

(c) Movement of the provision for impairment charges is as follows:

	Group	
	Nine months ended 31 December 2012	Year ended 31 March 2012
	HK$'000	*HK$'000* (Restated)
At 1 April 2012 and 1 April 2011	**246,164**	236,532
Exchange differences	**2,003**	9,112
Impairment charge for the period/year *(Note (i))*	**–**	3,545
Reversal of impairment charge *(Note (ii))*	**(26,521)**	–
Reversal of impairment charge of disposals	**(104)**	(3,025)
At 31 December 2012 and 31 March 2012	**221,542**	246,164

Notes:

(i) Impairment charge for the year ended 31 March 2012 related to CGUs where limited growth was expected because of saturation of market and incoming of competitors.

(ii) Impairment charge was reversed for CGUs where there were sustainable profits and future cash flow anticipated.

18. INTANGIBLE ASSETS

The cost of license held by the Group of approximately HK$8 million (approximately RMB7 million) has been fully provided for since 31 March 2004.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
Non-current assets		
Unlisted shares, at cost	**47,748**	47,748
Less: Provision for interest in subsidiaries *(Note i))*	**(47,748)**	(47,748)
	–	–
Amounts due from subsidiaries	**1,647,679**	1,137,741
Less: Provision for amounts due from subsidiaries *(Note (i))*	**(438,563)**	(550,317)
	1,209,116	587,424
Current assets		
Amount due from a subsidiary *(Note (ii))*	**–**	10,632

Notes:

i. Provision for interest in a subsidiary represents the estimated impairment of the Group's interest in this subsidiary. The amount due from a subsidiary which basically represents the Company's indirect investment cost in all of its other subsidiaries is unsecured and interest free. Decrease in provision for amount due from a subsidiary during the year is due to improvement in recoverability of the subsidiaries held by the subsidiary.

ii. The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

iii. The details of the subsidiaries are stated in Note 36 to the financial statements.

20. INTEREST IN JOINTLY CONTROLLED ENTITIES

	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
Share of net assets	**19,679**	14,445

As at 31 December 2012, the Group had equity interest in unlisted jointly controlled entities. None of the investors in these entities has unilateral control over of its economic activities, resulting in joint control over the entities by the respective investors.

There is no contingent liabilities relating to the Group's interests in the jointly controlled entities and the jointly controlled entities itself does not have any contingent liabilities.

Details of the jointly controlled entities as at 31 December 2012 are shown in Note 36 to the financial statements.

21. ASSET HELD FOR SALE/PROPERTY UNDER DEVELOPMENT

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000*
		(Restated)
Land use rights	**12,728**	12,625
Construction costs and capitalised expenditure	**63,150**	54,574
	75,878	67,199

Property under development is located in Tianjin Airport Economic Area in Binhai New Area, the PRC and is located on land held under land use rights for commercial use for a term of 40 years from 31 December 2009. On 25 June 2012, as approved by the Board, the Group plans to dispose of the property under development.

The Group is in the process of applying for the title document of the land use rights. The directors of the Company believe that the title documents will be obtained in due course without significant cost.

22. INVENTORIES

	Group	
	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)
Materials for gas pipelines	**66,667**	53,971
Gases	**4,308**	4,425
	70,975	58,396

The cost of inventories recognised as expense and included in the cost of sales amounted to HK$ 871 million (Year ended 31 March 2012: HK$ 1,327 million).

23. TRADE AND OTHER RECEIVABLES

		Group	
	Notes	**31 December 2012 HK$'000**	31 March 2012 HK$'000 (Restated)
Trade receivables		**206,795**	157,005
Less: Provision for impairment of trade receivables		**(44,319)**	(41,216)
	(c)	**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	(f)	**(84,821)**	(83,996)
		88,427	77,159
Prepayments and other receivables		**55,571**	55,473
Less: Provision for impairment	(g)	**(7,156)**	(7,097)
		48,415	48,376
Receivables from related parties *(Note 35)*		**33,158**	14,233
		351,058	273,516

(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 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	31 March
		2012	2012
	Note	***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	*(e)*	**(44,319)**	(41,216)
		162,476	115,789

Trade receivables net of provision and notes receivables of HK$181 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:

		Group	
		31 December	31 March
		2012	2012
	Note	***HK$'000***	*HK$'000*
			(Restated)
91 — 180 days		**342**	993
181 — 360 days		**1,394**	78
Over 360 days		**13,464**	10,640
		15,200	11,711

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

		Group	
	Note	**Nine months ended 31 December 2012** ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
At 1 April 2012 and 1 April 2011		**(41,216)**	(32,777)
Exchange differences		**(350)**	(1,407)
Impairment of trade receivables		**(8,706)**	(8,702)
Write back of impairment		**5,953**	1,670
At 31 December 2012 and 31 March 2012		**(44,319)**	(41,216)

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 evidence of recovering additional cash.

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

		Group	
	Note	**Nine months ended 31 December 2012** ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
At 1 April 2012 and 1 April 2011		**(83,996)**	(86,117)
Exchange differences		**(689)**	(2,612)
Impairment of advances to suppliers		**(1,537)**	(1,451)
Write back of impairment		**1,401**	6,184
At 31 December 2012 and 31 March 2012		**(84,821)**	(83,996)

Provision for impairment of approximately HK$85million (31 March 2012: HK$84 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:

	Group **Nine months ended 31 December 2012** ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
At 1 April 2012 and 1 April 2011	**(7,097)**	(5,958)
Exchange differences	**(44)**	(247)
Impairment of prepayments and other receivables	**(15)**	(2,449)
Write back of impairment	**–**	1,557
At 31 December 2012 and 31 March 2012	**(7,156)**	(7,097)

24. CASH AND CASH EQUIVALENTS AND PLEDGED CASH DEPOSITS

	Group		Company	
	31 December 2012 ***HK$'000***	31 March 2012 *HK$'000* (Restated)	**31 December 2012** ***HK$'000***	31 March 2012 *HK$'000*
Cash at bank and in hand	**818,231**	460,822	**92,748**	194
Pledged cash deposits	**31,074**	6,154	**–**	–

The carrying amounts of the Group's and the Company's cash and cash equivalents and pledged cash are denominated in the following currencies:

	Group		Company	
	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)	**31 December 2012 HK$'000**	31 March 2012 HK$'000
Renminbi	**567,710**	395,808	**92,550**	–
Hong Kong dollars	**254,482**	27,928	**198**	194
US dollars	**27,113**	43,240	**–**	–
	849,305	466,976	**92,748**	194

Note:

The maximum exposure to credit risk at the reporting date is the fair value of each class of bank deposits mentioned above.

The conversion of Renminbi denominated balances into foreign currencies and remittance out of the PRC is subject to the rules and regulation of foreign exchange controls promulgated by the PRC government.

25. SHARE CAPITAL

At 1 April 2011 (Restated), 31 March 2012 (Restated), and 31 December 2012	**Number of shares** *Million*	**Amounts** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:	15,000	150,000
Issued and fully paid:	5,993	59,928
Convertible Preference Shares of HK$1.00 each *(Note (i))*	170	170,000
Authorised:		
Issued and fully paid:	170	170,000
Redeemable Preference Shares of HK$50.00 each *(Note (ii))*	9	430,000
Authorised:		
Issued and fully paid:	9	430,000
Total		
Authorised:		750,000
Issued and fully paid:		659,928

Notes:

(i) The Company issued 130 million and 40 million Convertible Preference Shares on 28 May 2008 to Tsinlien BVI and syndicate banks, respectively. These Convertible Preference Shares are:

- not entitled to dividend;
- non-voting;
- non-redeemable and at zero coupon;
- convertible at a price of HK$0.03 per share at the option of the holder from the date immediately after the fifth anniversary of the date of issuance but before the tenth anniversary; and
- automatically converted by the Company after the tenth anniversary of the date of issue.

(ii) The Company issued 8.6 million Redeemable Preference Shares on 28 May 2008 to Tsinlien BVI, these Redeemable Preference Shares are:

- Not entitled to dividend
- Non-voting
- Non-convertible and at zero coupon
- redeemable into their full nominal amount at the discretion of the Company as from the date immediately after the fifth anniversary of the date of resumption of trading of the Company's shares.

Share options

On 27 September 2010, the Company granted share options (the "Share Option") to the Directors and certain employees to subscribe for a total 90,500,000 ordinary shares of HK$0.01 each in the share capital of the Company under the share option scheme adopted by the Company on 20 August 2010, all of which are immediately exercisable on date of grant. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

(a) Movements in the number of share option outstanding and their related weighted

	31 December 2012		31 March 2012 (Restated)	
	Average exercise prices *HK$*	**Share options *'000***	Average exercise prices *HK$*	Share options *'000*
Beginning balance	**0.56**	**74,000**	0.56	74,000
Granted	**–**	**–**	–	–
Lapsed	**–**	**–**	–	–
Ending balance		**74,000**		74,000

(b) Share options at the balance sheet date and their remaining contractual lives are as follows:

	31 December 2012		31 March 2012 (Restated)	
	Remaining contractual life number of years	**Share options *'000***	Remaining contractual life number of years	Share options *'000*
Exercise price HK$0.56	**7.7**	**74,000**	8.5	74,000

26. 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 5)*	–	(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 5)*	**–**	**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 5)*	**–**	**–**	**–**	**–**	**(82,354)**	**(82,354)**
Balance at 31 December 2012	**28,800**	**(82,032)**	**2,561**	**21,363**	**140,831**	**111,523**
Company						
Balance at 1 April 2011	47,547	(35,780)	–	21,363	160,000	193,130
Translation differences	–	19,691	–	–	–	19,691
Balance at 31 March 2012	**47,547**	**(16,089)**	**–**	**21,363**	**160,000**	**212,821**
Translation differences	**–**	**5,461**	**–**	**–**	**–**	**5,461**
Balance at 31 December 2012	**47,547**	**(10,628)**	**–**	**21,363**	**160,000**	**218,282**

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 5).

27. TRADE AND OTHER PAYABLES

		Group		**Company**	
		31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
	Note	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Trade payables	*(b)*	**250,549**	210,303	**–**	–
Advance from customers		**134,737**	83,373	**–**	–
Other payables	*(c)*	**364,332**	307,066	**12,121**	3,489
Accrued expenses		**28,508**	14,769	**–**	–
Amounts due to related parties *(Note 35)*		**6,827**	14,800	**–**	–
		784,953	630,311	**12,121**	3,489

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

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000* (Restated)
RMB	**768,395**	625,797
HK dollars	**16,558**	4,514
	784,953	630,311

(b) 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

(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.

28. AMOUNTS DUE TO/FROM HOLDING COMPANIES

	Group	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000* (Restated)
Amounts due from immediate holding company *(Note (a))*	**3,636**	21,933
Amounts due to ultimate holding company *(Note (b))*	**–**	365,153

Notes:

(a) The amounts are unsecured, interest free with no fixed repayment terms.

(b) The amounts due to TEDA mainly included payable to TEDA for acquisition of the Second Pipelines Network (Note 35(a)) at the end of 31 March 2012. The amounts were settled during the period.

29. BORROWINGS

	Group		Company	
	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)	**31 December 2012 HK$'000**	31 March 2012 HK$'000
Non-current liabilities				
Secured over shares of subsidiaries *(Note (a))*	**468,396**	265,388	**–**	–
Unsecured *(Note (b))*	**5,000**	10,000	**5,000**	10,000
Bond *(Note (c) and (d))*	**610,139**	–	**610,139**	–
	1,083,535	275,388	**615,139**	10,000
Less: Amounts due within one year included in current liabilities	**(21,038)**	(11,615)	**(5,000)**	(5,000)
	1,062,497	263,773	**610,139**	5,000
Current liabilities				
Unsecured *(Note (b) and (d))*	**572,859**	519,240	**–**	–
Current portion of long-term borrowings	**21,038**	11,615	**5,000**	5,000
	593,897	530,855	**5,000**	5,000

Notes :

(a) In November 2011, the Group entered into a 7 years bank borrowing facilities of HK$622,400,000 with Hong Kong syndicate banks. The borrowings are secured by the interests in certain of the Group's subsidiaries and guaranteed by the Company. They 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, and are repayable semi-annually up to 30 September 2018. The fair value of this long-term borrowing is approximate to its carrying amount.

(b) Included in the balances is borrowing from China Merchants Bank which is unsecured, carries interest at a fixed rate of 4%, and is repayable within one year. In addition, it also mainly included borrowing from Bank of Tianjin which is unsecured, carries interests at a fixed rate of 7.20%, and is repayable within one year. The rest of the balances carry interest at floating rates.

(c) On 18 October 2012, the Group issued RMB500,000,000 bonds (the "Bonds"). The Bonds carry interest at 6.50% per annum payable semi-annually in arrear and will mature in 2015. The listing of and permission to deal with the Bonds on The Stock Exchange of Hong Kong Limited by way of debt issues to professional investors became effective on 25 October 2012.

(d) The carrying amounts and fair values of the borrowings with fixed interest for the Group and the Company are as follows:

Group

	Carrying amounts		**Fair values**	
	31 December 2012 *HK$'000*	31 March 2012 *HK$'000* (Restated)	**31 December 2012 *HK$'000***	31 March 2012 *HK$'000*
Borrowings	**384,259**	256,670	**384,485**	242,907
Bond payable	**610,139**	—	**645,616**	—
	994,398	256,670	**1,030,101**	242,907

Company

	Carrying amounts		**Fair values**	
	31 December 2012 *HK$'000*	31 March 2012 *HK$'000*	**31 December 2012 *HK$'000***	31 March 2012 *HK$'000*
Borrowings	**5,000**	10,000	**4,999**	9,763
Bond payable	**610,139**	—	**645,616**	—
	615,139	10,000	**650,615**	9,763

The fair values are based on cash flows discounted at rates disclosed in note (e) below. All other borrowings of the Group carry interest at floating rates.

(e) The effective annual interest rates at the balance sheet date were as follows.

	Group		**Company**	
	31 December 2012 *HK$'000*	31 March 2012 *HK$'000* (Restated)	**31 December 2012 *HK$'000***	31 March 2012 *HK$'000*
— PRC banks	**6%-7.872%**	6.56%-7.87%	**—**	—
— Hong Kong banks	**2.4%-4%**	3.86%-4%	**4%**	4%
— Bond	**6.5%**	—	**6.5%**	—

(f) The carrying amounts of the borrowings are denominated in the following currencies.

	Group		Company	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Hong Kong Dollars	**495,397**	275,388	**5,000**	10,000
Renminbi	**1,160,997**	519,240	**610,139**	–
	1,656,394	794,628	**615,139**	10,000

(g) The maturity of the borrowings included in non-current liabilities is as follows:

	Group		Company	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Over one year, less than two years	**62,890**	23,757	**–**	5,000
Over two years, less than five years	**961,877**	139,250	**610,139**	–
Over five years	**37,730**	100,766	**–**	–
	1,062,497	263,773	**610,139**	5,000

(h) As at 31 December 2012, the Group has undrawn bank borrowing facilities of approximately HK$107 million (31 March 2012: HK$350 million).

30. DERIVATIVE FINANCIAL INSTRUMENT

	As at 31 December 2012		As at 31 March 2012 (Restated)	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Interest rate swap contract	**–**	**24,337**	–	11,605

On 23 December 2011, the Group entered into a deferred payment interest rate swap contract with Standard Chartered Bank London, with an aggregate notional amount of HK$571,635,500 (the "Swap Contract"). The Swap Contract is effective on 30 September 2013, and will terminate on 30 September 2018.

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, semi-annually on 31 March and 30 September commencing from 30 September 2013 and up to termination date. All settlements of the Swap Contract are aggregated and settled on the termination date of the Swap Contract.

The Swap Contract does not qualify for hedge accounting, so that it is classified as derivative financial instrument on the balance sheet and with fair value changes recognised in the consolidated income statement.

31. DEFERRED INCOME TAX ASSETS

	Tax losses	
	31 December 2012	31 March 2012
	HK$'000	*HK$'000* (Restated)
Beginning balance	**5,441**	6,423
Debited to income statement *(Note 11)*	**3,237**	(982)
Ending balance	**8,678**	5,441

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$17.9 million (31 March 2012: HK$16 million) in respect of losses amounting to HK$71.6 million (31 March 2012: HK$64 million) that can be carried forward against future taxable income. Losses amounting to HK$27 million, HK$10.2 million, HK$9.5 million, HK$9.7 million and HK$15.2 million will expire in the following five years respectively.

32. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash generated from operations:

	Nine months ended 31 December 2012 ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
Profit before taxation	**121,933**	152,962
Adjustments for:		
— Interest income	**(4,158)**	(1,488)
— Depreciation	**37,518**	24,123
— Amortisation	**848**	1,035
— (Reversal)/charge of impairment on property, plant and equipment	**(26,521)**	3,545
— Impairment charge on trade and other receivables	**3,987**	3,289
— Finance costs	**29,986**	4,192
— Interest waived	**–**	(11,902)
— Fair value loss on derivative financial instrument	**12,732**	11,605
— Loss/(gain) on disposal of property, plant and equipment *(Note (i))*	**965**	(1,957)
— Gain on disposal of assets *(Note (i))*	**–**	(1,583)
— Gain on liquidation of subsidiaries	**(2,484)**	–
— Share of results of jointly controlled entities	**477**	(16)
Changes in working capital:		
— Inventories	**(12,579)**	(12,745)
— Amount due from immediate holding company	**18,297**	(21,933)
— Trade and other receivables	**(75,703)**	(10,711)
— Amount due to ultimate holding company	**2,404**	(5,032)
— Trade and other payables	**73,528**	(39,872)
Net cash generated from operations	**181,230**	93,512

(i) Movements on disposal of assets comprise:

	Nine months ended 31 December 2012 ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
Net book amount of property, plant	**5,277**	12,967
Net book amount of assets held for sale	**–**	2,607
Proceeds from disposals in prior years	**–**	(2,600)
Proceeds from disposals in current year	**(4,312)**	(16,514)
Gain on disposals	**965**	(3,540)

33. FINANCIAL GUARANTEE

The Group's Company has given guarantee of approximately HK$701 million (31 March 2012: HK$709 million) to subsidiaries in respect of bank borrowings, HK$594 million of which had been utilised as at 31 December 2012.

34. COMMITMENTS

(a) Capital expenditure and property development commitment of the Group at the balance sheet date contracted but not yet incurred is as follows:

	31 December 2012 ***HK$'000***	31 March 2012 *HK$'000* (Restated)
Property, plant and equipment	**24,707**	35,561
Asset held for sale/property under development	**2,145**	3,177
	26,852	38,738

(b) The Group's future aggregate minimum lease payments under non-cancelable operating leases in respect of buildings are as follows:

	31 December 2012 ***HK$'000***	31 March 2012 *HK$'000* (Restated)
Not later than one year	**5,358**	4,875
Later than one year and not later than five years	**5,744**	3,743
Later than five years	**4,366**	4,431
	15,468	13,049

35. RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the financial statements, the followings are significant related party transactions entered between the Group and its related parties:

	Nine months ended 31 December 2012 ***HK$'000***	Year ended 31 March 2012 *HK$'000* (Restated)
(a) Transactions with holdings companies		
Income from management of Disposed Subsidiaries *(Note (ii))*	**522**	244
Interest expenses	**(135)**	(4,066)
Purchase of subsidiaries *(Note (5))*	**82,354**	–
Acquisition of Second Pipelines Network from TEDA *(Note (i))*	**–**	337,572
Leasing charges of Second Pipelines Network *(Note (iii))*	**–**	(15,712)
Guarantee fee accured *(Note (iv))*	**–**	(799)
Interest waived by Tsinlien Assets management *(Note 10)*	**–**	11,902
(b) Transactions with fellow subsidiaries:		
Sale of gas to TEDA Gas *(Note (v))*	**71,633**	115,703
Sale of gas to Tianjin Pipe and its associates *(Note (v))*	**202,323**	328,425
Sale of gas to former subsidiaries(now owned by immediate holding company) *(Note (v))*	**2,074**	7,749
Sale of gas to Tianjin Eco-city *(Note (v))*	**8,785**	2,123
Sale of gas to Tianjin Sai-rui Machinery Equipment Company Limited ("Sai Rui") *(Note (v))*	**7,748**	–
Income from management of TEDA Gas *(Note (vi))*	**627**	1,042
Rental charges of office premises to TEDA Real Property Development Company Ltd *(Note (vii))*	**(2,504)**	(3,637)
Insurance premium paid to Bohai Property Insurance Company Limited ("Bohai") *(Note (viii))*	**(1,293)**	–
Provision of connection service to Tianjin Xing Cheng Investment and Development Company Limited ("Tianjin Xing Cheng") *(Note(ix))*	**–**	7,097

	Note	31 December 2012 HK$'000	31 March 2012 HK$'000 (Restated)
(c) Balances with fellow subsidiaries			
Account receivable from Tianjin Pipe and its associates		**21,381**	3,304
Account receivable from TEDA Gas		**–**	60
Account receivable from Tianjin Eco-city		**6,898**	742
Management fee receivable from TEDA Gas		**4,630**	3,968
Prepayment received for sales of gas from Sai-rui *(Note (v))*		**(6,131)**	(14,800)
Account receivable from Tianjin Xing Cheng *(Note (ix))*		**249**	6,159
Insurance premium payable to Bohai *(Note (viii))*		**(696)**	–

(d) Transactions/balances with other state owned enterprises in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-controlled entities"). The directors of the Company consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

Other than those mentioned above, during the period, the Group's significant transactions with these state controlled entities are mainly purchases of gases. As at year end, majority of the Group's cash and bank balances and borrowings are also with state controlled banks.

(e) Key management compensation

Key management compensation is set out in Note 9 to these financial statements.

Notes:

(i) The Group and TEDA entered into an Asset Transfer Agreement on 24 June 2011 in relation to acquisition of the Second Pipelines Network at consideration of RMB279 million (equivalent to approximately HK$338 million). 10% of the consideration was paid last year. The remaining balance was settled during the period ended 31 December 2012.

(ii) The Group provides management services to the Disposed Subsidiaries in which TEDA has interest in. Annual management fee is calculated at 3% of the net asset value of the Disposed Subsidiaries as at the preceding financial year-end (taking into account any inter-company balances) plus 20% of the audited net profit of the Disposed Subsidiaries for the preceding financial year.

(iii) The Group leased from TEDA the Second Pipelines Network at a usage charge of RMB0.10 per cubic metre of gas supplied via the network. The lease was terminated in February 2012 after the completion of the acquisition as stated in (i) above.

(iv) The Group paid guarantee fees to TEDA and TEDA Group for the latter to provide guarantee for short term bank loans of HK$232 million in the year ended 31 March 2012.

(v) The Group supplies gas to related parties via its pipe network at a price regulated by the State Government and the Tianjin Municipal Government.

(vi) The Group provides management service to TEDA Gas, the annual management fee of which is calculated at 3% of the audited net asset value (as at the preceding year end on 31 December) of TEDA Gas plus 20% of the audited net profit of TEDA Gas for the preceding financial year.

(vii) The Group leases office promise from TEDA Real Property Development Company Ltd. at a rate of RMB113 per square meter per month. The leases were terminated during the period in October 2012.

(viii) On 5 April 2012, the Group entered into insurance arrangement with Bohai as insurer, pursuant to which Bohai will provide insurance coverage to various subsidiaries of the Group. The insurance policies under the arrangement are for a term of one year commencing from 5 April 2012.

(ix) The Group was engaged to provide the connection services at the price of RMB2,800 per household in a town located in Jinnan District of Tianjin.

36. PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

At 31 December 2012, the Group had the following principal subsidiaries and jointly controlled entity which, in the opinion of the directors of the Company, materially affect the results and/or assets of the Group.

(a) Investment holding companies:

	Kind of legal entity and place of incorporation	Particulars of issued and fully paid capital	Effective interest held
Winstar Venture Limited	British Virgin Islands ("BVI")	US$200 ordinary shares	100%
Binhai Investment Hong Kong Limited	Hong Kong	HK$2 ordinary shares, HK$29 million non-voting deferred shares *(Note (ii))*	100%
Binhai Investment (Tianjin) Co. Limited	Wholly foreign owned enterprises, PRC	US$155 million	100%

Notes:

(i) All companies are indirectly held by the Company except Winstar Venture Ltd which is directly held.

(ii) The principal rights and restrictions of non-voting deferred shares held by Binhai Investment Hong Kong Limited are set out below:

- No part of the profits shall be distributed among the holders of the non-voting deferred shares.
- On return of assets on winding up or otherwise, one half of balance of the assets of Binhai Investment Hong Kong Limited, after the first HK$100,000,000 million, shall belong to the holders of non-voting deferred shares.
- Non-voting deferred shareholders are not entitled to receive notice of or to attend to vote at any general meeting of the Company.

(b) Other subsidiaries

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital *(Note (i))* *HK$ Million*	Potential capital contributions *(Note (ii))* *HK$ Million*	Effective indirect interest *(Note (iii))* *(%)*
1	Zibo Jin Bin Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	25	–	100
2	Tianjin Binda Gas Enterprise Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	266	–	100
3	Binzhou Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	27	–	100
4	Zhaoyuan Binhai Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	20	–	100
5	Deqing Binhai Gas Company Limited	Sino-foreign equity joint ventures, PRC	Connection services and sale of gases, PRC	18	–	90
6	Qingdao Laixi Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	16	–	100
7	Zhuozhou Binhai Gas Development Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	11	–	100
8	Nanjing Binhai Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	12	–	100

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital (Note (i)) HK$ Million	Potential capital contributions (Note (ii)) HK$ Million	Effective indirect interest (Note (iii)) (%)
9	Yizheng TEDA Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	13	–	100
10	Qinhuangdao TEDA Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	12	–	100
11	Tianjin Bintai Energy Development Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	204	–	100
12	Qingdao Jiaonan Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	11	–	100
13	Sanhe TEDA Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	7	–	90
14	Changle Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	8	–	100
15	Dezhou Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	6	–	100
16	Jurong Wah Sang Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	3	–	100

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital *(Note (i))* *HK$ Million*	Potential capital contributions *(Note (ii))* *HK$ Million*	Effective indirect interest *(Note (iii))* *(%)*
17	Zhangjiagang Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	4	18	100
18	Qingdao Jiaozhou Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	17	–	100
19	Jingjiang Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	3	13	100
20	Leiyang Wah Sang Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	2	13	100
21	Funing TEDA Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	7	–	100
22	Yishui Binhai Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	13	–	100
23	Rizhao Binhai Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	13	–	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 31 December 2012

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital *(Note (i))* *HK$ Million*	Potential capital contributions *(Note (ii))* *HK$ Million*	Effective indirect interest *(Note (iii))* *(%)*
24	Haiyan Tian Tai Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	25	–	100
25	Huzhou Nanxun Binhai Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	20	–	100
26	Beijing Airport TEDA Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	12	–	100
27	Haiyang Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	2	10	100
28	Tonglu Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	12	8	98
29	Suining Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	2	8	100
30	Jinhu Wah Sang Gas Company	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	7	–	100
31	Qixia Wah Sang Gas Company Limited	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	6	5	100
32	Tianjin Binhai Xinda Real Estate Company Limited	Wholly foreign owned enterprises, PRC	Property development, PRC	–	156	100

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital *(Note (i))* *HK$ Million*	Potential capital contributions *(Note (ii))* *HK$ Million*	Effective indirect interest *(Note (iii))* *(%)*
33	Yizheng Jin Bin Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	12	–	100
34	Tangshan Binhai Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	24	65	100
35	Tianjin Hua Tai Xinda Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	6	–	100
36	Tangshan TEDA Gas Company Limited	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	47	–	100
37	Jizhou Binhai Gas Company Limited *(Note (iv))*	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	14	–	98
38	Anxin TEDA Gas Company Limited *(Note (iv))*	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	2	–	99
39	Qingyuan Binhai Gas Company Limited *(Note (iv))*	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	8	3	99.71
40	Liuyang Binhai Gas Company Limited *(Note (iv))*	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	19	–	100

		Kind of legal entity and place of incorporation	Principal activities and place of operation	Issued and fully paid capital *(Note (i))* HK$ Million	Potential capital contributions *(Note (ii))* HK$ Million	Effective indirect interest *(Note (iii))* (%)
41	Fengxian Binhai Gas Company Limited *(Note (iv))*	Wholly foreign owned enterprises, PRC	Connection services and sale of gases, PRC	16	–	100
42	Gaoan TEDA Gas Company Limited *(Note (iv))*	Sino-foreign co-operative joint ventures, PRC	Connection services and sale of gases, PRC	18	–	100

Note:

(i) Paid up capital of each subsidiary has been translated from original currency of contributions to HK dollar equivalent.

(ii) The Company's potential capital contributions, through Binhai Investment (Tianjin) Co., Limited, into these subsidiaries amounted to approximately HK$299 million. Although the deadlines for injecting the capital to all these subsidiaries have expired, these subsidiaries are all still operating as at date of these consolidated financial statements.

(iii) Effective interests held are determined by assets appropriation upon the dissolution of the subsidiaries, instead of by proportion of the capital injection. The position as at 31 December 2012 is unchanged from 31 March 2012.

(iv) The Six Subsidiaries were acquired from TEDA HK during the period.

(v) All the subsidiaries in the PRC adopt 31 December as their financial year end pursuant to the domestic regulation.

(c) Jointly controlled entity

Name	Date of incorporation	Issued share capital	Principal activities
Tianjin Airport Economic Area Gas Co., Ltd	2 June 2010	RMB30 million	Connection services and sale of gas
Qinhuangdao Taixing Gas Co., Ltd	19 September 2012	RMB10 million	Connection services and sale of gas

37. IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The directors of the Company consider TEDA HK, a company incorporated in Hong Kong with limited liability and beneficially wholly owned by TEDA, as the immediate holding company and TEDA as the ultimate holding company.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Directors on 22 March 2013.

FIVE-YEAR FINANCIAL SUMMARY

The following table summarized the results, assets and liabilities of the Group for the five years ended 31 December 2012.

	Nine months ended 31 December 2012 *HK$'000*	Year ended 31 March 2012 (restated) *HK$'000*	Year ended 31 March 2011 (restated) *HK$'000*	Year ended 31 March 2010 (restated) *HK$'000*	Year ended 31 March 2009 *HK$'000*
Revenue	**1,206,285**	1,678,971	1,270,570	824,529	621,464
Profit/(loss) attributable to owners of the Company	**89,615**	114,221	71,110	226,549	(40,451)

	31 December 2012 *HK$'000*	31 March 2012 (restated) *HK$'000*	31 March 2011 (restated) *HK$'000*	31 March 2010 (restated) *HK$'000*	31 March 2009 *HK$'000*
Total assets	**3,220,300**	2,546,603	1,526,793	915,354	571,267
Total liabilities	**2,509,288**	1,852,713	974,108	486,965	1,457,789
Equity holder' equity/(deficit)	**692,718**	678,906	540,673	418,556	(894,811)
Non-controlling interests	**18,294**	14,984	12,012	9,833	8,289

Note: The financial statements of the Group for the year ended 31 March 2011 and 2010 and as at 31 March 2011 and 2010 have been restated on the basis that the structure and business activities of the Group immediately after the acquisition of the Six Subsidiaries completed in 2012 had been in existence throughout the year presented. The financial information of the Group prior to 2010 are not restated.