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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)

**INSIDE INFORMATION
ENTERING INTO AGREEMENT OF INTENT FOR
DEEPENING OF COOPERATION WITH
SINOPEC NATURAL GAS IN REALTION TO
SINOPEC LNG**

This announcement is made by Binhai Investment Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcement of the Company dated 20 February 2023 on the entering into the equity transfer agreement by Binhai Investment (Tianjin) Company Limited* (濱海投資(天津)有限公司) (“**Binhai Investment (Tianjin)**”), a wholly-owned subsidiary of the Company, with 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) (TEDA-Nangang) for the acquisition of 2% equity interest in Sinopec Tianjin Liquefied Natural Gas Co. Ltd.* (中石化天津液化天然氣有限責任公司) (“**Sinopec LNG**”), and the announcement of the Company dated 31 August 2023 on the entering into by Binhai Investment (Tianjin) of the agreement with Sinopec Natural Gas Co. Ltd.* (中國石化天然氣有限責任公司) (“**Sinopec Natural Gas**”) for contribution of capital to Sinopec LNG on a pro rata basis.

The board of directors of the Company (the “**Board**”) is pleased to announce that Binhai Investment (Tianjin) and Sinopec Natural Gas (the “**Signing Parties**”) have entered into an agreement of intent for the deepening of cooperation in relation to Sinopec LNG (the “**Agreement**”) on 6 November 2023.

China Petroleum & Chemical Corporation, the parent company of Sinopec Natural Gas, is the second largest shareholder of the Company and is indirectly interested in 405,472,337 ordinary shares, representing approximately 29.97% of the total number of issued ordinary shares of the Company.

Purpose of the Agreement

1. By releasing the equity interest of Sinopec Natural Gas in Sinopec LNG through equity co-operation, the Agreement will promote the co-operation of the Signing Parties on natural gas procurement and sales, and further increase the processing and transmission capacity of Sinopec LNG, thus enhancing its market competitiveness and expanding the scale of natural gas consumption.
2. By way of further expanding its equity interest in Sinopec LNG, Binhai Investment (Tianjin) will strengthen the Group's gas storage and peaking shaving capability and optimise the Group's upstream and downstream natural gas industry chain through gas trading under the beneficial conditions during the window period.

Subject matters of the Agreement

1. Binhai Investment (Tianjin) will increase its equity participation in Sinopec LNG by further acquiring a portion of Sinopec LNG's equity interest held by Sinopec Natural Gas (the "**Equity Acquisition**") to achieve the purpose of deepening the co-operation, and further optimising the gas storage, peak shaving capabilities and window period support. The specific proportion of equity interest will be determined through further negotiations between the Signing Parties.
2. Sinopec Natural Gas will assist Binhai Investment (Tianjin) in completing the construction of the required gas storage and peak shaving capabilities on the basis of the new shareholding ratio within the corresponding window period in acquiring the equity interest, and support the Group in lowering the cost of natural gas procurement through trading and the formation of a profit model for the trading business, so as to enhance the Group's cost control capability and profitability at the gas source end. In addition, Sinopec Natural Gas will support the Group in giving full play to its important role in the field of terminal distribution, and will make reasonable efforts to provide support to the Group in terms of gas source and gas volume as far as its own situation permits.
3. As a shareholder of Sinopec LNG, Binhai Investment (Tianjin) will actively provide relevant support to carry out the subsequent development and construction of the Tianjin LNG terminal that belongs to Sinopec LNG. Binhai Investment (Tianjin) will actively utilise the facilities of the Tianjin LNG terminal in conjunction with its own business development to improve the efficiency of the terminal facilities.
4. The Signing Parties will jointly determine the valuation benchmark date and adopt the principle of using the valuation results of an appraisal institution that is agreed upon and mutually recognised by both parties as the amount of consideration, and complete the transaction by strictly fulfilling the respective approval procedures accordingly.

After the signing of the Agreement, the Signing Parties will set up a joint working group to establish a regular communication and coordination mechanism, and the working group will be responsible for formulating a specific work plan, carrying out the overall process of the project, and completing the approval procedures for their respective state-owned assets.

Impact on the Company

The signing of the Agreement represents the continuous fulfilment of Sinopec Natural Gas' commitment under the "Framework Agreement on Further Supporting the Improvement of the Industrial Chain of the Company" entered into with Tianjin TEDA Investment Holding Company Limited* (天津泰達投資控股有限公司) (as disclosed in the announcement of the Company dated 29 May 2023).

Because of the favourable profitability of Sinopec LNG, the Group has already achieved the corresponding investment returns and resource support. With further increase in the proportion of Sinopec LNG's equity interest, the Group will be able to further enhance its gas storage and peak shaving capability while increasing its investment income, and continue to strengthen its foundation for gas source trading, optimise the gas procurement costs and enhance its profitability. At the same time, the Equity Acquisition will be conducive to the Group in further consolidating its advantages in upstream gas resources in the Tianjin area in Mainland China and in building a natural gas resource pool for the Group in the northern region of Mainland China, providing strong support for the Group's end user business projects across the country.

The Agreement is a document of intent for the Signing Parties to commence the Equity Acquisition, which only serves as the basis for the Signing Parties to carry out the follow-up work. It does not give rise to legal rights and obligations, is not enforceable and the Equity Acquisition may or may not be completed. The parties still need to sign a formal contract in relation to the Equity Acquisition and to process their respective internal and external approvals. The Company will perform the necessary approval procedures and information disclosure obligations at the appropriate time in accordance with applicable laws, regulations and rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 6 November 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Hu Hao, Mr. Wang Xin and Mr. Gao Liang, three non-executive Directors, namely, Mr. Wang Gang, Mr. Shen Hong Liang and Mr. Yu Ke Xiang, and four independent non-executive Directors, namely, Mr. Ip Shing Hing, B.B.S., J.P., Mr. Lau Siu Ki, Kevin, Professor Japhet Sebastian Law and Dr. Tang Lai Wah.

** For identification purposes only*