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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 TERMINAL HANDLING AND STORAGE SERVICE AGREEMENTS WITH QUANZHOU GRAND PACIFIC CHEMICAL 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 Fujian Zhongran Meizhouwan Energy Co., Ltd.\* (福建中燃湄洲灣能源有限公司) (“**Fujian Zhongran**”), a subsidiary of the Company and Quanzhou Grand Pacific Chemical Co., Ltd (“**Quanzhou Grand**”) have recently entered into large-scale terminal handling and storage service agreements (the “**Service Agreements**”).

Pursuant to the Service Agreement, Fujian Zhongran and Quanzhou Grand have agreed to cooperate in the following aspects:

Quanzhou Grand will use Fujian Zhongran’s liquefied hydrocarbon terminal, propane and propylene storage tanks and relevant facilities in Quangang district, Quanzhou, the People’s Republic of China for loading and unloading, storage and pipeline transport services of propane and propylene.

#### 1. Propane

For the purpose of meeting the demand on storage capacity and turnover of propane, Quanzhou Grand will lease and use related equipment and facilities from Fujian Zhongran in the form of tank-to-tank transfer for a contract term of 10 years.

Quanzhou Grand shall make an undertaking to Fujian Zhongran that the annual amount for tank-to-tank transfer will not be less than 600,000 tons and Fujian Zhongran shall give priority to Quanzhou Grand in satisfying the tank storage capacity required by Quanzhou Grand.

Quanzhou Grand shall guarantee that all propane used for its production will be transported into Quanzhou Grand's factory solely through Fujian Zhongran's terminal and storage tanks.

## **2. Propylene**

For the purpose of meeting the demand on storage capacity and turnover of propylene, Quanzhou Grand will lease and use related equipment and facilities from Fujian Zhongran in the form of chartered storage tanks for a contract term of 10 years.

Fujian Zhongran shall charge handling fee for the terminal and facilities, and related fees for chartered storage tanks and tank-to-tank transfer services.

## **REASONS AND BENEFITS FOR ENTERING INTO THE SERVICE AGREEMENTS**

Incorporated in 2020, Quanzhou Grand is wholly-owned by Grand Pacific Petrochemical Corporation, a Taiwanese enterprise, and is located in Quangang Petrochemical Industrial Park, Quangang District, Fujian. As the first large-scale Taiwanese-funded enterprise in the park with a total investment for the first phase of its development amounting to RMB6.33 billion, It has introduced the latest technology processes for propane dehydrogenation to propylene (PDH) and high-value polypropylene (PP) to the PRC. After the first phase of the development is completed, the annual production capacity will reach 660,000 tons of PDH and 450,000 tons of PP.

The Group believes that the Service Agreements will fully leverage both parties' competitive advantages in their respective business areas through the combination of their strengths to achieve a win-win synergy. For liquefied petroleum gas ("LPG"), its largest and fastest growing application is used as chemical raw material for the production of ethylene and propylene. With the implementation of the "dual-carbon" policy, the production technology process of LPG has the advantages of shorter process, smaller investment, lower energy consumption and reduced carbon emissions, when compared with the traditional technology process for the production of chemical products from coal and oil, therefore there is a strong demand for the supply of LPG and the terminal and storage services. Entering into the Service Agreements marks the first sizeable step of the Group moving into the field of supply of chemical raw material, which will lay a foundation for both parties to cooperate in other fields of LPG sector, and bring greater flexibility for the Group to expand its shares in the markets of residential and commercial use of LPG in Fujian and Jiangxi provinces, and thus maximize the corporate and social benefits for the Group and create greater value for our 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, 7 November 2021

*As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun 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*