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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

The Board announces that Tianjin Binda, a wholly-owned subsidiary of the Company, has entered into the Finance Lease Agreement with BoCom Leasing for a transaction under 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. Such finance leasing transaction is for a term of 60 months commencing from the date when BoCom Leasing makes the payment to Tianjin Binda for the transfer of ownership of the Leased Assets. The transaction has a principal amount of RMB230 million with the annual interest rate being the RMB benchmark lending rate published by the People's Bank of China for the same period decreased by 12%. On 23 June 2016, Tianjin Binda requested BoCom Leasing to make payment for transfer of ownership of the Leased Assets in accordance with the Finance Lease Agreement.

LISTING RULES IMPLICATIONS

As some 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 exceed 5% but 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 April 2016
- Parties : BoCom Leasing (as the lessor); and
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 are the Group's second gas pipelines main network of a distance of 47.606km, located in the Binhai New Area in Tianjin, the PRC, together with its ancillary equipment and facilities.
- Consideration : The consideration payable by BoCom Leasing to Tianjin Binda for transfer of ownership of the Leased Assets is RMB230,000,000.
- The consideration shall be paid by BoCom Leasing within 10 working days after the fulfillment of conditions including, among other things, the completion of registration (if any) of the pledge and mortgage, and the registration (if any) of transfer of all Leased Assets, provision by Tianjin Binda to BoCom Leasing of all information relating to the ownership and titles of the Leased Assets and all approvals granted by the relevant government departments relating to the transaction under the Finance Lease Agreement.
- Lease period : 60 months commencing from the date when 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 (principal under the finance leasing transaction) is RMB230,000,000, which is the same as the consideration for the transfer of ownership of 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, which benchmark rate was 4.75% as at the date of this announcement, decreased by 12%, subject to adjustments (if any) once on every anniversary of the Lease Commencement Date in the event that the People's Bank of China adjusts the benchmark lending rate during the year ending on the date of the anniversary of the Lease Commencement Date.

The total lease payments payable under the Finance Lease Agreement shall be RMB256,066,943.2 (subject to adjustment), which will be payable in 20 quarterly instalments during the lease period in accordance with the payment schedule under the Finance Lease Agreement.

(i) a one-off non-refundable consultation service fee of RMB5,750,000, and (ii) a deposit of RMB6,900,000 (which shall either be refunded to Tianjin Binda after the end of the lease period, or be used to set-off part of the last instalment of the lease payment and other payables under the Finance Lease Agreement) shall be payable by Tianjin Binda to BoCom Leasing, either before the Lease Commencement Date, or to be deducted and set-off from the payment for the transfer of ownership of 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, Tianjin Binda shall have the option to acquire the ownership of the Leased Assets from BoCom Leasing at a nominal amount of RMB1.00.

- Guarantee : Two wholly-owned subsidiaries of the Company, namely, 濱海投資(天津)有限公司(Binhai Investment (Tianjin) Company Limited*) and 天津濱泰能源發展有限公司(Tianjin Bintai Energy Development Company Limited*), have each executed a guarantee as a guarantor in favour of BoCom Leasing to guarantee all payment obligations of Tianjin Binda under the Finance Lease Agreement, and the guarantees shall be valid and effective up to 2 years after the completion of performance under the Finance Lease Agreement.
- Automatic termination provision : Tianjin Binda has the right to request, on or before 31 July 2016, BoCom Leasing to make payment of the consideration for transfer of ownership of the Leased Assets. However, if Tianjin Binda has not made such request to BoCom Leasing on or before 31 July 2016, the Finance Lease Agreement shall be regarded as terminated and neither party shall be regarded as in breach of the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

In preparation for the funds for the redemption of those HK\$310,000,000 1% convertible bonds of the Company due 2016 that remain outstanding upon maturity on 5 August 2016, the Company has been negotiating with bank/ financing institution to obtain the relevant financing. In this relation, while the Company was negotiating a bank loan with a commercial bank, the Company has also entered into the Finance Lease Agreement (containing the automatic termination provision as mentioned above, such that if the Company does not make the payment request to BoCom Leasing by 31 July 2016, the Finance Lease Agreement will be automatically terminated) as an alternative to bank loan financing.

In view of its lower financing cost and longer payment period, the finance leasing under the Finance Lease Agreement presents a convenient and effective solution to the Group's financing needs which the Company considers to be advantageous. Therefore, after considering and comparing the terms of the finance leasing transaction and as soon as it is confirmed recently that the bank loan transaction under negotiations would not be entered into, the Company has now decided to elect to proceed with the finance leasing under the Finance Lease Agreement. On 23 June 2016, the Company requested BoCom Leasing to make payment to the Company under the Finance Lease Agreement.

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

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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

“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 April 2016 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
“Leased Assets”	the natural gas pipelines and ancillary equipment and facilities of the Group in the Binhai New Area in Tianjin, the PRC, being the subject of the arrangement under the Finance Lease Agreement, as further described in this announcement
“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, 23 June 2016

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, Mr. Li Wei and Ms. Shi Jing, 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.