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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**

### **FINANCE LEASE AGREEMENT**

The Board announces that on 28 December 2022, Tianjin Clean Energy, a wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with CNOOC Leasing, pursuant to which the Leased Assets (comprising certain gas pipeline equipment of the Group) will be sold by Tianjin Clean Energy to CNOOC Leasing at the consideration of RMB300 million, and Tianjin Clean Energy will lease back the Leased Assets from CNOOC Leasing under finance leasing arrangement for a term of 48 months commencing on the date of payment of the consideration for the Leased Assets by CNOOC Leasing to Tianjin Clean Energy. The principal amount of the finance leasing arrangement contemplated under the Finance Lease Agreement is RMB300 million with an annual interest rate at 20 basis points below the loan prime rate for loans with a maturity of over five years as published by the National Interbank Funding Centre under the authority of the PBOC on the Interest Rate Determination Date (subject to adjustment). The consideration to be received by Tianjin Clean Energy under the Finance Lease Agreement shall be used for daily operation and construction needs as well as adjustment of debt structure.

BHI Tianjin, a wholly-owned subsidiary of the Company, has executed a guarantee in favour of CNOOC Leasing in respect of the payment obligations and liabilities of Tianjin Clean Energy under the Finance Lease Agreement.

### **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios in respect of the disposal of the Leased Assets contemplated under the Finance Lease Agreement calculated in accordance with Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Finance Lease 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.

The Board announces that on 28 December 2022, Tianjin Clean Energy, a wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with CNOOC Leasing, pursuant to which the ownership of the Leased Assets will be transferred from Tianjin Clean Energy to CNOOC Leasing for the consideration of RMB 300 million, and Tianjin Clean Energy will lease back the Leased Assets from CNOOC Leasing for a term of 48 months. The principal terms of the Finance Lease Agreement are summarised below.

## THE FINANCE LEASE AGREEMENT

Date : 28 December 2022

Parties : (1) CNOOC Leasing (as the lessor); and  
(2) Tianjin Clean Energy, 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, CNOOC Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter : The Leased Assets will be sold by Tianjin Clean Energy to CNOOC Leasing, and Tianjin Clean Energy will lease back the Leased Assets from CNOOC Leasing under finance lease arrangement subject to the terms and conditions of the Finance Lease Agreement.

Leased Assets : The Leased Assets comprise the following eight gas pipeline equipment of the Group located in Tianjin, the PRC :-

- (i) Ninghe Special Steel Branch Pipeline (寧河特鋼支線管線)
- (ii) The Natural Gas Pipeline along DN600 section of the Jinjin Expressway in Binhai New Area (濱海新區天然氣管線津晉高速沿線DN600段)
- (iii) Panzhuang Branch Pipeline(潘莊支線管線)
- (iv) Binhai Tourist Area — Central Avenue Pipeline (濱海旅遊區 - 中央大道管線)
- (v) Tanggu Geothermal (Dongting Road) Pipeline (塘沽地熱(洞庭路)管線)

- (vi) Jinning High-speed Natural Gas Pipeline (Marine and Aviation Project) (津寧高速天然氣管線(海航項目))
- (vii) Beihuan Development Zone - Donghai Road to Taidamen Station (開發區北環 - 東海路至泰達門站)
- (viii) Sinopec Gas Source Pipeline (中石化氣源管線)

The unaudited net asset value of the Leased Assets was approximately RMB353,105,191 in aggregate as of 30 September 2022. The Leased Assets only form part of the Group's operations and there were no revenue or net profits attributable to the Leased Assets for the two years ended 31 December 2020 and 2021.

The ownership of the Leased Assets will be transferred from Tianjin Clean Energy to CNOOC Leasing on the date when CNOOC Leasing makes payment of the consideration for purchase of the Leased Assets to Tianjin Clean Energy.

Consideration : The consideration payable by CNOOC Leasing to Tianjin Clean Energy for the purchase of the Leased Assets is RMB300,000,000.

The consideration shall be payable by CNOOC Leasing subject to the fulfillment of certain conditions including, among others, the execution of the guarantee, the obtaining by Tianjin Clean Energy of necessary consents, approvals and authorisations for execution of the Finance Lease Agreement, the payment of all fees payable by Tianjin Clean Energy under the Finance Lease Agreement, and the provision by Tianjin Clean Energy to CNOOC Leasing of documents on proof of the ownership of the Leased Assets.

Tianjin Clean Energy shall submit a written application for drawdown of the payment of the consideration for transfer of the ownership of the Leased Assets (no later than seven working days before the date of payment) within 3 months from the date of the Finance Lease Agreement.

The consideration was determined following arm's length negotiations by the parties based on the net asset value of the Leased Assets as agreed by the parties with reference to the original financial data pertaining to the Leased Assets.

- Handling fees : Tianjin Clean Energy shall pay to CNOOC Leasing handling fees equivalent to 1.60% of the amount of each withdrawal at least one working day before the relevant withdrawal date.
- Lease period : 48 months commencing on the date of payment of the consideration for the Leased Assets by CNOOC Leasing to Tianjin Clean Energy.
- Lease payments : The total amount of lease payments payable by Tianjin Clean Energy is RMB326,513,333.34 (subject to adjustment), comprising (i) the lease principal of RMB300,000,000, which is the same as the consideration for the purchase of the Leased Assets payable by CNOOC Leasing, and (ii) the aggregate lease interest tentatively at RMB26,513,333.34 (subject to changes of the loan prime rate for loans with a maturity of over five years as published by the National Interbank Funding Centre under the authority of the PBOC from time to time).

The lease interest under the Finance Lease Agreement is calculated on the lease principal at 20 basis points below the most recent loan prime rate for loans with a maturity of over five years as published by the National Interbank Funding Centre under the authority of the PBOC on the Interest Rate Determination Date. The lease interest rate is subject to adjustments (if any) on the date of expiry of every calendar year from the Interest Rate Determination Date if the prevailing loan prime rates as at those dates are adjusted. The above lease payment amount is calculated on the basis of the lease interest rate being at 4.10% per annum.

The total lease payments to be paid by Tianjin Clean Energy under the Finance Lease Agreement will be payable in 16 instalments during the lease period in accordance with the payment schedule to the Finance Lease Agreement and will be funded by cash generated from the usual course of business of the Group.

The lease interest payable under the Finance Lease Agreement was determined after arm's length negotiation between CNOOC Leasing and Tianjin Clean Energy with reference to the prevailing market rates for finance leases of comparable assets.

- Ownership : The legal titles of the Leased Assets shall vest in CNOOC Leasing throughout the lease period.
- Buyback : On the date of expiry of the lease term, on the condition that Tianjin Clean Energy has fulfilled all of its payment obligations under the Finance Lease Agreement, Tianjin Clean Energy shall acquire ownership of the Leased Assets from CNOOC Leasing at the consideration of RMB1.

- Guarantee : BHI Tianjin, a wholly-owned subsidiary of the Company, has executed a guarantee as a guarantor in favour of CNOOC Leasing to guarantee all payment obligations and liabilities of Tianjin Clean Energy under the Finance Lease Agreement and the costs of enforcement by CNOOC Leasing of such liabilities and the guarantee, which shall be valid and effective up to three years after the due date of fulfillment by Tianjin Clean Energy of the obligations under the Finance Lease Agreement.
- Use of proceeds : Tianjin Clean Energy has undertaken that the consideration received from CNOOC Leasing for the sale of the Leased Assets shall only be applied towards daily operation and construction needs as well as adjustment of debt structure.
- Early repayment arrangement : After one year from the date of commencement of the lease period, Tianjin Clean Energy may seek consent from CNOOC Leasing by giving three months written notice in advance to prepay part of the lease principal or terminate the Finance Lease Agreement on the upcoming rental payment date with repayment of all lease principal, interests accrued and other amounts due.
- Where CNOOC Leasing consents to the prepayment and receives all payments due under the Finance Lease Agreement (including the outstanding lease principal and other fees under the Finance Lease Agreement), the Finance Lease Agreement will be terminated and the ownership of the Leased Assets will be transferred to Tianjin Clean Energy.
- Insurance and insurance payment arrangement : Tianjin Clean Energy shall at its own cost maintain insurance coverage in respect of the Leased Assets in accordance with the Finance Lease Agreement at least 5 working days prior to the date of commencement of the lease period until the expiry of the term of the Finance Lease Agreement.
- Upon the occurrence of an insured event, Tianjin Clean Energy should ensure insurance compensation (if any) is paid to CNOOC Leasing directly. The occurrence of an insured event and payment of insurance compensation do not justify any delay or deduction by Tianjin Clean Energy of any amount payable by it under the Finance Lease Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT**

The proceeds from financing activities of the Group have been mainly used for the investment and construction of main pipelines network. The finance leasing arrangement of the transaction under the Finance Lease Agreement may help to optimise the capital structure of the Group, increase working capital, improve liquidity ratio and reduce financial risks of the Group. Taking into account various current market factors, the Directors consider that the finance leasing arrangement of the transaction contemplated under the Finance Lease Agreement presents a convenient and effective solution to the Group's financing needs which is advantageous to the Group.

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.

According to Hong Kong Financial Reporting Standards, it is expected that the transactions under the Finance Lease Agreement will not give rise to any disposal gain or loss to be recorded by the Group.

## **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios in respect of the transaction contemplated under the Finance Lease Agreement calculated in accordance with Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Finance Lease 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.

Tianjin Clean Energy is principally engaged in the investment, construction and operation of urban gas pipeline network in Tianjin region, provision of natural gas connection services, supply and sale of natural gas.

To the best of the Directors' knowledge, CNOOC Leasing is a foreign-invested financial leasing company approved by the Ministry of Commerce of China, mainly engaged in financial leasing business. CNOOC Leasing is being held 50% by China National Offshore Oil Corporation (hereinafter referred to as "CNOOC Group") and its overseas subsidiary Overseas Oil & Gas Corporation, Ltd., respectively. Accordingly, CNOOC Group is the ultimate beneficial owner of CNOOC Leasing. CNOOC Group is a super-large State-owned enterprise approved by the State Council of China and is the largest offshore oil and gas production operator in China.

## DEFINITIONS

“BHI Tianjin”	Binhai Investment (Tianjin) Company Limited* (濱海投資(天津)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Board”	the Board of Directors;
“CNOOC Leasing”	CNOOC International Financial Leasing Limited* (中海油國際融資租賃有限公司);
“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 28 December 2022 entered into between Tianjin Clean Energy and CNOOC Leasing for the sale and the finance leasing arrangement in respect of the Leased Assets, the principal terms of which are summarised in the section headed “Finance Lease Agreement” in this announcement;
“Group”	the Company and its subsidiaries;
“Interest Rate Determination Date”	the date on which CNOOC Leasing pays the consideration for the purchase of the Leased Assets to Tianjin Clean Energy;
“Leased Assets”	the gas pipeline equipment assets owned by Tianjin Clean Energy (particulars of which are described in the sub-section headed “Leased Assets” under the section headed “Finance Lease Agreement” in this announcement), being the subject assets of the arrangement under the Finance Lease Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PBOC”	the People’s Bank of China;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Tianjin Clean Energy” 天津泰達濱海清潔能源集團有限公司(Tianjin TEDA Binhai Clean Energy Group Company Limited\*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company;

“%” per cent

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

Hong Kong, 28 December 2022

*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*