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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
ENTERING INTO THE EQUITY TRANSFER AGREEMENT
FOR THE ACQUISITION OF
2% EQUITY INTERESTS IN SINOPEC LNG**

THE EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 19 September 2022 in relation to the entering into of the Agreement of Intent between Binhai Investment (Tianjin), a wholly-owned subsidiary of the Company, and TEDA-Nangang in respect of the proposed acquisition of the 2% equity interests in Sinopec LNG.

The Board announces that on 20 February 2023, Binhai Investment (Tianjin) entered into the Equity Transfer Agreement with TEDA-Nangang, pursuant to which Binhai Investment (Tianjin) agrees to acquire the 2% equity interests held by TEDA-Nangang in Sinopec LNG at a total consideration of RMB193,067,300. The amount of earnest money already paid by Binhai Investment (Tianjin) under the Agreement of Intent shall be set-off against the aforesaid consideration.

LISTING RULES IMPLICATIONS

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

Reference is made to the announcement of the Company dated 19 September 2022 which disclosed that Binhai Investment (Tianjin), a wholly-owned subsidiary of the Company, entered into the Agreement of Intent with TEDA-Nangang in respect of the proposed acquisition of the 2% equity interests in Sinopec LNG.

The Board announces that on 20 February 2023, Binhai Investment (Tianjin) entered into the Equity Transfer Agreement with TEDA-Nangang, pursuant to which Binhai Investment (Tianjin) has agreed to acquire the 2% equity interests held by TEDA-Nangang in Sinopec LNG at a total consideration of RMB193,067,300. The principal terms of the Equity Transfer Agreement are summarised below.

THE EQUITY TRANSFER AGREEMENT

Date : 20 February 2023

Parties : (1) Binhai Investment (Tianjin) (a wholly-owned subsidiary of the Company); and

(2) TEDA-Nangang.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, TEDA-Nangang and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter : Binhai Investment (Tianjin) agrees to acquire the 2% equity interest held by TEDA-Nangang in Sinopec LNG.

Consideration : The consideration for the Acquisition is RMB193,067,300. Such consideration was determined by the parties to the Equity Transfer Agreement by negotiations based on the appraised value of the subject equity interest of the Acquisition (i.e. 2% equity interest in Sinopec LNG) using the income approach by a professional PRC appraisal institution as at 31 August 2022 of RMB185,027,300, and adding the amount of RMB8,040,000 paid by TEDA-Nangang to Sinopec LNG in December 2022 for increase in equity capital of Sinopec LNG (another shareholder of Sinopec LNG has also increased its shareholding in Sinopec LNG on the same pro-rata basis, thus the shareholding ratio of respective shareholders remains the same after such increase in shareholdings).

As Binhai Investment (Tianjin) had already paid an earnest money of RMB150,000,000 to TEDA-Nangang in accordance with the Agreement of Intent, such amount will be deducted from the consideration for the Acquisition pursuant to the Equity Transfer Agreement. As such, the remaining balance of RMB43,067,300 shall be payable by remittance by Binhai Investment (Tianjin) to a designated bank account of TEDA-Nangang within 10 working days after the date of the Equity Transfer Agreement.

- Conditions to Completion of the Acquisition : Completion of the Acquisition is subject to fulfillment of the following prior to the date of business registration of the transfer of the 2% equity interest in Sinopec LNG (the “Registration Date”):-
- (1) the representations, warranties and undertakings by each party under the Equity Transfer Agreement being true, accurate and complete and not misleading up to the Registration Date;
 - (2) Binhai Investment (Tianjin) having completed its internal approval procedures;
 - (3) both parties having obtained all necessary approvals, consents and authorizations from governmental departments and third party consents for completion of the Acquisition;
 - (4) due payment of the consideration for the Acquisition by Binhai Investment (Tianjin); and
 - (5) no event which may have a material adverse effect of Sinopec LNG having occurred prior to the Registration Date.

The parties to the Equity Transfer Agreement agree that matters and formalities relating to completion of the Acquisition shall be completed within 30 days after TEDA-Nangang having received the consideration for the Acquisition.

INFORMATION ON SINOPEC LNG

Sinopec LNG is a limited liability company established in the PRC, its registered capital is RMB4,243,200,000 after the capital increase of all shareholders in the same proportion in December 2022. The equity interests of Sinopec LNG are owned by a subsidiary of China Petroleum & Chemical Corporation as to 98% and by TEDA-Nangang as to 2%.

Sinopec LNG is principally engaged in the construction and operation of LNG terminals and piers, as well as the storage, processing and sales of LNG products.

Set out below are the financial information of Sinopec LNG for the two financial years ended 31 December 2020 and 2021:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit before taxation	918,579,500	589,135,900
Profit after taxation	681,648,700	437,766,200

The audited net asset value of Sinopec LNG as of 31 August 2022 was approximately RMB4,490,670,000.

Following completion of the Acquisition, Binhai Investment (Tianjin) will nominate a person to be appointed as a director and a person to be appointed as a supervisor of Sinopec LNG.

After completion of the Acquisition, Sinopec LNG will not become a subsidiary of the Group and the financial results of Sinopec LNG will not be consolidated into the consolidated financial results of the Group, but such equity interest acquired will be equity accounted for in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

It is a PRC national requirement that gas enterprises in cities and towns in Mainland China are required to establish gas storage and peak shaving capabilities to a certain standard. Acquiring shareholding in Sinopec LNG which operates LNG terminals will facilitate cooperations which enable the Group to meet the gas storage and peak shaving requirements under PRC national policies, which will ensure a compliant and stable natural gas operations of the Group and thus enhance its market position in the perception of customers and government authorities. The storage and processing operations of Sinopec LNG in the middle stream of natural gas market can help the Group to connect the upstream resources, gas sources trading and downstream market, and thereby allow the Group to

possess the capability to greatly exploit markets, and develop its necessary and core resource. The LNG terminals of Sinopec LNG connecting with the pipelines of the Group will help the Group link up with the sales market in Tianjin, leading to great economic potentials. Furthermore, Sinopec LNG having made substantial profits in recent years also makes it a worthwhile investment target for the Group to become its shareholder, and the stable income of the operations of Sinopec LNG is expected to bring satisfactory return to the Group's investment.

Accordingly, the Directors consider that acquiring shareholding in Sinopec LNG will provide various benefits to the Company, including maximizing the capacity of gas storage for peak shaving, seamlessly connecting the Group's upstream resources and downstream markets, particularly the sales market in Tianjin (being the major market of the Group with great potentials), and facilitating the development and promotion of the Group's upstream gas trading business. The Acquisition is expected to increase the Group's market competitiveness and bring satisfactory return to the Group.

The Equity Transfer 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 Equity Transfer 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 transaction contemplated under the Equity Transfer Agreement calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% and all applicable percentage ratios are less than 25%, the Equity Transfer Agreement constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The Company is an investment holding company. The Group is principally engaged in the sales of piped natural gas, construction and gas pipeline installation service, gas passing through service and sales of bottled natural gas.

Binhai Investment (Tianjin) is principally engaged in investment and reinvestment in industries such as gas processing and stove production and areas where foreign investment is permitted by the PRC, investment in areas that support the transmission and distribution of urban gas pipeline networks, assisting or acting on behalf of the investee companies for purchase of domestic products and those from abroad, as well as domestic and overseas sale of products produced by the investee companies, and providing after-sales services; investment in consultancy services and technology research and development; operation and sales of liquified natural gas for domestic users.

To the best of the Directors' knowledge, TEDA-Nangang is principally engaged in businesses such as land consolidation in the southern region of Tianjin Economic and Technological Development Area, public welfare construction projects, investment and operation of utilities, promotion of industries and park services. The equity interest in TEDA-Nangang is 100% owned by an intermediate PRC limited liability company, the equity interest in which is owned as to 90% by Tianjin Economic-Technological Development Area State-owned Asset Supervision and Administration Bureau (天津經濟技術開發區國有資產監督管理局), a PRC governmental authority and as to 10% by Tianjin Zhonglian Real Estate Co., Ltd.* (天津中聯置業有限公司). Tianjin Zhonglian Real Estate Co., Ltd.* (天津中聯置業有限公司) is a company incorporated in the PRC principally engaged in the businesses of real estate development and sale of commercial housing, which is entirely owned by the Tianjin Finance Bureau, a PRC governmental authority.

DEFINITIONS

“Acquisition”	the acquisition of the 2% equity interest in Sinopec LNG as contemplated under the Equity Transfer Agreement;
“Agreement of Intent”	the agreement of intent dated 15 September 2022 entered into between Binhai Investment (Tianjin) and TEDA-Nangang with respect to the acquisition of the 2% equity interests in Sinopec LNG;
“Binhai Investment (Tianjin)”	Binhai Investment (Tianjin) Company Limited* (濱海投資(天津)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Board”	the Board of Directors;
“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;
“Equity Transfer Agreement”	the legally binding formal agreement dated 20 February 2023 entered into between Binhai Investment (Tianjin) and TEDA-Nangang with respect to the acquisition of the 2% equity interests in Sinopec LNG;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“LNG”	liquified natural gas;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of PRC;
“Sinopec LNG”	Sinopec Tianjin LNG Co., Ltd.* (中石化天津液化天然氣有限責任公司);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TEDA-Nangang”	Tianjin TEDA-Nangang Development Group Co., Ltd.* (天津經濟技術開發區南港發展集團有限公司);
“%”	per cent

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

Hong Kong, 20 February 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. HU Hao, Mr. ZUO Zhi Min and Mr. GAO Liang, three non-executive Directors, namely, Mr. WANG Gang, Mr. SHEN Hong Liang and Mr. YU Ke Xiang, and three independent non-executive Directors, namely, Mr. IP Shing Hing, J.P., Mr. LAU Siu Ki, Kevin and Professor Japhet Sebastian LAW.

** For identification purposes only*