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CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO COOPERATION FRAMEWORK AGREEMENT WITH CNOOC FUJIAN NEW ENERGY CO., LIMITED AND FUJIAN FUTOU NEW ENERGY INVESTMENT CO., LTD.

This is a voluntary announcement made by China Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

Reference is made to the announcement of the Company dated 30 August 2018. As disclosed in the announcement, CNOOC Gas and Power Group Co., Limited (“**CNOOC Gas and Power Group**”) entered into a strategic cooperation framework agreement with the Company. Both parties agreed to enter into cooperation in natural gas-related fields so as to exploit their respective advantages and jointly promote the development of the entire industrial chain of natural gas, thereby achieving complementary advantages, mutual benefits and common development.

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 3 November 2020, Guangdong China Gas CNOOC Energy Development Co., Limited* (廣東中燃海油能源發展有限公司) (a joint venture company established by the Group and a company under CNOOC Gas and Power Group) (“**China Gas CNOOC**”) entered into a cooperation framework agreement (the “**Cooperation Framework Agreement**”) with CNOOC Fujian New Energy Co., Limited* (中海石油福建新能源有限公司) (a company jointly established by CNOOC Gas and Power Group and Futou (as defined below)) (“**CNOOC Fujian New Energy**”) and Fujian Futou New Energy Investment Co., Ltd.

(“**Futou**”), pursuant to which, the parties agreed to jointly invest in the existing city gas projects of CNOOC Fujian New Energy, so as to fully exploit their respective advantages, accelerate the construction progress of the projects and maximize mutual benefits. Under the Cooperation Framework Agreement, the parties agreed to enter into cooperation in the following respects:

1. Establishment of wholly-owned subsidiaries

CNOOC Fujian New Energy currently owns the concession rights for the operation of piped gas in counties of Fujian province including Youxi, Mingxi, Shunchang, Guangze and Xianyou (“**Counties**”). These Counties have a total population of over 2.2 million and plenty of potential industrial and commercial users. The demand for natural gas is therefore strong. CNOOC Fujian New Energy agreed to establish five wholly-owned subsidiaries (the “**Subsidiaries**”) in the Counties where the city gas projects are located in, and accordingly transfer the assets of the five city gas projects concerned to the Subsidiaries.

2. Increase of share capital

CNOOC Fujian New Energy agreed to procure the increase of share capital of the Subsidiaries by introducing Futou and China Gas CNOOC as shareholders. It is agreed among the parties that after the increase of share capital, the Group will adopt its management model to manage the operation of the Subsidiaries with an aim to maximizing the scale and profitability of the projects.

Following the establishment of China Gas CNOOC in Guangdong province by the Group and CNOOC Gas and Power Group on 21 January 2019 for the development of natural gas business in Guangdong province, the parties joined forces again for the development of city gas business in Fujian province. On one hand, CNOOC Gas and Power Group is able to utilize its liquefied natural gas receiving terminals and resources’ advantages to supply and secure resources for the gas demand of downstream projects (including the downstream projects jointly undertaken by both parties); on the other hand, the Group is able to fully exploit its advantages in the administration of downstream projects and the logistics system to further accelerate the development of users and utilization of natural gas. At present, China Gas CNOOC enjoys a positive momentum for the growth of natural gas markets in Guangdong province (particularly the Greater Bay Area) with successful project development, and has supplied natural gas for a vast number of industrial and commercial users.

Since the entering into the strategic cooperation framework agreement between the Company and CNOOC Gas and Power Group on 30 August 2018, both parties have been working closely in project investment and gas supply and procurement. The Group has currently become the largest liquefied natural gas distributor of CNOOC Gas and Power Group in China.

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

By order of the Board
China Gas Holdings Limited
LIU Ming Hui
Chairman, Managing Director and President

Hong Kong, 3 November 2020

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching and Ms. LIU Chang are the executive directors of the Company, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Rajeev Kumar MATHUR are the non-executive directors of the Company and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

** For identification purpose only*