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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

MASTER GAS SUPPLY CONNECTION AGREEMENT

The Group has been providing Gas Supply Connection Services to associates of TEDA from time to time which constitute 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 associates of TEDA.

On 28 March 2013, the Company entered into the Master Gas Supply Connection Agreement with TEDA for a term from 1 April 2013 to 31 December 2015, under which the Group will provide Gas Supply Connection Services to TEDA and its subsidiaries and associates pursuant to agreements 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. The transactions under the Master Gas Supply Connection 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 are more than 0.1% but less than 5%, transactions under the Master Gas Supply Connection Agreement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

BACKGROUND

The Group has been providing Gas Supply Connection Services to associates of TEDA from time to time which constitute 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 associates of TEDA.

THE MASTER GAS SUPPLY CONNECTION AGREEMENT

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

Date

28 March 2013

The parties

- (a) TEDA
- (b) the Company

Nature of the Transactions

The Group will provide Gas Supply Connection Services to TEDA and its subsidiaries and associates pursuant to the Industrial (Service) Gas Supply Connection Agreements and the Gas Connection Facilities Construction Engagement Agreements to be entered into from time to time.

Term

1 April 2013 to 31 December 2015

Consideration

The consideration for the Gas Supply Connection Services to be provided by the Group shall be the amount as stated in each of the Industrial (Service) Gas Supply Connection Agreements and/or the Gas Connection Facilities Construction Engagement Agreements, for the specific Gas Supply Connection Services to be provided thereunder.

Basis of Consideration

The price for the provision of the Gas Supply Connection Services will be determined based on arm's length negotiations between the relevant parties.

1. The price for the services for gas connection facilities will be determined based on the daily maximum gas consumption volume for such facilities. In case of an adjustment to the policy of the PRC Government or the Tianjin Municipal Government on the pricing for such services, the price for the services for development of gas connection facilities will be adjusted correspondingly.
2. The price for the construction work of the gas supply facilities will be determined based on the amount of construction work to be carried out, which includes the fees for sub-contracting the design and construction work, purchasing of materials, instruments and equipment for the construction and the maintenance of the facilities constructed.

Any Industrial (Service) Gas Supply Connection Agreements or Gas Connection Facilities Construction Engagement Agreements to be entered into by subsidiaries of 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 the same services to independent third parties.

Proposed Annual Caps for the Master Gas Supply Connection Agreement

The Directors estimate that the amount of the transactions under the Master Gas Supply Connection 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
17,600,000	21,120,000	25,344,000

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

1. the historical transactions amount of the gas supply connection services provided by the Group to the subsidiaries and associates of TEDA as follows:

Historical transactions amount (in RMB)		
For the period from 1 January 2011 to 31 December 2011	For the period from 1 January 2012 to 31 December 2012	For the period from 1 January 2013 to present
6,066,000	1,041,000	890,000

2. The Group foresees to provide Gas Supply Connection Services in the near future for the Binhai station of Tianjin-Qinhuangdao High-speed Railway which is constructed by TEDA, and the expected fee to be received by the Group is RMB11 million.
3. Since the Group entered into the Master Gas Supply Agreement with TEDA on 28 February 2013, the Group predicts that the demand for Gas Supply Connection Services will increase. If there is a corresponding demand for Gas Supply Connection Services, the Group expects that there will be a large increase compared to the present transaction amounts.
4. In view of the above, and on the basis that RMB11 million will be relatively certain to be received by the Group as mentioned in point 2 above, in respect of the Annual Cap for the period from 1 April 2013 to 31 December 2013 the Group considers there will be an about 60% increase in transaction amounts. For the Annual Cap for each of the two years ending 31 December 2015, the Group considers there will be a 20% continuous increase.

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

Through the provision of Gas Supply Connection Services to TEDA, both the sales revenue and performance of the Group will be improved.

The Directors (including the independent non-executive Directors) consider that the Master Gas Supply Connection Agreement is on normal commercial terms, and that its terms and the Annual Caps are fair and reasonable and in the interest of the Shareholders as a whole.

None of the Directors has a material interest in the Master Gas Supply Connection Agreement or the transactions contemplated thereunder, and accordingly none of the Directors was required to abstain from voting on the board resolution approving the same.

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 Connection 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 are more than 0.1% but less than 5%, the transactions under the Master Gas Supply Connection Agreement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but are exempt from the independent shareholders' approval requirements.

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 Connection 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
“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
“Gas Connection Facilities Construction Engagement Agreement(s)”	agreement(s) to be entered into between the Group and TEDA and its subsidiaries and associates for the services of construction of gas connection facilities at the factory premises of TEDA and its subsidiaries and associates
“Gas Supply Connection Services”	services provided by the Group to TEDA and its subsidiaries and associates which include the construction of gas connection facilities from the municipal pipe network to the gas facilities of TEDA and/or construction of ancillary works including the maintenance, repair and renovation of gas facilities.
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“GEM”	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
“Industrial (Service) Gas Supply Connection Agreement(s)”	agreement(s) to be entered between the Group and TEDA and for the services of gas pipeline connections from municipal gas pipeline networks to the gas facilities of TEDA and its subsidiaries
“Master Gas Supply Agreement”	the agreement dated 28 February 2013 entered into between TEDA and the Company for the supply of gas by the Group, particulars of which were disclosed in the announcement of the Company dated 28 February 2013 and in the circular of the Company dated 14 March 2013
“Master Gas Supply Connection Agreement”	the agreement dated 28 March 2013 entered into between TEDA and the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of Shares
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company
“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
“%”	per cent

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

Hong Kong, 28 March 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.