濱 海 投 資 有 限 公 司
BINHAI INVESTMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 2886)

CONNECTED TRANSACTION AGREEMENT FOR CAPITAL CONTRIBUTION TO TIANJIN TIANSHUI ZHICHENG CONSTRUCTION ENGINEERING CO., LTD.

THE CAPITAL CONTRIBUTION AGREEMENT

Taicheng Clean Energy, a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement on 22 August 2025 with Tianjin Water Engineering and Tianshui Zhicheng to make capital contribution to Tianshui Zhicheng in an aggregate amount of RMB10,365,133.33 by way of cash as consideration for a 49% equity interest in Tianshui Zhicheng. Of the Capital Contribution, RMB9,607,843.14 will be used to increase the registered capital of Tianshui Zhicheng and RMB757,290.19 will be used to increase the capital reserve of Tianshui Zhicheng. Tianshui Zhicheng is a direct wholly-owned subsidiary of Tianjin Water Engineering, which in turn is a subsidiary of TEDA. The Capital Contribution is a strategic cooperation of the Group with Tianjin Water Engineering, which aims to raise funds for the capital needs of Tianshui Zhicheng in its business operations and expansion, and its development as a specialized gas engineering platform.

Upon completion of the Capital Contribution, Taicheng Clean Energy will become a new shareholder of Tianshui Zhicheng, and Taicheng Clean Energy and Tianjin Water Engineering will hold 49% and 51% of the equity interest in Tianshui Zhicheng respectively.

LISTING RULES IMPLICATIONS

TEDA is the controlling shareholder of the Company indirectly interested in 579,378,707 Shares (representing approximately 42.18% of the total number of Shares in issue), and is thus a connected person of the Company under the Listing Rules. Since each of Tianjin Water Engineering and Tianshui Zhicheng is a subsidiary of TEDA, each of them is an associate of TEDA and is thus a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Capital Contribution Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Capital Contribution Agreement are higher than 0.1% but all applicable percentage ratios are lower than 5%, the connected transaction contemplated under the Capital Contribution Agreement is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 22 August 2025, Taicheng Clean Energy, a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with Tianjin Water Engineering and Tianshui Zhicheng. Under the Capital Contribution Agreement, Taicheng Clean Energy has agreed to make capital contribution to Tianshui Zhicheng in an aggregate amount of RMB10,365,133.33 to acquire a 49% equity interest in Tianshui Zhicheng. Tianshui Zhicheng is currently a direct wholly-owned subsidiary of Tianjin Water Engineering.

THE CAPITAL CONTRIBUTION AGREEMENT

Set out below is a summary of the principal terms of the Capital Contribution Agreement:

Date : 22 August 2025

Parties :

(i) Taicheng Clean Energy (a subsidiary of the Group)

(ii) Tianjin Water Engineering (a subsidiary of TEDA)

(iii) Tianshui Zhicheng (a direct wholly-owned subsidiary of Tianjin Water Engineering)

Subject matter	:	Taicheng Clean Energy has agreed to make capital contribution to Tianshui Zhicheng in an aggregate amount of RMB10,365,133.33, by way of cash, of which RMB9,607,843.14 will be used to increase the registered capital of Tianshui Zhicheng and RMB757,290.19 will be used to increase the capital reserve of Tianshui Zhicheng. Upon completion of the Capital Contribution, Taicheng Clean Energy will become a new shareholder of Tianshui Zhicheng, and Taicheng Clean Energy and Tianjin Water Engineering will hold 49% and 51% of the equity interest in Tianshui Zhicheng respectively.
Payment terms	:	The capital contribution of RMB10,365,133.33 shall be paid by cash to Tianshui Zhicheng within ten working days of the date of the Capital Contribution Agreement. The capital contribution of RMB10,365,133.33 payable by Taicheng Clean Energy will be funded by the Group's self-owned funds.
Corporate governance arrangement after the Capital Contribution	:	(i) The board of directors of Tianshui Zhicheng shall consist of seven directors, of which three directors (including the chairman) shall be appointed by Taicheng Clean Energy, three directors shall be appointed by Tianjin Water Engineering, and one employee director shall be elected by the general meeting of the employees of Tianshui Zhicheng or other democratic forms. (ii) The management is expected to have one general manager (appointed by Tianjin Water Engineering and acting as the legal representative of Tianshui Zhicheng), one chief engineer (appointed by Tianjin Water Engineering), one deputy general manager (appointed by Tianjin Water Engineering) and one financial vice president/director (appointed by Taicheng Clean Energy). The composition of the management will be further adjusted according to the business expansion situation of Tianshui Zhicheng and as agreed by Taicheng Clean Energy and Tianjin Water Engineering.

Upon completion of the Capital Contribution, Taicheng Clean Energy will become a new shareholder of Tianshui Zhicheng, and Taicheng Clean Energy and Tianjin Water Engineering will hold 49% and 51% of the equity interest in Tianshui Zhicheng respectively.

The table below sets out the shareholding structure of Tianshui Zhicheng immediately before and after the completion of the Capital Contribution:

Name of shareholder	Amount of registered capital immediately before the Capital Contribution *RMB*	Percentage of equity interest (immediately before the Capital Contribution)	Amount of registered capital immediately after the Capital Contribution *RMB*	Percentage of equity interest (immediately after the Capital Contribution)
Taicheng Clean Energy	0	0%	9,607,843.14	49%
Tianjin Water Engineering	10,000,000	100%	10,000,000	51%
	10,000,000	100%	19,607,843.14	100%

BASIS OF DETERMINATION OF THE CAPITAL CONTRIBUTION AMOUNT

The amount of the Capital Contribution is determined based on the report of valuation on the entire equity interests in Tianshui Zhicheng issued by Tianjin China United Assets Appraisal Co., Ltd.* (天津中聯資產評估有限責任公司), an independent and qualified valuer recorded by the Tianjin Finance Bureau as qualified in accordance with the relevant regulations and requirements in the PRC, and was determined between the parties on an arm's length basis. The details of the valuation on Tianshui Zhicheng are as follows:

1. **Valuation approach:** Asset-based approach

2. **Reasons for selecting the asset-based approach**

   The main methods for enterprise valuation include income approach, market approach, and asset-based approach.

   Income approach

   The income approach is a valuation method that determines the value of the target by capitalizing or discounting the expected income.

Tianshui Zhicheng has been established for a relatively short period of time, and its projects have not yet been fully launched. After the establishment of Tianshui Zhicheng, most of its business comes from Tianjin Water Engineering. There is uncertainty in Tianshui Zhicheng's expansion of external markets in the future, and therefore the income approach is not applicable to its valuation.

Market approach

The market approach is a valuation method that determines the value of the target by comparing it with comparable listed companies or comparable transaction cases.

Due to the fact that Tianshui Zhicheng is a non-listed company, the business structure, business model, enterprise size, asset allocation and utilization, business stage, growth potential, operational risk, financial risk and other factors of listed companies in the same industry are significantly different from those of Tianshui Zhicheng. Additionally, there are relatively few transaction cases of comparable enterprises in the same industry on or around the valuation benchmark date, making it difficult to obtain reliable operational and financial data from comparable transaction cases to calculate the appropriate value ratios. Therefore, the market approach was not adopted for the valuation of Tianshui Zhicheng.

Asset-based approach

The asset-based approach refers to a valuation method that determines the value of the target by reasonably appraising the value of its various assets and liabilities on-balance sheet and off-balance sheet based on the balance sheet of the appraised entity on the valuation benchmark date.

For Tianshui Zhicheng, it has assets and liabilities on-balance sheet and off-balance sheet which can be identified on the valuation benchmark date, and those identifiable assets and liabilities can also be individually appraised using appropriate valuation methods accordingly. Moreover, Tianshui Zhicheng does not have any assets or liabilities that will have a significant impact on the appraisal conclusion, and that are difficult to identify and appraise. Therefore, the asset-based approach was adopted for its valuation.

In summary, based on the purpose of Tianshui Zhicheng's valuation and the characteristics of Tianshui Zhicheng, the asset-based approach was adopted for its valuation.

3. **Valuation benchmark date:** 31 January 2025

4. Valuation assumptions

General assumptions

(a) Trading assumption: Trading assumption is to assume that all the appraised assets are already in the course of transaction and the valuer carries out the valuation based on a simulated market with reference to the conditions of the trade of the appraised assets. This is one of the most fundamental assumptions for the performance of asset valuation.

(b) Open market assumption: The open market assumption assumes that the parties to the assets transaction or the proposed assets transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to make a rational and informed judgment on the assets, including their functions, uses and transaction prices. The basis of open market assumption is that the assets can be traded openly in the market.

(c) The assumption of continuing use: The assumption of continuing use means that the valuation method, parameters and basis shall be determined on the premise that the appraised assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used on the basis of certain changes thereof.

(d) Going concern assumption: This is a valuation assumption made by taking the overall assets of an enterprise as the valuation target. In other words, the enterprise, as an operating entity, will continue to operate in accordance with its business objectives and management model in the external environment where it operates.

5. Input parameters and calculation process of the valuation

According to the valuation report and the valuation approach used, the appraised value of Tianshui Zhicheng on the valuation benchmark date was the sum of (1) the appraised value of current assets; and (2) the appraised value of non-current assets, minus (3) the appraised value of the liabilities.

(1) Current assets

The current assets included in the scope of the valuation are Tianshui Zhicheng's monetary funds, account receivable, other receivables, contract-based assets and other current assets. The input parameters and calculation of the appraised value of current assets are as follows:

(a) Monetary funds: Monetary funds for this project refer to bank deposits. The appraised value is confirmed according to the declared carrying amount after verifying against the journal entry for cash deposited to banks with no error found, checking the deposit in transit against the schedule of reconciliation of bank deposit balance, and issuing letters of enquiry regarding the deposit balance of the bank deposit account as of the valuation benchmark date.

(b) Account receivable and other receivables: Based on verification of accounting information, the valuer analysed the time of occurrence and aging of each receivable, the credit status of the debtor, the recovery history of receivable from the debtor company, and collected evidence of amount that may not be recoverable. As the valuer did not find any definite evidence showing that there was any irrecoverable amount, the appraised value was confirmed according to the declared carrying amount.

(c) Contract-based assets: The valuers first conducted random verification of the construction projects and selected certain construction projects as sample to conduct interviews for ascertaining the authenticity of the construction projects; secondly, they inspected the relevant information such as the construction contracts, progress schedules of the construction projects, the construction statements, the original settlement certificates and the books of accounts, etc., and obtained information from the relevant project staff on the general situation of the construction projects, the construction period, the progress, the quality, and the trend of change in the construction costs; and thirdly, they obtained information from the financial staff on the accounting contents of the construction projects, the procedures for the confirmation of the owner's signature, the method of revenue recognition and the handling of the accounts such as the carrying forward of costs, and verified the reasonableness of the contents that constitute the carrying amount. After going through the above procedures, the appraised value was confirmed based on the verified carrying amount in relation to the construction projects which were under normal construction and could be confirmed reasonably that no impairment factors existed.

(d) Other current assets: Other current assets refer to the input tax amount to be deducted. The valuer reviewed the accounting records including the amount, time of occurrence, transaction details to verify the authenticity and completeness of the asset based on the reconciliation between the asset appraisal schedule and the balance sheet, as well as the related general ledgers and subsidiary ledgers. Pursuant to the input tax amount to be deducted which has been verified as accurate, the appraised value was confirmed according to the carrying amount.

(2) Non-current assets

The only non-current assets included in the scope of the valuation is Tianshui Zhicheng's electronic equipment under its fixed assets.

Based on the purpose of the appraisal, in accordance with the principle of continuous use and with reference to market prices, the replacement cost method was adopted as the appraisal method, taking into account the characteristics of the equipment appraised and the information collected. The calculation formula is as follows:

Appraised Value = Replacement Cost x Newness Ratio

(a) Determination of replacement cost

In general, installation was not required for the electronic equipment within the scope of appraisal (or the installation was handled by the vendor), and the freight charges was low. Therefore, the replacement cost can be determined with reference to the prevailing market purchase price. For equipment in which the market price on the valuation benchmark date could be obtained by making inquiries with equipment manufacturers, agents and dealers, the purchase price is determined according to its market price. For the purchase price of equipment in which the market price cannot be obtained by market inquiries, such price could be determined by reviewing the pricing information of mechanical and electrical products in 2024 etc. and by online price enquiries.

(b) Determination of the newness ratio

The newness ratio of some equipment purchased recently with simple structure and low value is determined using the age-limit method.

The calculation formula is as follows:
Newness ratio = (1- used life/economic durability) ×100%

(3) Liabilities

Liabilities are current liabilities, including short-term loans, accounts payable, tax payable, and other payables. According to the financial statements of Tianshui Zhicheng as of 31 January 2025, it had no non-current liabilities.

The valuer reviewed and verified the book value of liabilities mainly in accordance with the enterprise financial accounting system, and determined their appraised value at the amount of substantive liabilities of the enterprise in accordance with relevant requirements regarding asset appraisal and with reference to the contents of liabilities accounts.

6. Appraised value and the Capital Contribution amount

As of the valuation benchmark date and based on the asset-based approach, taking into account the aforementioned three main input parameters (namely current assets, non-current assets and liabilities), the appraisal conclusion and the appraised value of Tianshui Zhicheng on a going concern basis are as follows:

	Book value *RMB (approximately)*	**Appraised value** *RMB (approximately)*	**Valuation appreciation** *RMB (approximately)*	**Appreciation rate**
Total assets	**39,885,900**	**39,887,100**	**1,200**	**0.00%**
– Current-assets	39,877,700	39,877,700	–	–
– Non-current assets	8,200	9,400	1,200	14.20%
Total liabilities	**29,098,900**	**29,098,900**	**–**	**–**
– Current liabilities	29,098,900	29,098,900	–	–
– Non-current liability	–	–	–	–
Net assets	**10,787,000**	**10,788,200**	**1,200**	**0.01%**

Following the adoption of the asset-based approach for the valuation of Tianshui Zhicheng's assets and liabilities included in the scope of valuation, the appraised value of the entire equity interests in Tianshui Zhicheng in the valuation report as of the valuation benchmark date is RMB10,788,200, which is higher than the book value of its net assets, being RMB10,787,000, by 0.01%. This difference is attributed to an appreciation in the valuation of Tianshui Zhicheng's electronic equipment under the fixed assets as compared with its book value. Such appreciation was mainly due to the fact that the accounting service life of the electronic equipment is lower than its economic service life.

As Taicheng Clean Energy will hold 49% of the equity interest in Tianshui Zhicheng upon completion of the Capital Contribution, based on the appraised value of the entire equity interests in Tianshui Zhicheng of RMB10,788,200, the amount of the Capital Contribution

is calculated by RMB10,788,200 ÷ 51% * 49%

which is equal to RMB10,365,133.33

7. The Board's view on the fairness and reasonableness of the Capital Contribution amount

The Board has reviewed the methods, basis, and assumptions adopted for the valuation of Tianshui Zhicheng in the valuation report. Based on the review of the valuation report and considering: (i) the assumptions adopted by the valuer in the valuation report are reasonable, and taking into account the actual situation of Tianshui Zhicheng, the use of the asset-based method to appraise its value is more operational and accurate than other valuation methods; (ii) the Board has not identified any major factors that would cause it to doubt the fairness and reasonableness of the valuation method (i.e. asset-based method) or assumptions adopted by the valuer; (iii) the independence, qualifications, experience, and track record of the valuer, the Board believes that the valuation method (i.e. asset-based method) and assumptions adopted by the valuer in the valuation report are fair and reasonable, and the appraised value of Tianshui Zhicheng on the valuation benchmark date has been carefully and thoroughly considered. Since the Capital Contribution amount is determined based on the appraised value of Tianshui Zhicheng and is proportionate to the percentage of equity interest to be held by Taicheng Clean Energy after the Capital Contribution, the Board also considers that the Capital Contribution amount is fair and reasonable, and is in the interest of the Company and its shareholders as a whole.

INFORMATION ON TIANSHUI ZHICHENG

Tianshui Zhicheng is a limited liability company established in the PRC, and is principally engaged in construction of municipal roads and pipeline networks, new construction or expansion of urban roads, construction of urban infrastructure, construction of public buildings and residential buildings, modernization of agricultural infrastructure, building decoration and renovation, etc.

Set out below are the financial information of Tianshui Zhicheng for the years 2023 and 2024:

	For the year ended 31 December 2023 *RMB* *(approximately)* *(audited)*	For the year ended 31 December 2024 *RMB* *(approximately)* *(audited)*
Profit before taxation	2,345,806	6,257,811
Profit after taxation	2,228,604	4,693,358

The audited net asset value of Tianshui Zhicheng as of 31 January 2025 was approximately RMB10,787,027.

After the completion of the Capital Contribution, Tianshui Zhicheng will not become a subsidiary of the Group and the financial results of Tianshui Zhicheng will remain not to be consolidated into the consolidated financial results of the Group, but Taicheng Clean Energy's equity interest in Tianshui Zhicheng will be equity accounted for in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

The Capital Contribution is a strategic cooperation of the Group with Tianjin Water Engineering, which aims to raise funds for the capital needs of Tianshui Zhicheng in its business operations and expansion, and its development as a specialized gas engineering platform. The Group will benefit from Tianshui Zhicheng's business development in various aspects, for example:

(1) Tianshui Zhicheng can deeply participate in the pre-planning and construction delivery of the Group's relevant projects, thereby realizing a precise control over the progress, quality and safety of the projects. In addition, Tianshui Zhicheng can rely on the comprehensive strength of Tianjin Water Engineering to help the Group to enhance its fund coordination ability and risk resistance level for large projects and ensure an efficient progress of key projects;

(2) The Group can implement centralized procurement and scaled construction through Tianshui Zhicheng to further reduce the cost of raw materials and manpower, which helps to avoid profit diversion by third party construction units. At the same time, Tianshui Zhicheng can utilize the resources of the Tianjin Water Engineering to seek financial support from the central and local government authorities in the PRC, so as to maximize the revenue of the projects while ensuring regulatory compliance of the Group; and

(3) Based on the foundation of Tianshui Zhicheng in its development of intelligent technology, the Group will be able to integrate Internet of Things monitoring, intelligent alert and other technologies to build an emergency management platform for gas projects, realizing "one-

platform dispatch" in response to accidents. This will enhance the safety and resilience of project operations through digital upgrading, and inject innovative energy into the Group's businesses.

Having reviewed the terms of the Capital Contribution Agreement, the Directors (including the independent non-executive Directors) are of the view that while the entering into of the Capital Contribution Agreement is not in the ordinary and usual course of business of the Group, the terms of the Capital Contribution Agreement are on normal commercial terms or better, fair and reasonable, and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

TEDA is the controlling shareholder of the Company indirectly interested in 579,378,707 Shares (representing approximately 42.18% of the total number of Shares in issue), and is thus a connected person of the Company under the Listing Rules. Since each of Tianjin Water Engineering and Tianshui Zhicheng is a subsidiary of TEDA, each of Tianjin Water Engineering and Tianshui Zhicheng is an associate of TEDA and is thus a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Capital Contribution Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Capital Contribution Agreement are higher than 0.1% but all applicable percentage ratios are lower than 5%, the connected transaction contemplated under the Capital Contribution Agreement is only subject to the reporting and announcement requirements and is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For good corporate governance practices, Mr. Xia Bin Hui, being Director who also hold executive position in subsidiaries of TEDA, abstained from voting at the resolution of the Board approving the Capital Contribution Agreement to avoid any potential conflict of interest.

Save as disclosed above, none of the Directors is deemed to have a material interest in the Capital Contribution Agreement and none of them had to abstain from voting at the resolutions of the Board approving the Capital Contribution Agreement.

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 value-added service.

Taicheng Clean Energy is principally engaged in construction and gas pipeline installation service and sales of piped natural gas.

Tianjin Water Engineering is a company established in the PRC with limited liability and a subsidiary of TEDA. The entire equity interest in Tianjin Water Engineering is held by TEDA through its indirect subsidiaries. Tianjin Water Engineering, together with its subsidiaries and associates, is principally engaged in water conservancy engineering, municipal utility engineering, building construction engineering, pipeline engineering, electromechanical installation engineering, river maintenance and management, landscaping engineering, infrastructure operation and maintenance and related businesses.

TEDA is a state-owned enterprise established in the PRC and a controlling shareholder of the Company. The principal business areas of TEDA are regional development, public utilities, finance and modern services.

DEFINITIONS

"associate"	has the meaning ascribed to it under the Listing Rules;
"Board"	the Board of Directors;
"Capital Contribution"	the capital contribution by Taicheng Clean Energy in an aggregate amount of RMB10,365,133.33, among which RMB9,607,843.14 will be used to increase the registered capital of Tianshui Zhicheng and RMB757,290.19 will be used to increase the capital reserve of Tianshui Zhicheng;
"Capital Contribution Agreement"	the Capital Contribution Agreement entered into between Taicheng Clean Energy, Tianjin Water Engineering and Tianshui Zhicheng on 22 August 2025 in relation to the Capital Contribution;
"Company"	Binhai Investment Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2886);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"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 the PRC;

"Share(s)"	ordinary share(s) of HK$0.10 each in the capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it by the Listing Rules;
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules;
"Taicheng Clean Energy"	Taicheng Clean Energy Group Limited* (泰城清潔能源集團有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;
"TEDA"	Tianjin TEDA Investment Holding Co., Ltd.* (天津泰達投資控股有限公司), a state-owned enterprise established in the PRC, the controlling shareholder of the Company indirectly interested in approximately 42.18% of the total Shares in issue as at the date of this announcement;
"Tianjin Water Engineering"	Tianjin Water Engineering Group Limited* (天津市水利工程集團有限公司), a company incorporated in the PRC with limited liability and a subsidiary of TEDA;
"Tianshui Zhicheng"	Tianjin Tianshui Zhicheng Construction Engineering Co., Ltd.* (天津市天水智城建設工程有限公司), a company incorporated in the PRC; and
"%"	per cent

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

Hong Kong, 22 August 2025

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Zhang Wang, Mr. Wang Xin and Mr. Gao Liang, three non-executive Directors, namely, Mr. Zhang Chang Liang, Mr. Shen Hong Liang and Mr. Xia Bin Hui 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*