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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)

**DISPOSAL OF 37,804,878 CONVERTIBLE PREFERENCE SHARES AND
PLAN FOR EXERCISE OF CONVERSION RIGHT
BY THE CONTROLLING SHAREHOLDER**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 17.10(2) of the GEM Listing Rules.

TEDA HK, the controlling shareholder of the Company which directly holds approximately 50.13% of the total issued Shares, has notified the Company that it entered into a conditional agreement on 26 July 2013 to dispose of 37,804,878 Convertible Preference Shares to some of the subscribers (or associate thereof) of the convertible bonds due 2016 proposed to be issued by the Company, and such investors are third parties independent of and not connected with the Company. TEDA HK also notified the Company that it has entered into a stock borrowing agreement with Santa Resources Limited, another shareholder of the Company, to borrow 496,188,000 Shares (amounting to approximately 8.28% of the total issued Shares) from Santa Resources Limited.

As at the date of this announcement, TEDA HK holds 130,000,000 Convertible Preference Shares. Cavalier, which entered into an agreement to acquire from a syndicate of banks in aggregate 40,000,000 Convertible Preference Shares (which were issued to the banks under a settlement agreement being part of the resumption proposal of the Company) on the 5th anniversary of the date of issue of such Convertible Preference Shares of 7 May 2009, has agreed to transfer these Convertible Preference Shares to TEDA HK after completion of the acquisition.

The Convertible Preference Shares held by TEDA HK will become exercisable as from 5 May 2014 and the Convertible Preference Shares held by the syndicate of banks will become exercisable as from 8 May 2014. TEDA HK has also informed the Company that it preliminarily plans to exercise its Conversion Right to convert the Convertible Preference Shares then held by it in the following manner:

- (i) on the earliest day on which the Conversion Right becomes exercisable, TEDA HK intends to convert 69,000,000 Convertible Preference Shares into 2,300,000,000 Shares at the initial conversion price of HK\$0.03 per Share and TEDA HK has no plan to sell any of its Shares after such conversion;
- (ii) TEDA HK does not intend to exercise any other Conversion Right attached to the remaining Convertible Preference Shares then held by it until 2018.

The abovementioned preliminary plan for the exercise of the Conversion Right by TEDA HK may be adjusted as it thinks fit, based on various factors including the Company's performance and results. Other than the conditional agreement to dispose of 37,804,878 Convertible Preference Shares mentioned above, the Company understands that as at the date of this announcement TEDA HK has no intention to further dispose of its Convertible Preference Shares.

DEFINITIONS

“Cavalier”	Cavalier Asia Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Tsinlien Group Company Limited which is indirectly interested in 496,188,000 Shares
“Company”	Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“Conversion Right”	the right of conversion attached to the Convertible Preference Shares, whereby each Convertible Preference Share shall be convertible, at the option of its holder, from (and including) the day immediately after the fifth anniversary of the date of issuance but before the tenth anniversary thereof, into such number of fully paid new Shares at the initial conversion price of HK\$0.03 per Share (subject to adjustment)
“Convertible Preference Share(s)”	the non-voting irredeemable convertible preference share(s) of nominal value of HK\$1.00 each in the capital of the Company, each carrying the Conversion Right
“Director(s)”	the director(s) of the Company

“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“TEDA HK”	TEDA Hong Kong Property Company Limited, a substantial shareholder of the Company directly holding approximately 50.13% of the total issued Shares
“%”	per cent

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

Hong Kong, 26 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.

As at the date of this announcement, the board of Directors 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 its publication.