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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 STRATEGIC COOPERATION FRAMEWORK AGREEMENT WITH CCCG URBAN AND RURAL ENERGY CO., LTD.\* AND YANTAI PORT GROUP CO., LTD.\*

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

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 16 April 2021, Shandong Petroleum and Natural Gas Co., Ltd.\* (山東石油天然氣股份有限公司, “**Shandong Petroleum**”, a joint venture owned as to 42.3%, and a high level of involvement in management, by the Group), CCCG Urban and Rural Energy Co., Ltd.\* (中交城鄉能源有限責任公司, “**CCCG Urban and Rural**”) and Yantai Port Group Co., Ltd.\* (煙台港集團有限公司, “**Yantai Port**”) entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”). Based on the principle of “fairness and integrity, complementary advantages, mutual benefits and win-win cooperation”, parties involved will establish strategic cooperation partnership to exploit their respective advantages and conduct comprehensive cooperation in clean energy industry.

Pursuant to the Strategic Cooperation Framework Agreement, parties involved have agreed to cooperate in the following respects:

#### LIQUIFIED NATURAL GAS (“LNG”) TERMINAL PROJECT IN WESTERN PORT OF YANTAI PORT (“THE PROJECT”)

Shandong Petroleum, CCCG Urban and Rural and Yantai Port have decided to conduct relevant business and finance cooperation on the Project, and establish comprehensive, in-depth cooperation mechanism in the fields of LNG resources procurement, LNG pipeline transportation and development and sales in terminal market, thus jointly promote relevant key projects.

The Project is planned to be located on the east side of LNG Operation Zone in Western Port of Yantai Port in Shandong Province. The designated capacity for phase I is expected to reach 5 million tons/year, covering three parts of construction, namely pier construction, terminal construction and storage facility and ancillary external pipeline construction. The designated capacity for phase II is expected to reach 5 million tons/year, including new LNG berths, LNG storage tanks and ancillary technical system and export system etc. It is expected that the capacity of the Project will reach 10 million tons/year.

To facilitate the investment, construction and operation management of the Project, parties involved have agreed to establish a project company. Parties involved have also agreed the final shareholding structure of the Project Company, which is owned by CCCG Urban and Rural as to 40%, Shandong Petroleum as to 30% and Yantai Port as to 30%.

In addition, parties involved have agreed that each party shall be entitled to priority right of use on basic warehouses at the same price based on their respective shareholding.

## **INFORMATION ABOUT PARTIES INVOLVED**

### **Shandong Petroleum**

Shandong Petroleum is a company jointly established by Shandong Lucion Investment Holdings Group Co., Ltd.\* (山東省魯信投資控股集團有限公司, “**Shandong Lucion**”) and the Group, as well as the most important investment and operation platform for natural gas businesses in Shandong that operates on behalf of Shandong Provincial Government. It is owned as to 53% and 42.3% by Shandong Provincial Government and the Group, respectively. At present, Shandong Petroleum operates high pressure natural gas pipelines of 1,671 km long in Shandong Province. It has obtained the construction rights for the main pipelines across the whole Shandong Province and the main external pipelines for LNG import, two high pressure main pipelines in western and northern Shandong (1,030 km long in total) and natural gas storage facilities across the whole Shandong Province. With natural gas as its core business, the business scope of Shandong Petroleum covers investment and operation of natural gas pipelines, urban pipeline gas, sales of natural gas, pipeline transportation, distributed energy, sales of oil products, new energy charging station and other operations. Shandong Lucion is a provincial investment platform holding company wholly-owned by Shandong Provincial Government.

### **CCCG Urban and Rural**

CCCG Urban and Rural is an entity under China Urban and Rural Holding Group Co., Ltd.\* (中國城鄉控股集團有限公司) engaging in energy business, as well as the only segment engaging in energy business under China Communications Construction Group Limited\* (中國交通建設集團有限公司), an ultra-large central enterprise. CCCG Urban and Rural focuses on its three major operations, namely urban gas and heat supply, LNG storage and trade and integrated energy utilization, aiming to establish itself a first class integrated service provider for clean energy in China.

## **Yantai Port**

Yantai Port is a wholly-owned subsidiary of Shandong Port Group Co., Ltd.\*, with five major ports under management, namely Zhifu Bay Port, Western Port, Longkou Port, Penglai Port and Laizhou Port. It is primarily engaged in loading operation such as handling of cargo, container, liquefied oil, commodity vehicle, roll on/roll off passenger and cargo, port operation such as vessel agency, ocean shipping tally, port engineering work, communication and equipment manufacturing and repair, as well as emerging operation such as logistics, finance and trading. Yantai Port is an important hub connecting the northern and southern coast in China, as well as an important port connecting Japan and Korea to Eurasia. It is also one of the 25 major hub ports in China and the 15 key ports in coastal cities under the “Belt and Road” Initiative. According to the construction plan, Western Port of Yantai Port is divided into LNG operation zone, crude oil operation zone, liquefied oil operation zone, general cargo operation zone and bulk cargo operation zone. Western Port of Yantai Port will gradually develop itself as an integrated and professional core port focusing on crude oil, liquefied chemical and LNG operation, and establish itself as an important transit base for energy import and export and storage in Northern China.

## **REASONS AND BENEFITS FOR ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The Group is of the view that the entering into the Strategic Cooperation Framework Agreement will be beneficial for parties involved to jointly promote positive strategic synergy in clean energy market in China. The Group believes that, as China accelerates its clean energy development, the overall natural gas industry will experience continuous growth. By investing in the Project through Shandong Petroleum, a joint venture of the Group, the Group will be indirectly entitled to the right of use of the LNG terminals and warehouses, which will be favorable for promoting the long-term development of the Group’s LNG import business, thus achieving greater corporate and social benefits, as well as creating higher value for shareholders.

Shareholders 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, 18 April 2021

*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. Mahesh Vishwanathan IYER 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