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**SINOPEC KANTONS HOLDINGS LIMITED**  
**( 中石化冠德控股有限公司 ) \***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 934)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
FURTHER INVESTMENTS INTO THE JOINT VENTURE  
REGARDING INVESTMENT AND BUILDING OF  
THREE LNG VESSELS FOR TRANSPORTATION OF LNG**

Reference is made to the announcements of the Company dated 19 December 2011 and 28 April 2013.

On 22 August 2023, the Board of the Company is pleased to announce that Kantons Investment, a wholly-owned subsidiary of the Company, and Shanghai COSCO SHIPPING LNG intend to make further investments into CESI on a pro rata basis by way of capital injection to participate in the investment of the Project relating to the construction of three LNG vessels, which will be earmarked by way of long-term charters supporting the transportation capacity of Sinopec Corp. pursuant to the Venture Global LNG Agreement. Proceeds from the Capital Injection (approximately US\$194,500,000) will account for approximately 25.57% of the investment for the Project. The remaining 74.43% of the investment (approximately US\$566,293,800) will be financed through project financing. It is expected that Kantons Investment will inject capital in the amount of approximately US\$95,305,000 in CESI.

**LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of Kantons Capital Injection will exceed 5% but be less than 25%, Kantons Capital Injection constitutes a disclosable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

## **INTRODUCTION**

Reference is made to the announcements issued by the Company dated 19 December 2011 and 28 April 2013.

On 19 December 2011, Kantons Investment, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Shanghai COSCO SHIPPING LNG, a wholly-owned subsidiary of CS Energy, to establish CESI. CESI is owned as to 49% by Kantons Investment and 51% by Shanghai COSCO SHIPPING LNG. Details of the principal terms of the Joint Venture Agreement are disclosed in the announcement dated 19 December 2011.

On 28 April 2013, pursuant to the terms of the Joint Venture Agreement, Shanghai COSCO SHIPPING LNG and Kantons Investment agreed to make further investments into CESI, on a pro rata basis by way of capital injection, shareholders' loans, bank financing or otherwise, in order to participate in the investment in six LNG vessels, which were earmarked by way of long-term charters for the Group's Australia Pacific LNG Project (as referred to the announcement of the Company dated 19 December 2011). Details of such investment are disclosed in the announcement dated 28 April 2013.

## **CAPITAL INJECTION**

On 22 August 2023, the Board is pleased to announce Kantons Investment and Shanghai COSCO SHIPPING LNG intend to make further investments into CESI on a pro rata basis by way of capital injection in accordance with the terms of the Joint Venture Agreement. Kantons Investment agreed to make capital injection of approximately US\$95,305,000 by internal resources of the Group, and Shanghai COSCO SHIPPING LNG agreed to inject capital in the amount of approximately US\$99,195,000.

The amount of the Capital Injection was determined after arm's length negotiation between Kantons Investment and Shanghai COSCO SHIPPING LNG with reference to funding needs of CESI for the design, construction, financing, purchase and operation of three LNG vessels, details of which are set out in the section headed "LNG VESSEL INVESTMENTS AND SOURCE OF FUNDING" below.

Immediately prior to the Capital Injection, CESI was owned as to 51% and 49% by Shanghai COSCO SHIPPING LNG and Kantons Investment, respectively. Upon completion of the Capital Injection, the respective shareholdings of Shanghai COSCO SHIPPING LNG and Kantons Investment in CESI remain unchanged.

## **LNG VESSEL INVESTMENTS AND SOURCE OF FUNDING**

On 4 November 2021, a 20-year long-term LNG purchase and sale agreement for 4 million tonnes annually was entered into between Sinopec Corp. and Venture Global. In order to meet the annual transportation demand of 2.8 million tonnes of LNG FOB cargoes in the above project, Sinopec Corp. has made additional demand to CESI for LNG vessels. For such purpose, CESI intends to invest in the construction of three 175,000m<sup>3</sup> regular LNG vessels and those vessels will be earmarked by way of long-term charters for supporting the transportation capacity required under the Venture Global LNG Agreement.

It is estimated that, the total investment amount of the Project will amount to approximately US\$760,793,800, which will be 100% invested by CESI. Approximately 74.43% of the funds (approximately US\$566,293,800) will be raised through project financing and approximately 25.57% of the funds (approximately US\$194,500,000) will be contributed by Shanghai COSCO SHIPPING LNG and Kantons Investment through the Capital Injection.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

Proceeds from the Capital Injection is intended to be used for the design, construction, purchase and operation of the three LNG vessels pursuant to the Project which will be leased to Sinopec Corp. on a long-term basis to fulfill the LNG transportation requirements under the Venture Global LNG Agreement. The Capital Injection and the construction of the three new LNG vessels will expand the Group's vessel chartering and logistics business, strengthen the core competitiveness of the Group in the LNG transportation business segment and contribute to creating greater value for the Shareholders on an ongoing basis. LNG transportation business is one of the core businesses of the Group and the Company will continue to proactively develop new LNG transportation projects.

The Directors, including the independent non-executive Directors, are of the opinion that the Kantons Capital Injection is carried out on normal commercial terms, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

None of the Directors, including the independent non-executive Directors, has any material interest in the Capital Injection and required to abstain from voting on the relevant Board resolution.

## **INFORMATION OF PARTIES TO THE CAPITAL INJECTION**

The Company is incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The Group is principally engaged in, among others, the provision of crude oil jetty and storage services. The joint ventures and associates of the Group are principally engaged in operation of crude oil and oil product terminals and their ancillary facilities, provision of logistics services including storage, vessel transportation and terminal services.

Kantons Investment is a company incorporated under the laws of the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company which is principally engaged in investment holding. It has one wholly-owned subsidiary, namely Huade Petrochemical Co., Ltd. in Huizhou Daya Bay (惠州市大亞灣華德石化有限公司), which is principally engaged in the operation of crude oil terminal and its ancillary facilities, and has invested in one joint venture company and one associate company, namely CESI and East China LNG Shipping Investment Co., Ltd. (中國東方液化天然氣運輸投資有限公司), which are principally engaged in the transportation of LNG.

Shanghai COSCO SHIPPING LNG is a company incorporated in PRC with limited liability. It is a specialised company which is principally engaged in the investment, construction and management of LNG transportation projects. Formerly known as China Shipping Group Gas Investment Co., Ltd., it is a wholly-owned subsidiary of CS Energy. CS Energy is a company incorporated in PRC with limited liability, which is a specialised company engaging in shipment of oil and liquefied natural gas, operating under China COSCO SHIPPING Corporation Limited, and a merged entity from the energy transportation arms of China Ocean Shipping Company and China Shipping Company. It is formerly known as China Shipping Development Company Limited.

CESI is a joint venture company incorporated in Hong Kong with limited liability and owned as to 51% by Shanghai COSCO SHIPPING LNG and 49% by Kantons Investment. CESI is an investment holding company, currently investing in and operating six 174,000m<sup>3</sup> LNG vessels.

Save as otherwise disclosed in this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai COSCO SHIPPING LNG, CS Energy and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Kantons Capital Injection exceeds 5% but is less than 25%, the Kantons Capital Injection constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Capital Injection”	collectively, the Shanghai COSCO SHIPPING LNG Capital Injection and the Kantons Capital Injection
“CESI”	China Energy Shipping Investment Co., Ltd. (中國能源運輸投資有限公司), a joint venture company incorporated in Hong Kong with limited liability and owned as to 51% by Shanghai COSCO SHIPPING LNG and 49% by Kantons Investment, currently investing in and operating six 174,000m <sup>3</sup> LNG vessels
“Company”	Sinopec Kantons Holdings Limited (中石化冠德控股有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange

“CS Energy”	COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company incorporated in the PRC with limited liability and formerly known as China Shipping Development Company Limited, a specialised company engaging in shipment of oil and liquefied natural gas, operating under China COSCO SHIPPING Corporation Limited, and a merged entity from the energy transportation arms of China Ocean Shipping Company and China Shipping Company, the issued shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“FOB”	Free on board, an international trade term meaning “price free on board” or “offshore price” where the seller is obliged to deliver the goods to the buyer’s designated carrier at the designated place and time and complete export clearance procedures to fulfill the delivery of goods
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	a joint venture agreement dated 19 December 2011 entered into between Kantons Investment and Shanghai COSCO SHIPPING LNG in respect of the formation of CESI
“Kantons Capital Injection”	the capital injection in the amount of approximately US\$95,305,000 by Kantons Investment through internal resources in proportion to its shareholdings in CESI
“Kantons Investment”	Kantons International Investment Limited (冠德國際投資有限公司), a company incorporated under the laws of the British Virgin Island and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“PRC”	the People’s Republic of China, unless otherwise indicated, excluding Taiwan, Macau and Hong Kong for the purpose of this announcement and for geographical reference only
“Project”	the design, construction, financing, purchase and operation of three LNG vessels by CESI for supporting the transportation capacity of Sinopec Corp.’s pursuant to the Venture Global LNG Agreement

“Shanghai COSCO SHIPPING LNG”	COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd. (上海中遠海運液化天然氣投資有限公司), a company incorporated in the PRC with limited liability, formerly known as China Shipping Group Gas Investment Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CS Energy
“Shanghai COSCO SHIPPING LNG Capital Injection”	the capital injection in the amount of approximately US\$99,195,000 by Shanghai COSCO SHIPPING LNG in proportion to its shareholdings in CESI
“Sinopec Corp.”	China Petroleum & Chemical Corporation (中國石油化工股份有限公司), a limited company incorporated in the PRC, the shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Venture Global”	Venture Global LNG Inc., a company incorporated in the U.S. which is principally engaged in supply of liquefied natural gas
“Venture Global LNG Agreement”	a 20-year long-term LNG purchase and sale agreement dated 4 November 2021 for 4 million tonnes annually entered into between Sinopec Corp. and Venture Global
“%”	per cent

By Order of the Board  
**Sinopec Kantons Holdings Limited**  
**Chen Yaohuan**  
*Chairman*

Hong Kong, 22 August 2023

*As at the date of this announcement, the Board comprises seven executive Directors: Mr. Chen Yaohuan, Mr. Zhong Fuliang, Mr. Mo Zhenglin, Mr. Yang Yanfei, Mr. Zou Wenzhi, Mr. Ren Jiajun and Mr. Sang Jinghua and four independent non-executive Directors: Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla.*