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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)**

**CONNECTED TRANSACTIONS**

**PURCHASE OF STEEL PIPE MATERIALS**

On 18 September 2013, Binhai Investment Tianjin, an indirect wholly-owned subsidiary of the Company, entered into the Steel Pipes Agreement with Tianguan Taigang, for the supply of steel pipe materials (for industrial pipes for transmission of natural gas) by Tianjin Tianguan to Binhai Investment Tianjin or its associates. Pursuant to the Steel Pipes Agreement, two associates of Binhai Investment Tianjin (which are also subsidiaries of the Group) entered into Specific Purchase Agreements for the purchase of 3772.68 tons in total of steel pipe materials at an aggregate consideration of RMB20,914,586.09.

TEDA is the ultimate controlling shareholder of the Company, holding 58.41% of the total Shares in issue through its wholly owned subsidiary, and is thus a connected person of the Company under the GEM Listing Rules. Tianguan Taigang is a company directly owned as to 50% by Tianjin Pipe (Group) Corporation, which in turn is directly owned as to 57% by TEDA. As an associate of TEDA, Tianguan Taigang is also regarded as a connected person of the Company under the GEM Listing Rules. Therefore, the transactions under the Steel Pipes Agreement constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios for the transactions under the Steel Pipes Agreement calculated under Rule 19.07 of the GEM Listing Rules are above 0.1% but less than 5%, such connected transactions are subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **THE STEEL PIPES AGREEMENT**

### **Date**

18 September 2013

### **The parties**

- (a) Binhai Investment Tianjin, an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its associates); and
- (b) Tianguan Taigang

### **Nature of the Transactions**

Tianguan Taigang has agreed to supply steel pipe materials (for industrial pipes for transmission of natural gas) to Binhai Investment Tianjin and its associates pursuant to the Steel Pipes Agreement and the Specific Purchase Agreements to be entered into by Tianguan Taigang and Binhai Investment Tianjin or its associates. Two associates of Binhai Investment Tianjin (which are also subsidiaries of the Group) entered into Specific Purchase Agreements for the purchase from Tianguan Taigang of a total of 3772.68 tons of steel pipe materials at an aggregate consideration of RMB20,914,586.09. The Specific Purchase Agreements set out the models and specifications of the steel pipe materials to be delivered.

The transactions under the Steel Pipe Agreement and the Specific Purchase Agreements shall be on terms no less favorable to Binhai Investment Tianjin (or its associate) than terms for purchase of steel pipe materials from independent third parties.

### **Consideration**

Prior to a purchase of a significant amount of steel pipe materials, the Group invites tenders from suppliers to provide quotations. For the present purchase of steel pipe materials, Tianguan Taigang was among those suppliers which submitted tenders pursuant to Binhai Investment Tianjin's invitation. The consideration for steel pipe materials under the Steel Pipe Agreement and the Specific Purchase Agreements is according to the quotation for supply of steel pipe materials received by Binhai Investment Tianjin from Tianguan Taigang. Tianguan Taigang offered the lowest price among the tenders received.

The consideration shall be payable by associates of Binhai Investment Tianjin to Tianguan Taigang in the following manner:

- (i) 30% of the consideration (including the delivery charges) shall be paid within 7 days after the date of signing of the Specific Purchase Agreement; and

- (ii) the balance of the consideration shall be paid in instalments as specified in the Specific Purchase Agreement prior to deliver of the relevant batches of the steel pipe materials.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group has always insisted on the quality of construction and the use of high quality steel pipe materials. The Company understands that Tianguan Taigang has advanced production line techniques with principal equipment supplied by leading international equipment manufacturers. The technical capabilities and reliability of Tianguan Taigang are consistent with the beliefs of the Group, and its reasonable pricing will also effectively control the costs of the Group. Purchasing steel pipe materials from Tianguan Taigang will satisfy the Group's demands in terms of quality, costs and efficiency.

## **OPINION OF THE DIRECTORS**

The Directors (including the independent non-executive Directors) are of the view that the Steel Pipes Agreement and the Specific Purchase Agreements have been entered into in the ordinary and normal course of business of the Group, and that their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interests in the Steel Pipes Agreement and the Specific Purchase Agreements entered into.

## **GEM LISTING RULES REQUIREMENTS**

TEDA is the ultimate controlling shareholder of the Company, holding 58.41% of the total Shares in issue through its wholly owned subsidiary, and is thus a connected person of the Company under the GEM Listing Rules. Tianguan Taigang is a company directly owned as to 50% by Tianjin Pipe (Group) Corporation, which in turn is directly owned as to 57% by TEDA. As an associate of TEDA, Tianguan Taigang is also regarded as a connected person of the Company under the GEM Listing Rules. Therefore, the transactions under the Supply of Pipes Agreement constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios for the Supply of Pipes Agreement calculated under Rule 19.07 of the GEM Listing Rules are above 0.1% but less than 5%, the transactions under the Steel Pipes Agreement are subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **INFORMATION ON THE GROUP AND THE PARTIES TO THE AGREEMENTS**

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

Tianguan Taigang is principally engaged in the development, manufacture and sale of steel pipes and steel materials.

## DEFINITIONS

“associates”	has the meaning defined in the GEM Listing Rules
“Binhai Investment Tianjin”	濱海投資(天津)有限公司 (Binhai Investment (Tianjin) Company Limited*), 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 (Stock Code: 8035)
“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
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“LPG”	liquefied petroleum gas
“Steel Pipes Agreement”	the agreement dated 18 September 2013 entered into between Binhai Investment Tianjin and Tianguan Taigang for the supply of steel pipes materials by Tianguan Taigang to Binhai Investment Tianjin and its associates
“Specific Purchase Agreement(s)”	agreement(s) between associates of Binhai Investment Tianjin and Tianguan Taigang on specific matters in relation to the supply of the steel pipes materials pursuant to the Steel Pipes Agreement

“PRC”	the People’s Republic of China, which for purpose of this announcement, does not include, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	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
“Tianguan Taigang”	天津天管太鋼焊管有限公司 (Tianjin Tianguan Taigang Pipes Company Limited*), a limited liability company established under the laws of the PRC, directly owned as to 50% by Tianjin Pipe
“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 which through its subsidiary holds approximately 58.41% of the total Shares in issue as at the date of this announcement
“%”	per cent

*\* for identification purposes only*

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

Hong Kong, 18 September 2013

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market on The Stock Exchange of Hong Kong Limited 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](http://www.hkgem.com) on the “Latest Company Announcement” page for at least 7 days from the date of this announcement.*