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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)**

**PROPOSED ISSUE OF HK\$310,000,000 1.0%  
CONVERTIBLE BONDS DUE 2016  
AND  
RESUMPTION OF TRADING**

On 25 July 2013, the Company, the Placing Agents and each of the Subscribers entered into the Placement and Subscription Agreement, pursuant to which the Company has conditionally agreed to issue the Bonds, the Placing Agents have conditionally agreed to use reasonable efforts on a several but not joint basis to procure investors for the Placement and facilitate the subscription of the Bonds by investors, and the Subscribers have conditionally agreed to purchase and pay for the Bonds on a several but not joint basis in an aggregate principal amount of HK\$310,000,000.

The Bonds will be convertible in the circumstances set out in the Terms and Conditions into ordinary shares of HK\$0.01 each in the issued and paid up share capital of the Company at an initial Conversion Price of HK\$0.3690 per Share (subject to adjustments).

The initial Conversion Price of HK\$0.3690 per Share represents (i) a discount of approximately 5.38% over the closing price of HK\$0.3900 per Share as quoted on the Stock Exchange on 24 July 2013 (being the last trading day before the Placement and Subscription Agreement was signed); and (ii) a discount of approximately 6.11% to the average closing price of approximately HK\$0.3930 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 24 July 2013.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 per Share, the Bonds will be convertible into 840,108,401 Shares, representing approximately 14.02% of the issued ordinary share capital of the Company as at the date of this announcement and approximately 12.30% of the enlarged issued ordinary share capital of the Company (disregarding any new Shares to be issued upon conversion of the Convertible Preference Shares) or approximately 6.72% of the enlarged issued ordinary share capital of the Company (including such additional Shares to be issued upon conversion of the Convertible Preference Shares). The Conversion Shares will be fully-paid and rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance and none of the Bonds will be placed with any connected persons of the Company. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscribers are third parties independent of the Company and its connected persons.

Neither the Bonds nor the Conversion Shares to be issued have been or will be registered under the Securities Act, or the securities laws of any other jurisdiction, or may be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

The estimated net proceeds from the issue of the Bonds, after deduction of commission fees and expenses (including but not limited to legal fees and fees to be paid to the Placing Agents), amount to approximately HK\$300,000,000, which are intended to be used by the Group for the payment of pipeline construction payables and the repayment of current borrowings, and for working capital purposes.

The Bonds and the Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 8 May 2013. The subscription of the Bonds and the issue of the Conversion Shares by the Company are not subject to Shareholders' approval.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds.

**Completion of the Placement and Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placement and Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “THE PLACEMENT AND SUBSCRIPTION AGREEMENT” below for further information.**

**WARNING: As the Placement and Subscription Agreement may or may not be completed, the Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

The Board announces that on 25 July 2013, the Company, the Placing Agents and each of the Subscribers entered into the Placement and Subscription Agreement, pursuant to which the Company has conditionally agreed to issue the Bonds, the Placing Agents have conditionally agreed to use reasonable efforts on a several but not joint basis to procure investors for the Placement and facilitate the subscription of the Bonds by investors, and the Subscribers have conditionally agreed to purchase and pay for the Bonds on a several but not joint basis in an aggregate principal amount of HK\$310,000,000.

## **THE PLACEMENT AND SUBSCRIPTION AGREEMENT**

### **Date**

25 July 2013

### **Parties**

1. The Company as the issuer of the Bonds
2. The Placing Agents
3. The Subscribers

### **Subscription**

Subject to the satisfaction of the conditions set out below in the section headed “Conditions precedent”, the Subscribers agreed to purchase and pay for the Bonds on a several but not joint basis in an aggregate principal amount of HK\$310,000,000. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of the Placing Agents, Subscribers and their respective ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance. Neither the Bonds nor the Conversion Shares to be issued have been or will be registered under the Securities Act, or the securities laws of any other jurisdiction, or may be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

### **Conditions precedent**

The several (but not joint) obligations of the Subscribers to subscribe and pay for the Bonds are subject to the following conditions precedent:

1. the execution and delivery of the Trust Deed, the Agency Agreement and other documents relevant to the issue of the Bonds by the respective parties thereto on or before the Closing Date;
2. on or prior to the Closing Date listing approval from the Stock Exchange for the Conversion Shares shall have been obtained (or the Placing Agents being satisfied that such listing will be granted);
3. on or prior to the Closing Date there shall have been delivered to each of the Placing Agents copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Placement and Subscription Agreement, the Trust Deed, the Agency Agreement, other documents relevant to the issue of the Bonds and the Bonds (including any consents and approvals required from any lenders);
4. on the Closing Date (i) each of the respective representations and warranties of the Company in the Placement and Subscription Agreement being true, accurate and correct at, and as if made on, the Closing Date, (ii) the Company having performed all of its respective obligations under the Placement and Subscription Agreement to be performed on or before the Closing Date and (iii) there having been delivered to each of the Placing Agents a closing certificate dated the Closing Date confirming the aforesaid and there is no change of circumstances or condition of the Company or any member of the Group which is material and adverse in the context of the offering of the Bonds signed by a duly authorised officer of the Company;
5. after the date of the Placement and Subscription Agreement up to and at the Closing Date, there shall not have occurred any adverse change or development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, results of operations, business, properties or general affairs of the Company or the Group, which, in the opinion of the Placing Agents, is material and adverse in the context of the offering of the Bonds;
6. on or before the Closing Date, there having been delivered to each of the Placing Agents and the Trustee, dated the Closing Date of certain legal opinions in form and substance satisfactory to the Placing Agents, and such other documents, opinions and certificates as the Placing Agents may reasonably require;

7. on or before the Closing Date, there having been delivered to each of the Placing Agents a certified copy of (i) the constitutional documents of the Company and (ii) the board and shareholders resolutions (as applicable) of the Company in relation to the issue of the Bonds; and
8. on or before the Closing Date, there having been delivered to each of the Placing Agents an incumbency certificate dated the Closing Date from the Company setting out the names and signature of the persons authorised to sign, on behalf of the Company, the Placement and Subscription Agreement, the Trust Deed, the Agency Agreement, other documents relevant to the issue of the Bonds and any other documents to be delivered by the Company.

The Placing Agents may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent (other than item 1 above).

As at the date of this announcement, all the above conditions precedent to the completion of the Placement and Subscription Agreement are yet to be satisfied and/or (as the case may be) waived. It is the intention of the Company to satisfy or procure the satisfaction of the above conditions precedent of the Placement and Subscription Agreement before the Closing Date and the Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds..

### **Termination**

Each of the Placing Agents and the Subscribers may, by notice to the Company given at any time prior to payment of the net proceeds of the issue of the Bonds to the Company, terminate the Placement and Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Placing Agents or the Subscribers any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Placement and Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Placement and Subscription Agreement;
2. if any of the conditions precedent specified in the section headed "Conditions precedent" above has not been satisfied or waived by the Placing Agents;
3. if there shall have been in any of the Placing Agents' opinion, since the date of the Placement and Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls such as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

4. if, in the opinion of any of the Placing Agents, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, NASDAQ, the London Stock Exchange plc, the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or any other stock exchange on which securities of any member of the Group are traded; (ii) a suspension or a material limitation in trading in the securities of the Company and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, any other member of the Group, the Bonds or the transfer thereof that is material and adverse in the context of the offering of the Bonds; or
5. if, in the opinion of any of the Placing Agents, there shall have occurred event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

#### **The Company's lock-up undertaking**

The Company has agreed with and undertaken to each of the Subscribers and the Placing Agents that none of itself or any person acting on its or their behalf will, without the prior written consent of the Subscribers and the Placing Agents between the date of the Placement and Subscription Agreement and the date which is 60 days after the Closing Date (both dates inclusive):

1. issue, offer, sell, pledge, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any securities of the Company other than the Bonds, any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
2. enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;
3. enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (1), (2) or (3) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
4. announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Subscribers and the Placing Agents.

except for the Bonds and the Conversion Shares.



## PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer: The Company.

Principal amount of the Bonds: HK\$310,000,000.

Maturity Date: 3 years from the Closing Date.

Interest: The Bonds will bear interest from and including the Closing Date up to but excluding the Maturity Date at the rate of 1.00% per annum of the principal amount of the Bonds and payable semi-annually in arrear on 5 August and 5 February in each year subject to the Terms and Conditions. The first interest payment date will be 5 February 2014.

After the conversion rights of the Bonds have been exercised or where such Bond is redeemed or repaid pursuant to the Terms and Conditions, each Bond will not bear any interest.

Status: The Bonds constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge covenant as described below) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Negative Pledge covenant, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.

Form and Denomination: The Bonds will be in registered form in the denomination of HK\$1,000,000 each and integral multiples of HK\$100,000 in excess thereof.

The Bonds will be represented by a global bond certificate deposited with a common depository for, and registered in the name of a nominee for the common depository of, Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, Luxembourg.

- Conversion Period:** Subject to the Terms and Conditions, the Bondholders will have the right to convert their Bonds into Conversion Shares at the Conversion Price at any time on or after the 14th day from the Closing Date up to the close of business on the tenth day prior to the Maturity Date or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than 15 days (both days inclusive) prior to the date fixed for redemption thereof or, if notice requiring redemption has been given by the Bondholder, then up to the close of business on the day prior to the giving of such notice.
- Conversion Price:** The initial Conversion Price is HK\$0.3690 per Share, which is subject to adjustment for, amongst other things, upon the occurrence of (i) consolidation, subdivision or reclassification, (ii) capitalisation of profits or reserves, (iii) distributions, (iv) rights issues of Shares or options over Shares, (v) rights issues of other securities, (vi) issues at less than 95% of current market price, (vii) other issues at less than 95% of current market price, (viii) modification of rights of conversion and (ix) other offers to Shareholders.
- Ranking of Conversion Shares:** The Shares to be issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the date the holder of such Bonds is registered on the Company's register of members as holder of record of the number of Shares issuable upon conversion.
- Redemption at Maturity:** Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company will redeem each Bond at 106% of its principal amount together with accrued and unpaid interest on the Maturity Date.



Redemption for Taxation Reasons: At any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), the Bonds may be redeemed at the option of the Company in whole, but not in part, at their principal amount together with interest and the Additional Interest accrued to the tax redemption date which remain unpaid, if the Company has delivered to the Trustee a Directors' certificate and an opinion of legal or tax advisers prior to the giving of such notice to the effect that (i) the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Bermuda, Hong Kong or any political organisation or governmental authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 July 2013, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, *provided that* no notice to redeem the Bonds for such taxation reasons shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

Redemption for Delisting,  
Suspension of Trading or  
Change of Control:

When (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 90 consecutive trading days on the Stock Exchange or, if applicable, an alternative stock exchange; or (ii) there is a Change of Control, each Bondholder will have the right at its option, to require the Company to redeem all or some only of its Bonds at 101% of its principal amount together with interest and the Additional Interest accrued to the date fixed for redemption which remain unpaid.

Negative Pledge: So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Financial covenant: So long as any Bond remains outstanding, the Company shall ensure that Consolidated Total Net Borrowings (as defined in the Terms and Conditions) will not, on each of the last day of the Company's financial year and the last day of the first half of the Company's financial year (beginning on 31 December 2013), exceed 4.5 times Consolidated EBITDA (as defined in the Terms and Conditions) for a period of 12 months ending on each such day.

## **CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price is HK\$0.3690 per Share, which represents (i) a discount of approximately 5.38% over the last closing price of HK\$0.3900 per Share as quoted on the Stock Exchange on 24 July 2013 (being the last trading day before the Placement and Subscription Agreement was signed); and (ii) a discount of approximately 6.11% to the average closing price of approximately HK\$0.3930 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 24 July 2013.

The Conversion Price was determined with reference to the prevailing market price of the Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Company, the Placing Agents and the Subscribers. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 per Share, the Bonds will be convertible into approximately 840,108,401 Shares, representing approximately 14.02% of the issued ordinary share capital of the Company as at the date of this announcement and

approximately 12.30% of the enlarged issued ordinary share capital of the Company (disregarding any new Shares to be issued upon conversion of the Convertible Preference Shares) or approximately 6.72% of the enlarged issued ordinary share capital of the Company (including such additional Shares to be issued upon conversion of the Convertible Preference Shares). The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

## EFFECT ON SHAREHOLDINGS

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement, (ii) upon full conversion of the exercise of the conversion rights attached to the Bonds (disregarding any new Shares to be issued upon conversion of the Convertible Preference Shares) and (iii) upon full conversion of the exercise of the conversion rights attached to the Bonds (including such additional Shares to be issued upon conversion of the Convertible Preference Shares):

Shareholders	As at the date of this announcement		Upon full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 each (disregarding the dilutive effect of conversion of any of the Convertible Preference Shares)		Upon full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 each (taking into account the dilutive effect of full conversion of the Convertible Preference Shares)	
	No. of Shares	Approximate proportion	No. of Shares	Approximate proportion	No. of Shares	Approximate proportion
Tianjin TEDA Investment Holdings Co., Ltd.	3,003,987,207 (Notes 1 and 2)	50.13%	3,003,987,207 (Notes 1 and 4)	43.96%	7,337,320,540 (Notes 1 and 2)	58.70%
Tsinlien Group Company Limited	496,188,000 (Note 3)	8.28%	496,188,000 (Note 3)	7.26%	496,188,000 (Note 3)	3.97%
Tianjin Development Holdings Limited	496,188,000 (Note 3)	8.28%	496,188,000 (Note 3)	7.26%	496,188,000 (Note 3)	3.97%
Tianjin Investment Holdings Limited	496,188,000 (Note 3)	8.28%	496,188,000 (Note 3)	7.26%	496,188,000 (Note 3)	3.97%

Shareholders	As at the date of this announcement		Upon full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 each (disregarding the dilutive effect of conversion of any of the Convertible Preference Shares)		Upon full conversion of the Bonds at the initial Conversion Price of HK\$0.3690 each (taking into account the dilutive effect of full conversion of the Convertible Preference Shares)	
	No. of Shares	Approximate proportion	No. of Shares	Approximate proportion	No. of Shares	Approximate proportion
Santa Resources Limited	496,188,000 (Note 4)	8.28%	496,188,000 (Note 4)	7.26%	496,188,000 (Note 4)	3.97%
Mr. Shum Ka Sang	765,000,000 (Note 5)	12.77%	765,000,000 (Note 5)	11.20%	765,000,000 (Note 5)	6.12%
Wah Sang Gas Development Group (Cayman Islands) Limited	749,350,000 (Note 5)	12.50%	749,350,000 (Note 5)	10.97%	749,350,000 (Note 5)	5.99%
Ms. Wu Man Lee	765,000,000 (Note 6)	12.77%	765,000,000 (Note 6)	11.20%	765,000,000 (Note 6)	6.12%
Other Shareholders	1,727,636,793	28.82%	1,727,636,793	25.28%	1,727,636,793	13.82%
Bondholders	—	—	840,108,401	12.30%	840,108,401	6.72%
Holder of Convertible Preference Shares (other than TEDA HK)	—	—	—	—	1,333,333,333	10.67%
<b>Total</b>	<b>5,992,812,000</b>	<b>100%</b>	<b>6,832,920,401</b>	<b>100%</b>	<b>12,499,587,068</b>	<b>100%</b>

*Notes:*

1. The 3,003,987,207 Shares are held by TEDA Hong Kong Property Company Limited (“TEDA HK”), a wholly-owned subsidiary of Tianjin TEDA Investment Holdings Co., Ltd.
2. As at the date of this announcement, TEDA HK holds 130,000,000 Convertible Preference Shares convertible into 4,333,333,333 Shares, the conversion rights of which will become exercisable on 5 May 2014.
3. Tsinlien Group Company Limited, through Tianjin Investment Holdings Limited which it wholly-owns, is a controlling shareholder of Tianjin Development Holdings Limited. Santa Resources Limited is a company which is directly wholly-owned by Tianjin Development Holdings Limited. Therefore, each of Tsinlien Group Company Limited, Tianjin Development Holdings Limited and Tianjin Investment Holdings Limited is regarded as interested in such Shares held by Santa Resources Limited.

4. Santa Resources Limited has entered into a stock borrowing agreement with TEDA HK, under which Santa Resources Limited agreed to lend its 496,188,000 Shares to TEDA HK, such that TEDA HK will maintain its holding of voting rights in the Company above 50% in the event the Bonds are converted into Shares.
5. 765,000,000 Shares include the Shares held by Wah Sang Gas Development Group (Cayman Islands) Limited, which is wholly-owned by Mr. Shum Ka Sang (“Mr. Shum”), who is deemed to hold interest in the Shares by virtue of his interests in Wah Sang Gas Development Group (Cayman Islands) Limited.
6. Ms. Wu Man Lee is deemed to be interested in the Shares by virtue of the interests in such Shares owned by her spouse, Mr. Shum.

## **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Bonds, after deduction of commission fees and expenses (including but not limited to legal fees and fees to be paid to the Placing Agents), amount to approximately HK\$300,000,000, which are intended to be used by the Group for the payment of pipeline construction payables and the repayment of current borrowings, and for working capital purposes.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS**

The Board considers the Placement and Subscription Agreement to be part of the Company’s efforts in attracting independent and significant investors who share its business vision and can add considerable value by bringing international best practices in business strategy and corporate governance. The issue of the Bonds also represents an opportunity to enlarge and diversify the shareholder base of the Company, to improve the liquidity position of the Group, to reduce the financing costs of the Group and to raise further capital for the Company in an aggregate net sum of approximately HK\$300,000,000. The Board currently intends that the funds be used as mentioned above and considers that this will facilitate the overall development and expansion of the Group.

The Directors consider that the terms and conditions of the Placement and Subscription Agreement and the issue of the Bonds thereof are made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL MANDATE FOR THE ISSUE OF THE BONDS AND THE CONVERSION SHARES**

At the annual general meeting of the Company held on 8 May 2013, an ordinary resolution was passed to grant a general mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company, being not more than 1,198,562,400 Shares. As at the date of this announcement, the Directors have not exercised the power to allot and issue any new Shares pursuant to the aforesaid general mandate granted. The Bonds and the Conversion Shares will be allotted and issued by the Company pursuant to such general mandate, and the issue of the Bonds and of the Conversion Shares by the Company are not subject to Shareholders’ approval.

## **FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

The Company did not raise any funds by the issue of equity securities during the 12 months immediately before the date of this announcement.

## **GENERAL INFORMATION**

The Company is a company listed on GEM, the subsidiaries of which are principally engaged in investment in the construction and operation of gas pipeline networks, the provision of pipeline connection services, the supply and provision of gas (either through its piped gas network or bottled gas), and the sale of liquefied petroleum gas in the PRC.

**Completion of the Placement and Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Placement and Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “THE PLACEMENT AND SUBSCRIPTION AGREEMENT” above for further information.**

**WARNING: As the Placement and Subscription Agreement may or may not be completed, the Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares (**Stock Code: 8035**) on GEM and in the Binhai Investment Co. Ltd. 6.5% CNY Bonds 2015 (**Stock Code: 85906**) of the Company on the Stock Exchange have been halted since 9:00 a.m. on 25 July 2013 pending releasing of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and in the Binhai Investment Co. Ltd. 6.5% CNY Bonds 2015 with effect from 9:00 a.m. on 26 July 2013.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Additional Interest”                      an additional amount of interest at the rate of 2.00 per cent. per annum on the principal amount of the Bonds accrued from the Closing Date up to, excluding, the relevant redemption date, calculated on the basis of a 360-day year consisting of twelve 30-day months and, in the case of an incomplete month, the number of days elapsed

“Agency Agreement”	the paying, conversion and transfer agency agreement to be entered into between the Company, the Trustee and the various agents named therein relating to the Bonds on or about 5 August 2013
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Bond(s) from time to time
“Bonds”	HK\$310,000,000 1.0% convertible bonds due 2016 to be issued by the Company
“Change of Control”	<p>a “Change of Control” occurs when:</p> <ul style="list-style-type: none"> <li>(i) any person or persons acting together acquires Control of the Company or the Tianjin TEDA if such person or persons does not or do not have, and would not be deemed to have, Control of the Company or Tianjin TEDA on the Closing Date; or</li> <li>(ii) the Company or Tianjin TEDA consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or Tianjin TEDA or the successor entity; or</li> <li>(iii) Tianjin TEDA and its subsidiaries and affiliates cease directly or indirectly together to own and hold at least (1) 40% of the voting rights of the issued share capital of the Company unless all the convertible preference shares of the Company have been converted into Shares; and (2) on an actual or assumed conversion of all the convertible preference shares of the Company into Shares, 51% of the total voting rights of the issued capital of the Company (including such additional Shares to be issued upon conversion of all the convertible preference shares of the Company).</li> </ul>
“Closing Date”	5 August 2013 or such other time and date not later than 19 August 2013 as the Company, the Placing Agents and the Subscribers may agree upon in writing, on which the Bonds are issued
“Company”	Binhai Investment Company Limited (Stock Code: 8035), a company incorporated in Bermuda with limited liability and the Shares of which are listed on GEM



“Companies Ordinance”	Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)
“Control”	the ownership or control of more than 50% of the voting rights of the issued share capital of the Company or Tianjin TEDA (as the case may be) or the right to appoint and/or remove all or the majority of the members of the Company’s or Tianjin TEDA’s board of directors or other governing body (as the case may be), whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	the price per Conversion Share at which Shares will be issued upon conversion of the Bonds (subject to adjustments)
“Conversion Share(s)”	the Shares to be issued upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“Convertible Preference Shares”	the HK\$170,000,000 fully paid non-voting convertible preference shares of nominal value of HK\$1.00 in the issued share capital of the Company as at the date of the Placement and Subscription Agreement
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries, associates and jointly controlled entities taken as a whole
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Maturity Date”	the date on which the Bonds will be redeemed, unless previously redeemed, converted or purchased and cancelled, which is expected to be 3 years from the Closing Date

“Permitted Security Interest”	any security interest over any assets acquired or developed given to secure any Relevant Indebtedness for the purchase price or development costs of such assets and, in each case, any substitute security interest created in connection with a refinancing of the indebtedness secured on such assets, where (i) by the terms of such Relevant Indebtedness it is expressly <i>provided that</i> the holders of the resulting indebtedness shall look to the assets financed and the revenues to be generated by the operation of, or loss of or damage to, such assets as the sole source of repayment for the moneys advanced and payment of interest thereon and (ii) such Relevant Indebtedness is not guaranteed by the Company or any of the Company’s subsidiaries, <i>provided that</i> “Permitted Security Interest” shall not include the assets securing the indebtedness incurred under the agreement dated 29 November 2011 relating to the HK\$622.4 million, seven-year syndicated loan obtained by a subsidiary of the Company
“Placement”	the private placement through which the Bonds are to be issued by the Company and placed by the Placing Agents to the Subscribers
“Placement and Subscription Agreement”	the conditional placement and subscription agreement dated 25 July 2013 entered into between the Company, the Placing Agents and the Subscribers relating to the Placement and subscription for the Bonds
“Placing Agents”	Guotai Junan Securities (Hong Kong) Limited and CCB International Capital Limited
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Relevant Indebtedness”	any indebtedness in the form of or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be capable of being quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement)
“Securities Act”	The United States Securities Act of 1933 (as amended)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Chance Talent Management Limited, Delta Electronics Capital Company, CSOF Inno Investments Limited, Everbright Inno Investments Limited, Guotai Junan Securities (Hong Kong) Limited, Fu Wah (China) Limited and Energy Empire Limited, being the subscribers named in the Placement and Subscription Agreement
“Terms and Conditions”	the terms and conditions of the Bonds
“Tianjin 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 interested in approximately 50.13% of the total Shares in issue as at the date of this announcement
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee relating to the Bonds on or about 5 August 2013
“Trustee”	DB Trustees (Hong Kong) Limited
“United States”	the United States of America
“%”	per cent

By order of the Board  
**Binhai Investment Company Limited**  
**Gao Liang**  
*Executive Director*

Hong Kong, 25 July 2013

*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 in this announcement misleading.*

\* for identification purpose only

*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 its publication.*