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濱海投資有限公司

BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 8035)

**CONTINUING CONNECTED TRANSACTIONS
REVISED ANNUAL CAP
AND
RENEWAL OF AGREEMENT FOR SUPPLY OF GAS TO FORMER
SUBSIDIARIES**

REVISED ANNUAL CAP FOR SUPPLY OF GAS TO THE FORMER SUBSIDIARIES

Reference is made to the announcement of the Company dated 25 June 2010 in which it was announced that Tianjin Wah Sang, an indirect wholly-owned subsidiary of the Company, entered into the Gas Supply Agreement with the Former Subsidiaries in relation to the supply of gas by Tianjin Wah Sang to the Former Subsidiaries for the period from 4 May 2009 up to and including 31 March 2012.

Due to an increase in the use of gas by the Former Subsidiaries, the Directors noted that the aggregate revenue of the Transactions for the financial year ending 31 March 2012 will amount to approximately RMB6,500,000 (equivalent to approximately HK\$8,000,000), exceeding the 2012 Annual Cap of RMB5,145,000. The Company is making this announcement in respect of the Transactions for the year ending 31 March 2012 pursuant to Rule 20.36(1) of the GEM Listing Rules.

RENEWAL OF GAS SUPPLY AGREEMENT

The Board also announces that Tianjin Wah Sang and the Former Subsidiaries agreed to renew the Gas Supply Agreement for a term of one year. On 29 March 2012, Tianjin Wah Sang and the Former Subsidiaries entered into the New Gas Supply Agreement in relation to the supply of gas by Tianjin Wah Sang to the Former Subsidiaries for the period from 1 April 2012 up to and including 31 March 2013.

TEDA is the ultimate controlling shareholder of the Company interested in approximately 50.13% of the total issued Shares. As the Former Subsidiaries are controlled by an indirect wholly-owned subsidiary of TEDA, the Former Subsidiaries are associates of TEDA and accordingly are connected persons of the Company under the GEM Listing Rules. The Transactions and the transactions contemplated under the New Gas Supply Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the relevant applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Transactions for the year ending 31 March 2012 and in respect of the Annual Cap for the New Gas Supply Agreement exceed 0.1% but do not exceed 5%, the Transactions for the year ending 31 March 2012 and the transactions contemplated under the New Gas Supply Agreement are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REVISED ANNUAL CAP FOR SUPPLY OF GAS TO THE FORMER SUBSIDIARIES

Background

Reference is made to the announcement of the Company dated 25 June 2010 in which it was announced that Tianjin Wah Sang, an indirect wholly-owned subsidiary of the Company, entered into the Gas Supply Agreement with the Former Subsidiaries in relation to the supply of gas by Tianjin Wah Sang to the Former Subsidiaries for the period from 4 May 2009 up to and including 31 March 2012.

The 2012 Annual Cap being exceeded

Due to an increase in the use of gas by the Former Subsidiaries, the Directors noted that the aggregate revenue of the Transactions for the financial year ending 31 March 2012 will amount to approximately RMB6,500,000 (equivalent to approximately HK\$8,000,000), exceeding the 2012 Annual Cap of RMB5,145,000.

Pursuant to Rule 20.36 of the GEM Listing Rules, the Company should re-comply with the reporting and announcement requirements if the maximum annual aggregate value for the Transactions previously disclosed is exceeded. The terms of the Gas Supply Agreement and the particulars of the Transactions as disclosed in the announcement of the Company of 25 June 2010 which are reproduced below have remained unchanged, except that the maximum aggregate annual value of the Transactions for the year ending 31 March 2012 is changed to approximately RMB6,500,000 (equivalent to approximately HK\$8,000,000).

THE GAS SUPPLY AGREEMENT

The Gas Supply Agreement was entered into by Tianjin Wah Sang with the Former Subsidiaries on 25 June 2010. The principal terms of the Gas Supply Agreement are as follows:

Date

25 June 2010

Parties

- (1) Tianjin Wah Sang; and
- (2) the Former Subsidiaries.

Duration

From 4 May 2009 (the date on which the disposal of the Former Subsidiaries and certain other subsidiaries of the Group under the Disposal Agreement was deemed to be completed) up to and including 31 March 2012.

Nature of transaction

Supply of gas by Tianjin Wah Sang to the Former Subsidiaries.

Selling price

Based on the selling price of the source supply of gas, the selling price in respect of the supply of CNG under the Gas Supply Agreement for the period from 1 April 2010 up to 31 March 2012 is RMB3.1 per cubic meter for the supply of CNG to Boxing Wah Sang, and at RMB3 per cubic meter for the supply of CNG to the other Former Subsidiaries. In the event of adjustment to the selling price for the source supply of gas, the price for supply of CNG under the Gas Supply Agreement shall be adjusted accordingly. Consideration for the gas supplied under the Gas Supply Agreement shall be paid to Tianjin Wah Sang in cash, by cheque or in other manners on a regular basis.

Revised Annual Cap

The Directors estimate that the maximum aggregate revenue for the Transactions will be approximately RMB6,500,000 for the financial year ending 31 March 2012. The Revised Annual Cap is based on the Group's assessment of the transaction amounts under the Gas Supply Agreement from 1 April 2011 up to present.

The Directors (including the independent non-executive Directors) consider that the Revised Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

RENEWAL OF AGREEMENT FOR SUPPLY OF GAS

As the Gas Supply Agreement will expire on 31 March 2012 and the Group intends to continue carrying on the Transactions which are in the ordinary and usual course of business of the Group, the Board announces that Tianjin Wah Sang and the Former Subsidiaries agreed to renew the Gas Supply Agreement for a term of one year. On 29 March 2012, Tianjin Wah Sang and the Former Subsidiaries entered into the New Gas Supply Agreement in relation to the supply of gas by Tianjin Wah Sang to the Former Subsidiaries for the period from 1 April 2012 up to and including 31 March 2013. The principal terms of the New Gas Supply Agreement are as follows:

Date

29 March 2012

Parties

- (1) Tianjin Wah Sang; and
- (2) the Former Subsidiaries.

Duration

From 1 April 2012 up to and including 31 March 2013.

Nature of transaction

Supply of gas by Tianjin Wah Sang to the Former Subsidiaries.

Consideration

Based on the selling price of the source supply of gas, the selling prices in respect of the supply of CNG and LPG under the New Gas Supply Agreement for the period 1 April 2012 up to and including 31 March 2013 are set out as follows:

- (1) RMB3.0 per cubic meter for the supply of CNG to Boxing Wah Sang;
- (2) RMB2.9 per cubic meter for the supply of CNG to Qingyuan Yimin;
- (3) RMB2.9 per cubic meter for the supply of CNG to Anxin Lihua;
- (4) RMB3.1 per cubic meter for the supply of CNG to Jizhou Wah Sang;
- (5) RMB7,500 per ton for the supply of LPG to Pizhou Wah Sang;
- (6) RMB7,250 per ton for the supply of LPG to Qingyuan Yimin;
- (7) RMB7,250 per ton for the supply of LPG to Anxin Lihua;
- (8) RMB7,380 per ton for the supply of LPG to Jizhou Wah Sang; and
- (9) RMB7,420 per ton for the supply of LPG to Fengxian Wah Sang.

In the event of adjustment to the selling price for the source supply of gas, the price for supply of CNG and LPG under the New Gas Supply Agreement shall be adjusted accordingly. Consideration for the gas supplied under the New Gas Supply Agreement shall be paid to Tianjin Wah Sang in cash, by cheque or in other manners on a regular basis.

Annual Cap for the New Gas Supply Agreement

The Directors estimate that the Annual Cap for the transactions under the New Gas Supply Agreement will be RMB7,500,000 (equivalent to approximately HK\$9,267,726).

In determining the Annual Cap, the Directors have taken into account the following factors: the estimated volume of gas to be supplied to the Former Subsidiaries in the financial year ending 31 March 2013 (estimated with reference to the actual volume of gas supplied to the Former Subsidiaries in the financial year ending 31 March 2012); the expected increase in demand of gas by customers of the Former Subsidiaries under management by the Group; and the increase in the selling price of the source supply of gas as a result of the pricing policy of the State Development and Reform Committee of the PRC on natural gas.

Reasons for and benefits of entering into the New Gas Supply Agreement

Since the incorporation of the Former Subsidiaries, the Group had been supplying gas to them for their operation. After the disposal of interests in the Former Subsidiaries to TEDA pursuant to the Disposal Agreement which was deemed to have completed in May 2009, the Former Subsidiaries have been managed by the Group and the Group remains the most convenient source of supply of gas for the Former Subsidiaries. The continuous supply of gas to the Former Subsidiaries will also increase the sales of gas of the Group and therefore, entering into the New Gas Supply Agreement will help to increase the revenue for the Group.

The Directors (including the independent non-executive Directors) consider that the New Gas Supply Agreement was entered into on normal commercial terms, and believe that both the terms of the New Gas Supply Agreement and the Annual Cap are fair and reasonable and in the interest of the Group and the Shareholders as a whole. None of the Directors has any material interest in the transactions contemplated under the New Gas Supply Agreement, and accordingly none of the Directors was required to abstain from voting on the resolution of the Board approving the same.

GEM LISTING RULES REQUIREMENTS

TEDA is ultimate controlling shareholder of the Company interested in approximately 50.13% of the total issued Shares. As the Former Subsidiaries are controlled by a non-wholly owned subsidiary of TEDA, the Former Subsidiaries are associates of TEDA and thus regarded as connected persons of the Company under the GEM Listing Rules. The Transactions and the transactions contemplated under the New Gas Supply Agreement accordingly constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the relevant applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Transactions for the year ending 31 March 2012 and the Annual Cap for the New Gas Supply Agreement exceed 0.1% but do not exceed 5%, the Transactions for the year ending 31 December 2012 and the transactions contemplated under the New Gas Supply Agreement are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE GROUP AND THE CONNECTED PERSONS

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

Each of the Former Subsidiaries is principally engaged in gas pipeline connection services and sales of gases.

DEFINITIONS

“Annual Cap”	the annual cap for the transactions contemplated under the New Gas Supply Agreement for the financial year ending 31 March 2013
“Anxin Lihua”	安新利華華樂燃氣有限公司 (Anxin Lihua Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“associate”	has the meaning ascribed to it by the GEM Listing Rules
“Board”	the board of Directors
“Boxing Wah Sang”	博興華樂燃氣有限公司 (Boxing Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“CNG”	compressed natural gas
“Company”	Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“connected person”	has the meaning ascribed to it by the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Agreement”	the agreement dated 28 May 2008 entered into by WSIG and Cavalier Asia Limited for the disposal of 30 subsidiaries of the Company to Cavalier Asia Limited (as amended by a supplemental agreement dated 25 February 2009)
“Fengxian Wah Sang”	豐縣華樂燃氣有限公司 (Fengxian Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“Former Subsidiaries”	Anxin Lihua, Fengxian Wah Sang, Jizhou Wah Sang, Pizhou Wah Sang, Qingyuan Yimin and Boxing Wah Sang
“Gas Supply Agreement”	the gas supply agreement dated 25 June 2010 entered into between Tianjin Wah Sang and the Former Subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Jizhou Wah Sang”	冀州華樂燃氣有限公司 (Jizhou Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“LPG”	liquefied petroleum gas
“New Gas Supply Agreement”	the gas supply agreement dated 29 March 2012 entered into between Tianjin Wah Sang and the Former Subsidiaries
“Pizhou Wah Sang”	邳州華樂燃氣有限公司 (Pizhou Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“PRC”	the People’s Republic of China
“Revised Annual Cap”	the revised annual cap in respect of the Transactions for the year ending 31 March 2012
“RMB”	Renminbi, the lawful currency of the PRC
“Qingyuan Yimin”	清苑益民華樂燃氣有限公司 (Qingyuan Yimin Wah Sang Gas Company Limited*), a limited liability company established under the laws of the PRC
“Shareholders”	the holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEDA”	天津泰達投資控股有限公司 (Tianjin TEDA Investment Holding Co., Ltd.*), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company interested in approximately 50.13% of the total Shares in issue as at the date of this announcement

“Tianjin Wah Sang”	天津華燊燃氣實業有限公司 (Tianjin Wah Sang Gas Enterprise Company Limited*), a limited liability company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
“Transactions”	the transactions for the supply of gas by Tianjin Wah Sang to the Former Subsidiaries as contemplated under the Gas Supply Agreement
“WSIG”	Wah Sang Gas Investment Group Limited, which has now changed its name to “Binhai Investment (Hong Kong) Company Limited” and is a wholly-owned subsidiary of the Company incorporated in Hong Kong
“2012 Annual Cap”	the annual cap in respect of the Transactions for the year ending 31 March 2012 (as disclosed in the announcement of the Company dated 25 June 2010)
“%”	per cent

By order of the Board
BINHAI INVESTMENT COMPANY LIMITED
Gao Liang
Executive Director

Hong Kong, 29 March 2012

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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:—(1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of its publication.

* For identification purposes only