

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 8035)

**PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
REDUCTION OF CONTRIBUTED SURPLUS ACCOUNT
AND REDUCTION OF OTHER RESERVES ACCOUNT**

The Board announces that the Company proposes to (a) reduce an amount of HK\$ 424,737,296 standing to the credit of the Share Premium Account as at 31 December 2012 to nil; (b) reduce an amount of HK\$43,456,235 standing to the credit of the Contributed Surplus Account as at 31 December 2012 from HK\$47,547,866 to HK\$4,091,631; and (c) reduce an amount of HK\$160,000,000 from the item “Others” standing to the credit of the Other Reserves Account as at 31 December 2012 to nil to set-off and eliminate the Accumulated Losses of the Company in the amount of HK\$628,193,531 as at 31 December 2012.

A SGM will be held to consider and, if thought fit, pass a special resolution to approve the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application.

A circular containing, among other things, (i) further details about the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board announces that the Company proposes to (a) reduce the amount of HK\$424,737,296 standing to the credit of the Share Premium Account as at 31 December 2012 from HK\$424,737,296 to nil; (b) reduce an amount of HK\$43,456,235 standing to the credit of the Contributed Surplus Account as at 31 December 2012 from HK\$47,547,866 to HK\$4,091,631; (c) reduce an amount of HK\$160,000,000 from the item “Others” standing to the credit of the Other Reserves Account as at 31 December 2012 from HK\$160,000,000 to nil; and (d) to apply the credit arising from the Share Premium Reduction, the Contributed Surplus Reduction and the Other Reserves Reduction to set-off and eliminate the Accumulated Losses of the Company in the amount of HK\$628,193,531 as at 31 December 2012.

CONDITIONS OF THE SHARE PREMIUM REDUCTION, THE CONTRIBUTED SURPLUS REDUCTION, THE OTHER RESERVES REDUCTION AND THE APPLICATION

The Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application are conditional on:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application; and
- (b) the due compliance by the Company with the relevant procedures and requirement under the Companies Act to effect the Share Premium Reduction, including but not limited to the publication of a notice in an appointed newspaper in Bermuda in respect of the Share Premium Reduction.

Subject to the fulfillment of the above conditions, the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application will become effective on the date of passing of the abovementioned special resolution by the Shareholders at the SGM.

REASONS FOR THE SHARE PREMIUM REDUCTION, THE CONTRIBUTED SURPLUS REDUCTION, THE OTHER RESERVES REDUCTION AND THE APPLICATION

The Company has been unable to declare and pay dividends on its Shares while there are accumulated losses. The Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application will allow the Company to eliminate all such accumulated losses, and as a result will put the Company in a better position to declare dividends to Shareholders at an earlier opportunity.

Section 46 of the Companies Act provides that on the date from which a reduction of share premium of the Company comes into effect, there must be no reasonable grounds for believing that the Company is, or would after the reduction be, unable to pay its liabilities as they become due. Section 54 of the Companies Act provides that no distribution out of the Company's contributed surplus shall be made if there are reasonable grounds for believing that the Company is, or would after the distribution be, unable to pay its liabilities as they become due or the realizable value of its assets would thereby become less than its liabilities. The Company confirms that no such grounds exist as at 30 September 2013.

In view of the above, the Directors consider the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application will be in the interests of the Company and the Shareholders as a whole and will not adversely affect the underlying assets, business operations or financial position of the Company and its subsidiaries. The Directors are also of the view that the proportionate interest of the Shareholders in the underlying assets of the Company and

its subsidiaries will not change as a result of the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application.

As this stage, however, there can be no assurance that a dividend will be declared or paid in the future even in circumstances where the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application become effective.

GENERAL

A circular containing, among other things, (i) further details about the Share Premium Reduction, Contributed Surplus Reduction, the Other Reserves Reduction and the Application; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Accumulated Losses”	the accumulated losses of the Company as shown in the audited financial statements of the Company for the nine months ended 31 December 2012
“Application”	the proposed application of the credit arising from the Share Premium Reduction, the Contributed Surplus Reduction and the Other Reserves Reduction, to set-off and eliminate the Accumulated Losses
“Board”	the board of Directors
“Company”	Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Contributed Surplus Account”	the contributed surplus account of the Company
“Contributed Surplus Reduction”	the proposed reduction of the amount of HK\$43,456,235 standing to the credit of the Contributed Surplus Account as at 31 December 2012 from HK\$47,547,866 to HK\$4,091,631
“Director”	the directors of the Company from time to time

“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
“Other Reserves Account”	the other reserves account of the Company
“Other Reserves Reduction”	the proposed reduction of the amount of HK\$160,000,000 under the item “Others” standing to the credit of the Other Reserves Account as at 31 December 2012 from HK\$ 160,000,000 to nil
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Premium Reduction, the Contributed Surplus Reduction, the Other Reserves Reduction and the Application
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount of HK\$424,737,296 standing to the credit of the Share Premium Account as at 31 December 2012 from HK\$424,737,296 to nil

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

Hong Kong, 9 October 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.