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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
RELATING TO THE PAYMENT OF EARNEST MONEY
FOR THE PROPOSED ACQUISITION OF
2% EQUITY INTERESTS IN SINOPEC LNG**

THE AGREEMENT OF INTENT

The Board announces that on 15 September 2022, Binhai Investment (Tianjin), a wholly-owned subsidiary of the Company, entered into the Agreement of Intent in respect of the Proposed Acquisition with TEDA-Nangang. Pursuant to the Agreement of Intent, (i) TEDA-Nangang granted to Binhai Investment (Tianjin) a negotiation period of six months from the date of the Agreement of Intent to facilitate the signing of the Formal Agreement for the Proposed Acquisition; and (ii) Binhai Investment (Tianjin) shall pay the Earnest Money of RMB150 million to TEDA-Nangang within five (5) business days from the date of Agreement of Intent.

The Proposed Acquisition, which is subject to the negotiations on and entering into of the Formal Agreement, is for the Group to acquire a 2% equity interest in Sinopec LNG with a view to improve the ability of the Group on peak shaving by way of gas storage and to enhance the gas trading business of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the payment of the Earnest Money under the Agreement of Intent calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% and all applicable percentage ratios are less than 25%, such payment of the Earnest Money constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In case binding transaction document(s) has been entered into by Binhai Investment (Tianjin) in respect of the Proposed Acquisition, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

The Agreement of Intent may or may not lead to the entering into of the Formal Agreement and the Proposed Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Board announces that on 15 September 2022, Binhai Investment (Tianjin), a wholly-owned subsidiary of the Company, entered into the Agreement of Intent in respect of the Proposed Acquisition with TEDA-Nangang. The principal terms of the Agreement of Intent are summarised below.

THE AGREEMENT OF INTENT

Date : 15 September 2022

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 : TEDA-Nangang granted to Binhai Investment (Tianjin) a negotiation period of six months from the date of the execution of the Agreement of Intent to negotiate on the Proposed Acquisition and execute the Formal Agreement for the proposed acquisition of a 2% equity interests in Sinopec LNG.

Earnest Money : Binhai Investment (Tianjin) shall pay the Earnest Money of RMB150 million to TEDA-Nangang within five (5) business days from the date of Agreement of Intent.

If the Formal Agreement is executed within the Negotiation Period, Binhai Investment (Tianjin) shall have the discretion to decide whether the Earnest Money shall be applied towards payment of the consideration for the Proposed Acquisition (with any excess amount to be refunded by Tianjin-Nangang and any shortfall amount to be paid by Binhai Investment (Tianjin)), on arrangements to be further detailed in the Formal Agreement.

If the Formal Agreement is not executed within the Negotiation Period, the Agreement of Intent shall terminate and TEDA-Nangang shall return the Earnest Money (without interest) to Binhai Investment (Tianjin) within 5 working days from the expiry of the Negotiation Period. If TEDA-Nangang fails to do so, it shall be required to return the Earnest Money to Binhai Investment (Tianjin) plus interest for occupying the funds at the rate of one year loan prime rate based on the number of days of funds occupation.

The Earnest Money was determined following arm's length negotiations by the parties with reference to the registered capital, net assets, profitability and business specialty of Sinopec LNG.

Negotiations : Binhai Investment (Tianjin) and TEDA-Nangang shall negotiate based on integrity and credit and endeavour to achieve the transaction for the Proposed Acquisition. The parties agree to engage a professional appraisal institution on the panel of State-owned Assets Administration Department to carrying out valuation of the subject asset of the Proposed Acquisition, as a significant reference for negotiations on the consideration for the Proposed Acquisition.

TEDA-Nangang shall, and shall procure Sinopec LNG to, fully cooperate and provide assistance to all necessary actions to be taken by Binhai Investment (Tianjin) in relation to the Proposed Acquisition (including but not limited to valuation, due diligence and audit). Binhai Investment (Tianjin) shall have the right to terminate the Agreement of the Intent in the event that TEDA-Nangang is unable to provide response to the reasonable satisfaction of Binhai Investment (Tianjin) within ten (10) working days after a written notice is given by Binhai Investment (Tianjin) to TEDA-Nangang informing it of any facts that may affect the Proposed Acquisition.

INFORMATION ON SINOPEC LNG

Sinopec LNG is a limited liability company established in the PRC, with a registered capital of RMB3,841,000,000. 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 audited 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 was approximately RMB4,381.9 million as of 31 December 2021.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT OF INTENT

The entering into of the Agreement of Intent will allow Binhai Investment (Tianjin) to engage in further discussions and negotiations with TEDA-Nangang for matters relating to the Proposed Acquisition, thereby facilitating the signing of the Formal Agreement for the Proposed Acquisition. The Company considers that acquiring equity interest in Sinopec LNG is anticipated to provide various benefits to the Company, such as significantly increasing the capability of gas storage for peak shaving, seamlessly connecting the Group's upstream resources and downstream markets, especially the sales market in Tianjin, which is the major market of the Group with great potentials. Through the connection of upstream and downstream resources, it is expected the Proposed Acquisition will improve the Group's competitiveness and provide effective resources for the development and promotion of the Group's upstream gas trading business.

The Agreement of Intent 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 Agreement of Intent 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 payment of the Earnest Money under the Agreement of Intent calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% and all applicable percentage ratios are less than 25%, such payment of the Earnest Money by the Group 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.

In case binding transaction document(s) has been entered into by Binhai Investment (Tianjin) in respect of the Proposed Acquisition, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

The Agreement of Intent may or may not lead to the entering into of the Formal Agreement and the Proposed Acquisition may or may not be consummated. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

“Agreement of Intent”	the agreement of intent dated 15 September 2022 entered into between Binhai Investment (Tianjin) and TEDA-Nangang with respect to the Proposed Acquisition;
“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;
“Earnest Money”	the earnest money of RMB150 million to be paid by Binhai Investment (Tianjin) to TEDA-Nangang under the Agreement of Intent;
“Formal Agreement”	the legally binding formal agreement to be entered into between Binhai Investment (Tianjin) and TEDA-Nangang in respect of the Proposed Acquisition;

“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LNG”	liquified natural gas;
“Negotiation Period”	the period of six months from the date the Agreement of Intent becoming effective upon execution by the parties thereto;
“PRC”	the People’s Republic of China;
“Proposed Acquisition”	the proposed acquisition of the 2% equity interests in Sinopec LNG as contemplated under the Agreement of Intent;
“RMB”	Renminbi, the lawful currency of PRC;
“Sinopec LNG”	Sinopec Tianjin Liquefied Natural Gas Co., Ltd.* (中石化天津液化天然氣有限責任公司), a company incorporated in the PRC;
“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), a company incorporated in the PRC;
“%”	per cent

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

Hong Kong, 19 September 2022

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wang Zhiyong, 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*