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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
INSURANCE ARRANGEMENTS
BY
BOHAI PROPERTY INSURANCE COMPANY LIMITED**

On 5 April 2012, BITCL, an indirect wholly-owned subsidiary of the Company entered into the Insurance Arrangements with Bohai as insurer, pursuant to which Bohai will provide insurance coverage to various subsidiaries of the Group. The insurance policies under such Insurance Arrangements are for a term of one year commencing from 5 April 2012 up to and including 4 April 2013.

TEDA is the ultimate controlling shareholder of the Company interested in approximately 50.13% of the total issued Shares. Bohai is owned by TEDA and its subsidiaries as to 60% in aggregate and is a non-wholly owned subsidiary of TEDA. As an associate of TEDA, Bohai is regarded as a connected person of the Company under the GEM Listing Rules. The transactions contemplated under the Insurance Arrangements accordingly constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As one of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Insurance Arrangements exceeds 0.1% but is less than 5%, the transactions contemplated under the Insurance Arrangements are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules.

DETAILS OF THE INSURANCE ARRANGEMENTS

Descriptions of the Insurance Arrangements

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Nature of the insurance policies	Premium (in RMB)
(1) Provision of insurance coverage for the loss of profits in the event of discontinuance of business due to damage to properties used to thirty-nine subsidiaries of the Group	20,326.97
(2) Provision of insurance coverage for product liability including but not limited to gas products in liquid or gaseous state, stove, machines and tools and related parts involving the use of gas to thirty-nine subsidiaries of the Group	409,567.57
(3) Provision of insurance coverage for property and buildings, machinery facilities, office facilities, transportation facilities, pipeline network and buildings decoration to thirty-seven subsidiaries of the Group	422,876.16
(4) Provision of insurance coverage for machinery facilities to thirty-seven subsidiaries of the Group	67,646.04
(5) Provision of insurance coverage for public liability in the course of business operations to thirty-nine subsidiaries of the Group	122,850.00
(6) Provision of insurance coverage for cash, banknotes, cheques, postal orders, unused stamps, traveler's cheques, meal coupons and credit card receipts etc. owned or held in custody to thirty-nine subsidiaries of the Group	655.00
Aggregate value of the premium:	1,043,921.74

The payment of premium under each of the insurance policies is made in one installment immediately after the relevant policy is entered into. The premium payable under each of the insurance policies is determined based on the insurance coverage amount, premium for similar insurance policies and the duration of the insurance policies and is arrived at after arm's length negotiations between the parties concerned.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE INSURANCE ARRANGEMENTS

The insurance policies under the Insurance Arrangements with Bohai will provide insurance coverage to various subsidiaries of the Group, accordingly the Insurance Arrangements are beneficial to the Group as they enable the Group to diversify and offset the uncertain risks to the Group arising from natural disasters, defects in facilities and deficiency in products, etc.

The Directors (including the independent non-executive Directors) consider that the entering into of the Insurance Arrangements is in the ordinary and usual course of business of the Group and the terms of the Insurance Arrangements are on normal commercial terms which were arrived at after arm's length negotiations between the parties concerned. The Directors (including the independent non-executive Directors) consider that the terms of the Insurance Arrangements and the Annual Cap are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

GEM LISTING RULES REQUIREMENTS

TEDA is the ultimate controlling shareholder of the Company interested in approximately 50.13% of the total issued Shares. Bohai is owned by TEDA and its subsidiaries as to 60% in aggregate and is a non-wholly owned subsidiary of TEDA. As an associate of TEDA, Bohai is regarded as a connected person of the Company under the GEM Listing Rules. The transactions contemplated under the Insurance Arrangements accordingly constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As one of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Insurance Arrangements exceeds 0.1% but is less than 5%, the transactions contemplated under the Insurance Arrangements are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules.

None of the Directors has a material interest in the Insurance Arrangements or the transactions contemplated thereunder, and accordingly none of the Directors was required to abstain from voting on the resolution of the Board approving the same.

INFORMATION ON THE GROUP AND BOHAI

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.

Bohai is principally engaged in the provision of insurance services.

DEFINITIONS

“Annual Cap”	the annual cap for the transactions contemplated under the Insurance Arrangements for the financial year ending 31 March 2013
“BITCL”	濱海投資(天津)有限公司 (Binhai Investment (Tianjin) Company Limited*), formerly known as 華榮燃氣(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
“Bohai”	渤海財產保險股份有限公司 (Bohai Property Insurance Company Limited*), a limited liability company established under the laws of the PRC and is a non-wholly owned subsidiary of TEDA
“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
“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
“Insurance Arrangements”	the six insurance policies all dated 5 April 2012 entered into between BITCL and Bohai, the details of which are disclosed in the paragraph headed “Details of the Insurance Arrangements” of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency 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
“%”	per cent

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

Hong Kong, 5 April 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 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. 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*