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濱海投資有限公司

BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2886)

DISCLOSEABLE TRANSACTION FINANCE LEASE AGREEMENT

FINANCE LEASE AGREEMENT

The Board announces that on 29 June 2017, Tianjin Binda, a wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with BoCom Leasing, pursuant to which the ownership of the Leased Assets will be transferred from Tianjin Binda to BoCom Leasing, and Tianjin Binda will lease back the Leased Assets from BoCom Leasing for a term of 36 months commencing on the date on which BoCom Leasing makes the payment to Tianjin Binda for the transfer of ownership of the Leased Assets. The principal amount of the finance leasing arrangement contemplated under the Finance Lease Agreement is RMB130 million with an annual interest rate being the RMB benchmark lending rate published by the People's Bank of China for the same period increased by 2% (subject to adjustments).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Agreement calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% and all applicable percentage ratios are less than 25%, the Finance Lease Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and are subject to the announcement requirement but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE FINANCE LEASE AGREEMENT

Date : 29 June 2017

Parties : (1) BoCom Leasing (as the lessor); and
(2) Tianjin Binda, a wholly-owned subsidiary of the Company (as the lessee)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, BoCom Leasing and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject matter : The ownership of the Leased Assets will be transferred from Tianjin Binda to BoCom Leasing, and Tianjin Binda will lease back the Leased Assets from BoCom Leasing subject to the terms and conditions of the Finance Lease Agreement.

Leased Assets : The leased assets of the Group in Tianjin are the (i) pipeline network and equipment in the area from Hu Jia Yuan, Tanggu District to phase III of the Tianjin Airport Economic Area; (ii) pipeline network and equipment in the central avenue of the Binhai Tourist Area; and (iii) pipeline network and equipment at the first section of Energy Hangu.

Consideration : The consideration payable by BoCom Leasing to Tianjin Binda for the transfer of ownership of the Leased Assets is RMB130,000,000.

The consideration shall be paid by BoCom Leasing within 10 working days after the fulfillment of certain conditions including the completion of registration (if any) of the pledge and mortgage, and the registration and transfer procedures (if any) for the transfer of the Leased Assets, provision by Tianjin Binda to BoCom Leasing of information relating to the ownership of the Leased Assets and all documents of approval granted by the relevant government departments relating to the transactions contemplated under the Finance Lease Agreement.

Lease period : 36 months commencing on the date on which BoCom Leasing makes payment to Tianjin Binda for the transfer of ownership of the Leased Assets (the “**Lease Commencement Date**”).

Lease payments and other fees : The total lease amount (the principal of the finance lease) is RMB130,000,000, which is the same as the consideration for the transfer of ownership of the Leased Assets payable by BoCom Leasing.

The reference annual interest rate for the purpose of the Finance Lease Agreement is the RMB benchmark lending rate published by the People’s Bank of China for the same period (the benchmark rate is 4.75% as at the date of this announcement) increased by 2%, subject to adjustments (if any) once upon the expiry of every three months of the Lease Commencement Date in the event that the People’s Bank of China adjusts the benchmark lending rate.

The total lease payments payable under the Finance Lease Agreement shall be RMB140,460,900 (subject to adjustments), which will be payable in 12 quarterly instalments during the lease period in accordance with the payment schedule to the Finance Lease Agreement.

Further, (i) a one-off non-refundable consultation service fee of RMB2,600,000, and (ii) a deposit of RMB3,900,000 (which shall either be refunded to Tianjin Binda upon expiration of the lease period, or used to set-off part of the last instalment of the lease payment and other payables under the Finance Lease Agreement) shall be deducted and set-off from the payment for the transfer of ownership of the Leased Assets to be made by BoCom Leasing to Tianjin Binda.

The amounts payable under the Finance Lease Agreement were determined after arm’s length negotiation between BoCom Leasing and Tianjin Binda with reference to the prevailing market rates for finance leases of comparable assets.

Ownership : The legal titles of the Leased Assets shall vest in BoCom Leasing throughout the lease period.

- Buyback option : After the expiry of the term of the Finance Lease Agreement, on condition that Tianjin Binda has settled all amounts payable under the Finance Lease Agreement, it shall have the option to acquire ownership of the Leased Assets from BoCom Leasing at a nominal amount of RMB1.00.
- Guarantee : 濱海投資(天津)有限公司(Binhai Investment (Tianjin) Company Limited*), a wholly-owned subsidiary of the Company, has executed a guarantee as a guarantor in favour of BoCom Leasing to guarantee all payment obligations of Tianjin Binda under the Finance Lease Agreement, which shall be valid and effective up to 2 years after the fulfillment of the obligations under the Finance Lease Agreement.
- Use of proceeds : The payment from BoCom Leasing for the transfer of ownership of the Leased Assets shall be deposited into a bank account subject to supervision of Bank of Communications Co., Ltd. Tianjin Municipal Branch. Tianjin Binda has undertaken that such proceeds shall only be applied towards replenishment of its working capital and repayment of loans from its parent company.
- Pledge of receivables : Tianjin Binda agreed to pledge all receivables from the supply of gas to users in Tianjin Municipality to guarantee all of its payment obligations under all finance lease agreements entered into with BoCom Leasing during the period from 29 June 2017 to 28 June 2037 (including but not limited to this Finance Lease Agreement), which include the maximum principal amount of the finance lease of RMB130,000,000, interests, damages, compensation and other fees incurred by BoCom Leasing to enforce its right as creditor under the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The proceeds from financing activities of the Group have been mainly used for the investment and construction of main pipelines network (with a return of 30 years). The transaction under the Finance Lease Agreement is a means to replace liquidity loans by medium and long-term loans, which may help to optimise the structure of financial statements, increase working capital, improve liquidity ratio and reduce financial risks of the Group. Further, taking into account various factors including the tight supply of the current money market, lack of bank credit facilities and capital expenditure, the Directors consider that the finance leasing arrangement contemplated under the Finance Lease Agreement presents a convenient and effective solution to the Group's financing needs which is advantageous to the Group.

The Finance Lease Agreement has been entered into in the ordinary and usual course of business of the Group, and the Directors consider that the terms of the transactions contemplated under the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Agreement calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% and all applicable percentage ratios are less than 25%, the Finance Lease Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and are subject to the announcement requirement but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

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

To the best of the Directors' knowledge, BoCom Leasing is principally engaged in the business of finance leasing.

DEFINITIONS

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| “Board” | the Board of Directors |
| “BoCom Leasing” | 交銀金融租賃有限責任公司 (Bank of Communications Financial Leasing Co., Ltd.) |
| “Company” | Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2886) |
| “Director(s)” | the director(s) of the Company |
| “Finance Lease Agreement” | the agreement dated 29 June 2017 entered into between Tianjin Binda and BoCom Leasing for the finance leasing arrangement in respect of the Leased Assets together with its ancillary agreements, the terms of which are summarised in this announcement |
| “Group” | the Company and its subsidiaries |

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| “Leased Assets” | the (i) pipeline network and equipment in the area from Hu Jia Yuan, Tanggu District to phase III of the Tianjin Airport Economic Area; (ii) pipeline network and equipment in the central avenue of the Binhai Tourist Area; and (iii) pipeline network and equipment at the first section of Energy Hangu, of the Group in Tianjin, being the subject assets of the arrangement under the Finance Lease Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tianjin Binda” | 天津濱達燃氣實業有限公司 (Tianjin Binda Gas Enterprise Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “%” | per cent |

* *for identification purposes only*

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

Hong Kong, 29 June 2017

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. ZHANG Bing Jun and Mr. GAO Liang, six non-executive Directors, namely, Mr. SHEN Xiao Lin, Mr. ZHANG Jun, Mr. WANG Gang, Ms. ZHU Wen Fang, Ms. SHI Jing and Mr. HE Xiangli 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.