



濱海投資有限公司  
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

Stock Code: 8035



First Quarterly Report

2013

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Binhai Investment Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## FINANCIAL HIGHLIGHTS

	<b>Unaudited Three months ended 31 March 2013 HK\$'000</b>	Unaudited Three months ended 31 March 2012 HK\$'000 (Restated)	Percentage Change
Revenue	<b>585,211</b>	471,806	+24%
Gross profit	<b>125,932</b>	106,466	+18%
Profit for the period	<b>49,505</b>	46,388	+7%
Basic earnings per share attributable to owners of the Company during the period	<b>0.42 cents</b>	0.39 cents	0.03 cents

The board of Directors (the "Board") of Binhai Investment Company Limited (the "Company") hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2013, together with the unaudited comparative figures for the corresponding period in 2012.

## FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

	Note	Unaudited Three months ended 31 March	
		2013 HK\$'000	2012 HK\$'000 (Restated)
Revenue	5	<b>585,211</b>	471,806
Costs of sales		<b>(459,279)</b>	(365,340)
<b>Gross profit</b>		<b>125,932</b>	106,466
Other income and losses — net		<b>5,183</b>	(12,879)
Administrative expenses		<b>(37,061)</b>	(29,659)
		<b>94,054</b>	63,928
Interest waived		<b>—</b>	11,902
Finance costs — net		<b>(26,689)</b>	(13,815)
Share of results of jointly controlled entities		<b>(237)</b>	(153)
<b>Profit before taxation</b>		<b>67,128</b>	61,862
Income tax expenses	6	<b>(17,623)</b>	(15,474)
<b>Profit for the period</b>		<b>49,505</b>	46,388
<b>Attributable to:</b>			
— Owners of the Company		<b>48,431</b>	45,503
— Non-controlling interests		<b>1,074</b>	885
		<b>49,505</b>	46,388
<b>Earnings per ordinary share</b>	8		
— basic (HK cents)		<b>0.42 cents</b>	0.39 cents
— diluted (HK cents)		<b>0.42 cents</b>	0.39 cents

**Consolidated Statement of Comprehensive Income**

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
		(Restated)
<b>Comprehensive income</b>		
Profit for the period	<b>49,505</b>	46,388
<b>Other comprehensive income</b>		
Exchange differences	<b>5,811</b>	(3,934)
<b>Total comprehensive income for the period</b>	<b>55,316</b>	42,454
<b>Attributable to:</b>		
– Owners of the Company	<b>54,161</b>	41,557
– Non-controlling interests	<b>1,155</b>	897
<b>Total comprehensive income for the period</b>	<b>55,316</b>	42,454

## Consolidated Statement of Changes in Equity

Changes in equity of the Group during the three months ended 31 March 2013 and 2012 are as follows:

	Unaudited						
	Owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Other Reserves HK\$'000	Accu- mulated losses HK\$'000			
<b>Balance at</b>							
<b>1 January 2012</b>	659,928	424,737	125,996	(639,032)	571,629	14,087	585,716
Common control business combination (Note 4)	–	–	65,276	444	65,720	–	65,720
<b>Balance at 1 January 2012, as restated</b>	659,928	424,737	191,272	(638,588)	637,349	14,087	651,436
<b>Comprehensive income</b>							
Profit for the period	–	–	–	45,503	45,503	885	46,388
<b>Other comprehensive income</b>							
Exchange differences	–	–	(3,946)	–	(3,946)	12	(3,934)
<b>Total comprehensive income for the period</b>	–	–	(3,946)	45,503	41,557	897	42,454
<b>Balance at 31 March 2012, as restated</b>	659,928	424,737	187,326	(593,085)	678,906	14,984	693,890
<b>Balance at</b>							
<b>1 January 2013</b>	659,928	424,737	111,523	(503,470)	692,718	18,294	711,012
<b>Comprehensive income</b>							
Profit for the period	–	–	–	48,431	48,431	1,074	49,505
<b>Other comprehensive income</b>							
Exchange differences	–	–	5,730	–	5,730	81	5,811
<b>Total comprehensive income for the period</b>	–	–	5,730	48,431	54,161	1,155	55,316
<b>Balance at 31 March 2013</b>	659,928	424,737	117,253	(455,039)	746,879	19,449	766,328

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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

### 2. BASIS OF PREPARATION

This condensed consolidated financial information for the three months ended 31 March 2013 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules.

### 3. ACCOUNTING POLICIES

The financial information has been on historical cost basis.

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

The Group has adopted the new/revised accounting standards and interpretations effective for the accounting period beginning on or after 1 January 2013. Adoption of such new/revised accounting standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.

### 4. 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 acquire of six entities ("Six Subsidiaries") held by TEDA HK at a consideration of RMB66,124,793.

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 condensed consolidated financial statements for the three months ended 31 March 2012 have been prepared on the basis as if the current group structure had been in existence throughout the period presented.

The effect of those restatements described above on the condensed consolidated income statement during the three months ended 31 March 2012 is as follows:

<b>For the three months ended 31 March 2012 (Unaudited)</b>				
	<b>The Group before the repurchase</b>	<b>Six subsidiaries</b>	<b>Adjustments</b>	<b>Consolidated</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	455,131	20,087	(3,412)	471,806
Costs of sales	(352,891)	(15,861)	3,412	(365,340)
<b>Gross profit</b>	102,240	4,226	–	106,466
Other income and losses-net	(12,894)	15	–	(12,879)
Administrative expenses	(24,471)	(5,188)	–	(29,659)
Interest Waived	11,902	–	–	11,902
Finance costs-net	(13,828)	13	–	(13,815)
Share of results of jointly controlled entities	(153)	–	–	(153)
<b>Profit before taxation</b>	62,796	(934)	–	61,862
Income tax expenses	(15,117)	(357)	–	(15,474)
<b>Profit for the period</b>	47,679	(1,291)	–	46,388

## 5. 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.

	Unaudited				Total HK\$'000
	On-site gas sales HK\$'000	Three months ended 31 Bottled gas sales HK\$'000	Piped gas sales HK\$'000	March 2013 Connection services HK\$'000	
<b>Revenue</b>					
– Tianjin TEDA Tsinlien Gas Co., Ltd. ("TEDA Gas"), Tianjin Eco-city Energy Investment Construction Co., Ltd. ("Tianjin Eco-city"), Tianjin Pipe Group Corporation ("Tianjin Pipe") and its associates	–	–	149,119	–	149,119
– Other customers	77,762	4,602	237,449	116,279	436,092
<b>Revenue from external customers</b>	<b>77,762</b>	<b>4,602</b>	<b>386,568</b>	<b>116,279</b>	<b>585,211</b>
<b>Segment results</b>	<b>1,771</b>	<b>359</b>	<b>48,862</b>	<b>74,940</b>	<b>125,932</b>
– Other income and gains – net					5,183
– Administrative expenses					(37,061)
– Finance costs – net					(26,689)
– Share of results of jointly controlled entities					(237)
<b>Profit before income tax</b>					<b>67,128</b>
<i>Other information for reportable segments:</i>					
Depreciation	(243)	(40)	(14,003)	(374)	(14,660)
Amortization	(49)	(4)	(250)	(76)	(379)

	<b>Unaudited</b>				
	<b>Three months ended 31 March 2012 (Restated)</b>				
	<b>On-site gas sales</b> <i>HK\$'000</i>	<b>Bottled gas sales</b> <i>HK\$'000</i>	<b>Piped gas sales</b> <i>HK\$'000</i>	<b>Connection services</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Revenue</b>					
– TEDA Gas, Tianjin Pipe and its associates	–	–	113,473	–	113,473
– Other customers	70,441	5,256	177,262	105,374	358,333
<b>Revenue from external customers</b>	70,441	5,256	290,735	105,374	471,806
<b>Segment results</b>	731	(691)	14,428	91,998	106,466
– Other income and losses – net					(12,879)
– Administrative expenses					(29,659)
– Interest waived					11,902
– Finance costs – net					(13,815)
– Share of results of jointly controlled entities					(153)
<b>Profit before income tax</b>					61,862
<i>Other information for reportable segments:</i>					
Depreciation	(687)	(9)	(6,729)	(579)	(8,004)
Amortization	(15)	(7)	(34)	(57)	(113)

## 6. INCOME TAX EXPENSES

No Hong Kong profit tax was provided as the Group had no assessable profit arising in or derived from Hong Kong (2012: Nil).

Subsidiaries established in the People's Republic of China (the "PRC") are subject to the PRC enterprise income tax ("EIT") at the rate of 25% (2012: 25%).

	<b>Unaudited Three months ended 31 March</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000 (Restated)
Current taxation:		
– Current tax on profits for the period	<b>17,131</b>	21,803
– Over accrual in prior years	–	(7,311)
<b>Total current taxation</b>	<b>17,131</b>	14,492
Deferred taxation:		
Tax losses	<b>492</b>	982
<b>Total deferred taxation</b>	<b>492</b>	982
Income tax expense	<b>17,623</b>	15,474

## 7. DIVIDEND

No dividend was declared in respect of the three months ended 31 March 2013 (for the three months ended 31 March 2012: Nil).

## 8. EARNINGS PER SHARE

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

	Unaudited Three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000 (Restated)
<b>Earnings</b>		
Profit attributable to owners of the Company	<b>48,431</b>	45,503
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	<b>11,659,478,667</b>	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	<b>11,659,478,667</b>	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.

## BUSINESS REVIEW

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

### Connection Services

The Group constructs gas pipelines for its clients and connects their pipelines to the Group's main gas pipeline networks, and charges connection service fees from industrial and commercial customers, property developers and property management agents. As at 31 March 2013, the Group's total gas pipeline network was approximately 1,508 kilometers, representing an increase of 19 kilometers of the pipeline network from 1,489 kilometers as at 31 December 2012. During the three months ended 31 March 2013, the connection service fees amounted to HK\$116,279,000, representing an increase of HK\$10,905,000 or 10% as compared with HK\$105,374,000 for the corresponding period last year.

### Piped Gas Sales

During the three months ended 31 March 2013, consumption of piped gas by residential and industrial customers amounted to approximately  $725 \times 10^6$  and  $3,696 \times 10^6$  mega-joules respectively, as compared with  $504 \times 10^6$  and  $2,768 \times 10^6$  mega-joules respectively for the same period last year. For the three months ended 31 March 2013, the piped gas sales income of the Group amounted to HK\$386,568,000, representing an increase of HK\$95,833,000 or 33% as compared with HK\$290,735,000 for the corresponding period last year.

### 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.

## PROSPECTS

During the quarter, the Group continues to maintain a rapid growth of its gas business. With a promising prospect of natural gas industry in the PRC and a variety of resources that the Company has accumulated, the Company is confident to maintain the performance of rapid growth.

In accordance with the primary tasks of 2013 that the Group has decided, the Group will devote more effort to the enhancement of the efficiency of asset utilization, gas market development, resources integration and the strengthening of the management and control.

Through these efforts, the Group will have the ability to reward our shareholders and stakeholders better for their long-term support.

## FINANCIAL REVIEW

### Gross Profit Margin

For the three months ended 31 March 2013, the gross profit of the Group was HK\$125,932,000 (for the three months ended 31 March 2012: HK\$106,466,000) and the gross profit margin for the Group was 22% (for the three months ended 31 March 2012: 23%).

For the three months ended 31 March 2013, the gross profit margin of the Group's piped gas sales was 12.6%, representing an increase of 152% as compared with 5.0% for the corresponding period last year. Increase of industrial users' gas consumption, which contributed higher gross profit margin, caused an appreciable escalation of the gross profit margin of the piped gas sales.

## **Administrative Expenses**

Administrative expenses of the Group for the three months ended 31 March 2013 was HK\$37,061,000, representing an increase of HK\$7,402,000 or 25% as compared with HK\$29,659,000 for the corresponding period last year. Management cost comprising labor cost increased as the Group further expanded its operating scale.

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

The profit attributable to owners of the Company was HK\$48,431,000 for the three months ended 31 March 2013, representing an increase of HK\$2,928,000 or 6% as compared with HK\$45,503,000 for the corresponding period last year. However, the HK\$45,503,000 for the three months ended 31 March 2012 included one-off interest waived of HK\$11,902,000. Excluding the effect of the interest waiver, the profit attributable to owners of the Company during the period achieved an increase of 44% as compared with the corresponding period last year.

Basic earnings per share of the Company for the three months ended 31 March 2013 was HK0.42 cents, representing an increase of HK0.03 cents as compared with HK0.39 cents for the corresponding period last year.

## Interest Rate Swap Contract

For the three months ended 31 March 2013, the Group recognized a profit on the change in fair value of derivative financial instrument of HK\$2,592,000 (loss for the three months ended 31 March 2012: HK\$11,605,000). 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.



## 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 March 2013, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong) which were required to be: (a) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	Capacity	Interest in ordinary shares of the Company				Total interests in ordinary shares	Interests in underlying ordinary shares pursuant to share options	Total interests in ordinary shares and underlying shares	Approximate percentage of the Company's total issued ordinary share capital as at 31 March 2013
		Personal interests	Corporate interests	Family interests					
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%	

Name of Director	Capacity	Interest in ordinary shares of the Company				Interests in underlying ordinary shares pursuant to share options	Total interests in ordinary shares and underlying ordinary shares	Approximate percentage of the Company's total issued ordinary share capital as at 31 March 2013
		Personal interests	Corporate interests	Family interests	Total interests in ordinary shares			
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 share option scheme adopted by the Company on 20 August 2010, the Company granted options on its ordinary shares to the Directors, the details of such options outstanding as at 1 January 2013 and as at 31 March 2013 were as follows:

<b>Name of Director</b>	<b>Date of grant</b>	<b>Exercise Period</b>	<b>Exercise Price (HK\$)</b>	<b>Number of ordinary shares subject to outstanding options as at 1 January 2013</b>	<b>Number of ordinary shares subject to outstanding options as at 31 March 2013</b>	<b>Approximate percentage of the Company's total issued ordinary share capital as at 31 March 2013</b>
Mr. Gao Liang	27.9.2010	27.9.2010 – 26.9.2020	0.56	10,000,000	10,000,000	0.17%
Mr. Zhang Jun	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Dai Yan	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Wang Gang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Ms. Zhu Wen Fang	27.9.2010	27.9.2010 – 26.9.2020	0.56	7,000,000	7,000,000	0.12%
Mr. Ip Shing Hing, J.P.	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Professor Japhet Sebastian Law	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Tse Tak Yin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%
Mr. Lau Siu Ki, Kevin	27.9.2010	27.9.2010 – 26.9.2020	0.56	2,000,000	2,000,000	0.03%

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

Save as disclosed above, as at 31 March 2013, 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 March 2013, 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 were listed as follows:

Name of shareholder	Position	Capacity	Interest in ordinary shares of the Company				Total	Approximate percentage of the Company's total issued ordinary share capital as at 31 March 2013
			Beneficial interests	Family interests	Corporate interests	Others		
Tsinlien Group Company Limited ("Tsinlien")	Long	Interest of controlled corporation	-	-	496,188,000 (Note 1)	1,333,333,333 (Note 2)	1,829,521,333	30.53%
	Short	Nominee for another person	-	-	1,333,333,333 (Note 3)	-	1,333,333,333	22.25%
Tianjin TEDA Investment Holdings Co., Ltd. ("TEDA")	Long	Interest of controlled corporation	-	-	8,670,653,873 (Note 3)	-	8,670,653,873	144.68%

Name of shareholder	Position	Capacity	Interest in ordinary shares of the Company					Approximate percentage of the Company's total issued ordinary share capital as at 31 March 2013
			Beneficial interests	Family interests	Corporate interests	Others	Total	
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:**

- 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 Cavalier Asia Limited ("Tsinlien BVI"), a wholly-owned subsidiary of Tsinlien, has agreed to buy back such Convertible Preference Shares from the syndicated banks on the 5th anniversary of the date of issue of such Convertible Preference Shares. Tsinlien BVI has agreed to transfer such Convertible Preference Shares to Teda Hong Kong Property Company Limited ("TEDA HK"), a wholly-owned subsidiary of TEDA, after completion of acquisition from the syndicated banks.
3. These 8,670,653,873 Shares represent (i) 3,003,987,207 Shares held by TEDA HK, a wholly-owned subsidiary of TEDA; (ii) 4,333,333,333 potential Shares which are issuable to TEDA HK assuming full conversion of 130,000,000 Convertible Preference Shares held by TEDA HK; (iii) 1,333,333,333 potential Shares that TEDA HK will acquire from Tsinlien BVI as referred to Note 2 above.
4. Wah Sang Gas Development Group (Cayman Islands) Limited is wholly-owned by Mr. Shum. The corporate interests held by Mr. Shum represent his deemed interests in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.
5. Ms. Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such Shares owned by her spouse, Mr. Shum.

Other than as disclosed above, as at 31 March 2013, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital.

## SHARE OPTION SCHEME

At the annual general meeting 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 has lapsed.

No share option was granted, exercised, cancelled or lapsed under the 2010 Scheme during the three months ended 31 March 2013.

## INTERESTS OF COMPLIANCE ADVISER

Pursuant to the Compliance Adviser Agreement dated 7 May 2009 between the Company and WAG Worldsec Corporate Finance Limited ("WAG Worldsec"), WAG Worldsec has been appointed as the compliance adviser of the Company for the period from 12 May 2009 to the date that the Company issues its financial results for the 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.

## DIRECTORS' INTEREST IN CONTRACTS

No Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party which subsisted at any time during the three months ended 31 March 2013.

## **LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER**

On 29 November 2011 Binhai Investment Hong Kong Limited, a wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into a credit facility agreement (the "Facility Agreement") with Standard Chartered Bank (Hong Kong) Limited and China Development Bank Corporation Hong Kong Branch for a loan facility in the aggregate amount of HK\$622,400,000 for a term of seven years. Loan funds are used for company operations and business development. Pursuant to the terms of the Facility Agreement, if TEDA ceases to be the single largest shareholder (whether directly or indirectly) of the Company, the facility commitments of the lenders under the Facility Agreement maybe cancelled and all outstanding loans and accrued interests may be declared to be immediately due and payable. TEDA currently through its wholly-owned subsidiary holds approximately 50.13% of the total issued ordinary share capital of the Company.

## **INTERESTS IN COMPETING BUSINESS**

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 March 2013, 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 Suqian Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
9 Xinyi Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
10 Ningyang Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100
11 Weishan Wah Sang Gas Co. Ltd.	Connection Service & Sale of Gases	100

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in accordance with the GEM Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Mr. Lau Siu Ki, Kevin (chairman), Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Ip Shing Hing *J.P.*. Mr. Lau and Mr. Tse are qualified accountants. The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2013 and has provided advice and comments on this report.

## CODE OF CONDUCT REGARDING 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 three months ended 31 March 2013.

## PURCHASES, SALES AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the three months ended 31 March 2013.

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

Hong Kong, 8 May 2013

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Zhang Bing Jun and Mr. Gao Liang, five non-executive Directors, namely, Mr. Shen Xiao Lin, Mr. Zhang Jun, Mr. Dai Yan, Mr. Wang Gang and Ms. Zhu Wen Fang, and four independent non-executive Directors, namely, Mr. Ip Shing Hing, J.P., Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Lau Siu Ki, Kevin.*