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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

The Group has been supplying natural gas to associates of TEDA from time to time which constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules, and agreements were entered into by subsidiaries of the Company in respect of such transactions. It is expected that the Group will continue to carrying out transactions of a similar nature with TEDA or its associates.

Therefore, on 28 February 2013, the Company entered into the Master Gas Supply Agreement with TEDA for a term from 1 April 2013 to 31 December 2015, under which the Group will supply natural gas to TEDA and its subsidiaries and associates pursuant to agreements for supply of natural gas to be entered into from time to time.

TEDA is the ultimate controlling shareholder of the Company, holding 3,003,987,207 Shares (representing approximately 50.13% of the total number of Shares in issue) through its wholly owned subsidiary, and is thus a connected person of the Company under the GEM Listing Rules. Subsidiaries and associates of TEDA are also regarded as connected persons of the Company. Therefore transactions under the Master Gas Supply Agreement will constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since one or more of the applicable percentage ratios for the Annual Caps calculated under Rule 19.07 of the GEM Listing Rules exceed 5%, transactions under the Master Gas Supply Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. A circular containing, amongst other things, the recommendation from the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice to convene a special general meeting of the Company to approve the Master Gas Supply Agreement and the transactions thereunder and the Annual Caps is expected to be despatched to the Shareholders in accordance with the GEM Listing Rules on or before 21 March 2013.

BACKGROUND

The Group has been supplying natural gas to associates of TEDA from time to time which constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules, and agreements were entered into by subsidiaries of the Company in respect of such transactions. It is expected that the Group will continue to carrying out transactions of a similar nature with TEDA or its associates.

THE MASTER GAS SUPPLY AGREEMENT

The Board is pleased to announce that the Company entered into the Master Gas Supply Agreement with TEDA with particulars as follows:—

Date

28 February 2013

The parties

- (a) TEDA
- (b) the Company

Nature of the Transactions

Supply of natural gas by the Group to TEDA and its subsidiaries and associates.

The Group will supply natural gas to TEDA and its subsidiaries and associates pursuant to agreements for supply of natural gas to be entered into from time to time.

Term

1 April 2013 to 31 December 2015

Condition precedent to the taking effect of the Master Gas Supply Agreement

The Master Gas Supply Agreement shall take effect after the approval by the Board, and the obtaining of necessary approvals by the Independent Shareholders according to the GEM Listing Rules.

Consideration

The payment for gas supply shall be settled on a monthly basis according to the amount of gas supplied by the Group.

Basis of Consideration

The price for the supply of natural gas under the Master Gas Supply Agreement will be determined based on arm's length negotiations between the relevant parties, with reference to the regulations on natural gas sale price as stipulated by the PRC Government and the Tianjin Municipal Government. In case there is an adjustment to the policy of the PRC Government or the Tianjin Municipal Government on natural gas sales price, the price for the supply of gas will be adjusted correspondingly except otherwise agreed by both parties.

The agreements for supply of natural gas to be entered into by the Group with TEDA or its subsidiaries or associates shall be on normal commercial terms that are fair and reasonable, and shall be on terms no less favourable to the Group than those available to the Group for supply of natural gas to independent third parties.

Proposed Annual Caps for the Master Gas Supply Agreement

The Directors estimate that the amount of the transactions under the Master Gas Supply Agreement will not exceed the following Annual Caps:

Proposed Annual Caps Amount (in RMB)

For the period from 1 April 2013 to 31 December 2013	For the period from 1 January 2014 to 31 December 2014	For the period from 1 January 2015 to 31 December 2015
257,300,000	626,700,000	821,500,000

Basis of Annual Caps

The Annual Caps were determined after taking into account the following:

1. the historical volumes of natural gas supplied by the Group to the subsidiaries and associates of TEDA;
2. estimates on the demand for natural gas by associates of TEDA which are parties to transactions for supply of natural gas by the Group;
3. estimates of volumes of natural gas which may potentially be supplied by the Group to TEDA or its associates; and
4. a reasonable increase in the demand for natural gas of connected persons;
5. a reasonable increase in the price of natural gas.

Reference is made to the announcement published by the Company on 7 February 2013 regarding the changes to annual caps of certain continuing connected transactions following the change of its financial year end. The Annual Caps do not include the following annual caps under the existing continuing connected transactions of the Company:

- (a) the annual caps for the Tianjin Eco-City Gas Supply Agreement in respect of each of the 12 months ending 31 December 2013 and 31 December 2014 respectively;
- (b) the annual cap for the Sai Rui Gas Supply Agreement in respect of the 12 months ending 31 December 2013; and
- (c) the annual cap for the Supplemental Agreement to the TEDA-Gas Gas Supply Agreement in respect of the 12 months ending 31 December 2013.

The above annual caps for supply of gas to certain associates of TEDA previously disclosed in announcements of the Company will not be affected by the entering into of the Master Gas Supply Agreement, and will continue to be observed in respect of the relevant gas supply agreement entered into by the Group.

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

The Tianjin Binhai New Area is an important strategic region for the development of the Group's business. 天津鋼管集團股份有限公司 (Tianjin Pipe (Group) Corporation*), 天津泰達聯燃氣有限公司 (Tianjin TEDA Tsinlien Gas Co., Ltd*), 天津大無縫銅材有限公司 (TPCO Copper Industry Co., Ltd*), being associates of TEDA to which the Group supplies natural gas, are the largest customers of the Group which are based in the Tianjin Binhai New Area. The Tianjin Binhai New Area is a national strategic development region with a gross domestic product of RMB720.5 billion in 2012

at a growth rate of 20.1%. The natural gas consumption volume in the “Twelfth Five-Year Energy Plan” of the Tianjin Binhai New Area is 8.2 billion m³, which has increased by 6.64 billion m³ compared with 2010. The Tianjin Binhai New Area thus has considerable development prospects. TEDA is a large scale state-owned conglomerate and is one of the most significant enterprises in the construction of the Tianjin Binhai New Area. TEDA is also the main developer of various functional zones within the Tianjin Binhai New Area. Moreover, TEDA has a large number of subsidiaries engaged in various industries in the Tianjin Binhai New Area, such as regional development, steel making, property development etc. Therefore, the entering into of the Master Gas Supply Agreement is beneficial to the Group for its business development and market expansion in the strategic region of Tianjin Binhai New Area, and will increase the Group’s sales revenue and profits. Further, it will facilitate the Group’s collaboration with its controlling shareholder, TEDA, which will be conducive to promoting their complementary strengths in industries and the joint development of TEDA and the Group.

The Directors, excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser in respect of the Master Gas Supply Agreement, consider that the Master Gas Supply Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Shareholders as a whole.

GEM LISTING RULES REQUIREMENTS

TEDA is the ultimate controlling shareholder of the Company, holding 3,003,987,207 Shares (representing approximately 50.13% of the total number of Shares in issue) through its wholly owned subsidiary, and is thus a connected person of the Company under the GEM Listing Rules. Subsidiaries and associates of TEDA are also regarded as connected persons of the Company under the GEM Listing Rules. Therefore, transactions under the Master Gas Supply Agreement will constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since one or more of the applicable percentage ratios for the Annual Caps calculated under Rule 19.07 of the GEM Listing Rules exceed 5%, the transactions under the Master Gas Supply Agreement are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

SPECIAL GENERAL MEETING

A special general meeting of the Company will be convened at which ordinary resolutions will be proposed to consider, and if thought fit, to approve the Master Gas Supply Agreement, the transactions thereunder and the Annual Caps.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Master Gas Supply Agreement and the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the independent financial adviser. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, the recommendation from the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice to convene a special general meeting of the Company to approve the Master Gas Supply Agreement, the transactions thereunder and the Annual Caps is expected to be despatched to the Shareholders in accordance with the GEM Listing Rules on or before 21 March 2013.

INFORMATION ON THE GROUP AND THE CONNECTED PERSON

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

TEDA is principally engaged in the real estate development, utilities, production, finance and service industry.

DEFINITIONS

“Annual Caps”	the annual caps for transactions under the Master Gas Supply Agreement for the period from 1 April to 31 December 2013 and each of the two years ending 31 December 2015
“associates”	has the meaning ascribed to it by the GEM Listing Rules
“BITCL”	濱海投資(天津)有限公司 (Binhai Investment (Tianjin) Company Limited), formerly known as 華燊燃氣(中國)投資有限公司 (Wah Sang Gas (China) Investments Co., Ltd.), a limited liability company established under the laws of the PRC, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the ordinary 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
“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
“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely Mr. Ip Shing Hing, <i>J.P.</i> , Professor Japhet Sebastian Law, Mr. Tse Tak Yin and Mr. Lau Siu Ki, Kevin, established to make recommendation to the Independent Shareholders in respect of the Master Gas Supply Agreement, and transactions and the proposed Annual Caps thereunder
“Independent Shareholders”	the Shareholders who are not prohibited from voting under the GEM Listing Rules to approve the relevant transaction at a general meeting of the Company
“Master Gas Supply Agreement”	the agreement dated 28 February 2013 entered into between TEDA and the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sai Rui Gas Supply Agreement”	the agreement dated 24 June 2011 entered into between Tianjin Wah Sang and 天津賽瑞機械設備有限公司 (Tianjin Sai-rui Machinery Company Limited*) for the supply of gas by the Group, particulars of which were disclosed in the announcement of the Company dated 24 June 2011 and the circular of the Company dated 26 August 2011
“Shareholders”	the holders of Shares
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement to the TEDA-Gas Gas Supply Agreement”	the supplemental agreement dated 24 June 2011 to an agreement between BITCL and Tianjin TEDA Tsinlien Gas Co., Ltd* (天津泰達津聯燃氣有限公司) in relation to the supply of gas by the Group, particulars of which were disclosed in the announcement of the Company dated 24 June 2011 and the circular of the Company dated 26 August 2011
“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, the ultimate controlling shareholder of the Company holding approximately 50.13% of the total Shares in issue as at the date of this announcement
“Tianjin Eco-City Gas Supply Agreement”	the gas supply agreement between Tianjin Wah Sang and 天津生態城能源投資建設有限公司 (Tianjin Eco-City Energy Investment Construction Company Limited*) for the supply of gas by the Group, particulars of which were disclosed in the announcement of the Company dated 30 December 2011
“Tianjin Wah Sang”	天津華燊燃氣實業有限公司 (Tianjin Wah Sang Gas Enterprise Company*), a limited liability company established under the laws of the PRC, an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 28 February 2013

* *for identification purposes only*

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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

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