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## **CHINA LNG GROUP LIMITED**

**中國天然氣集團有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 931)**

### **VOLUNTARY ANNOUNCEMENT THE SIX ENDUSERS AGREEMENTS BETWEEN CHINA LNG GROUP AND CNOOC ON THE COMPREHENSIVE STRATEGIC COOPERATION OF THE FOUR REGIONAL ENERGY CENTERS WITH EXCLUSIVE LNG OPERATION RIGHTS AND TWO AUTOMOBILE GAS STATIONS IN CHINA**

This announcement is made by China LNG Group Limited (the “**Company**”) on a voluntary basis to provide its shareholders and potential investors with the latest business development of the Group.

#### **INTRODUCTION**

The board of Directors of the Company is pleased to announce that, as of the date of this announcement, the Company has formalised the Strategic Cooperation Agreements with CNOOC on the comprehensive cooperation of the Company’s four regions Energy Centers with exclusive liquefied natural gas (“LNG”) operation rights and two automobile Gas stations in China. The subsidiaries of the Company which owns the aforementioned four LNG Energy Centers and two automobile Gas Stations will provide all of the infrastructure facilities, equipment, operating licenses and customer base offering the operation platform for both parties in the cooperation, CNOOC will take its unique advantages as the leading natural gas procurement platform in the whole country as the only LNG supplier for the cooperation and appoint its SOE professional team to participate in the supervision and operation process of the Energy Centers and Gas Stations, both parties share the operational results according to the terms and conditions stipulated in the agreements, to achieve the goal of win-win outcome for all.

#### **THE LNG ENERGY CENTER COOPERATION AGREEMENTS**

On 24 March 2023, the subsidiaries of the Company which owns the Energy Centers have entered into Energy Center Cooperation Agreements with CNOOC respectively on the cooperatively operating of four Energy Centers of the Company, pursuant to which CNOOC will be the sole LNG supplier of the Energy Centers of the Company, participate in the operation and share the operational results according to agreed terms and conditions.

The performance period of each LNG Energy Center shall be effective for a period commencing from the signing date of the Energy Center Cooperation Agreements to one year (the “**Effective Period**”), covers the scope of Energy Centers’ LNG supply business including LNG dewar bottle filling, point-to-point supply, township pipeline networks and the reverse-transmission national pipeline networks. The income generated or losses suffered from other businesses of the Energy Centers other than LNG supply during the Effective Period should not join the distribution of cooperative operational surplus. From the date of the Energy Center Cooperation Agreements and during the Effective Period:

1. CNOOC takes its unique advantages that available on CNOOC Group’s platform of natural gas procurement to provide the Energy Centers with high quality LNG at prices that compare more favorably with the market, responsible for the Energy Centers’ unified procurement of LNG gas sources with cheaper prices than external purchases;
2. Endures selling prices are jointly determined by both parties according to market pricing mechanism, the Energy Centers are responsible for managing daily operation, the SOE professional team of CNOOC is responsible for supervising resource flow and operation process;
3. During the Effective Period and at the end of each quarter, the cooperative operational surplus which are calculated on the agreed income range after deducting depreciation, financial expenses, daily operating costs and net-off the loss (if any) are shared equally between both parties; and
4. When LNG transportation services are required, the Company’s LNG transportation fleets will be given priority at the terms and conditions as defined in the separated LNG Transportation Contract entered between the relevant parties.

## **THE AUTOMOBILE GAS STATION COOPERATION AGREEMENTS**

On 24 March 2023, the subsidiaries of the Company which owns the automobile Gas Stations have entered into the Gas Station Cooperation Agreements with CNOOC respectively for the cooperation of two automobile Gas Stations of the Company, pursuant to which CNOOC will responsible for the daily operation of the automobile Gas Stations as the sole LNG supplier and share the operational results according to agreed terms and conditions.

The performance period of each automobile Gas Station shall be effective for a period commencing from the signing date of the Gas Station Cooperation Agreements to ten years (Luan National Highway Gas Station) and three years (Huanggang Nanhu Gas Station) respectively (the “**Cooperation Period**”), covers the scope of Gas Stations’ LNG sales business. From the date of the Gas Station Cooperation Agreements and during the Cooperation Period:

### **1. Luan National Highway Gas Station**

- 1.1 During the Cooperation Period, the Luan National Highway Gas Station of the Company will entitle to utilise the Offshore-Gas Hassle-Free price policy provided by CNOOC Jiangsu Natural Gas Utilization Company Limited\*, a wholly-owned subsidiary of CNOOC Gas Power Group, to obtain and secure the best price in the market and bring abundant sales capacity to the Gas Station;
- 1.2 CNOOC will fully responsible for the daily operation of Luan National Highway Gas Station during the Cooperation Period; and
- 1.3 The Company will steadily receive a fixed amount of income from sales volume according to agreed terms and conditions.

## **2 Huanggang Nanhu Gas Station**

- 2.1 During the Cooperation Period, the Huanggang Nanhu Gas Station of the Company will entitle to utilise the Offshore-Gas Hassle-Free price policy provided by CNOOC Huangshi Transportation New Energy Company Limited\*, a wholly-owned subsidiary of CNOOC Gas Power Group, to obtain and secure the best price in the market and bring abundant sales capacity to the Gas Station;
- 2.2 Both parties are jointly responsible for the daily operation of the Huanggang Nanhu Gas Station during the Cooperation Period; and
- 2.3 The Company shares 49% of the profit and loss of the Huanggang Nanhu Gas Station according to agreed terms and conditions.

## **INFORMATION OF THE COMPANY**

The Company's principal activities are (i) the sale and distribution of LNG through the infrastructures in the PRC, including the point-to-point supply of LNG (retail), the wholesale of LNG (trade), the township LNG pipeline networks (residential users), the LNG reverse-transmission (national networks) and the distribution of LNG (logistics) services; and (ii) the financial services business.

## **INFORMATION OF CNOOC**

CNOOC Group is a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with stock codes of 600938 and 00883 respectively. It is an upstream company specialising in oil and natural gas exploration, development and production, and remains the dominant oil and natural gas producer in offshore China. In terms of reserves and production, it is one of the largest independent oil and natural gas exploration and production companies in the world.

CNOOC Gas Power Group Company Limited is a wholly-owned subsidiary of CNOOC Group, responsible for the unified operation and management the natural gas and power generation business of CNOOC Group. At present, CNOOC Gas Power Group has built and put into operation 6 LNG receiving stations with a total receiving and processing capacity of 32.6 million tons per year, holds 7 natural gas power plants with a total installed capacity of 6.82 million kilowatts, it is a core member of the general contracting consortium of the Energy Performance Certificate (EPC) of CNOOC Group. Its CNOOC Yancheng "Green Energy Port" project currently under construction is the largest LNG storage base in the PRC, with six 270,000 cubic-meter LNG storage tanks which is the largest single tank capacity in the world.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforesaid, CNOOC Group and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE STRATEGIC COOPERATION AGREEMENTS**

The Company serves as the LNG endusers operator in multiple cities in the PRC to sell LNG during its ordinary and usual course of business, responsible for ensuring the supply of local urban natural gas consumption, the Strategic Cooperation Agreements secured stable gas sources at the best prices in the market for the Energy Centers and Gas Stations of the Company.

The LNG supply chain is featured with gas shortages and high prices this few years, gas sources are mainly dominated by the top three companies, CNOOC Group is one of the biggest players in the energy industry. The only LNG supplier to the Energy Centers and Gas Stations of the Company has been selected and determined in accordance with relevant PRC laws, rules and regulations and the Company's internal procurement procedures to promote and ensure the fairness and reasonableness of the terms of each. Entering into the Strategic Cooperation Agreements could provide stability on the gas sources to the Company and promote smooth operation through the united procurement procedures.

The Company considers that through years of cooperation between the Group and CNOOC and its associated companies, both parties are familiar with each other's backgrounds, communication between parties is faster and easier, it will be more effective to reduce the risks and costs of transactions. The Board considers that the Strategic Cooperation Agreements are entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, the terms of the Strategic Cooperation Agreements are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Strategic Cooperation Agreements will turn losses into profits for the Company and also brings the relevant percentage of return on equity from cash flow, after depreciation and after-tax for the Company. The Energy Centers and automobile Gas Stations of the Company will rely on the competitive advantages from comprehensive LNG assets and facilities, further leverage on the concessionary prices under the Offshore-Gas Hassle-Free price policy provided by CNOOC to obtain and secure the best price in the market and bring abundant sales capacity to sell natural gas to end users.

## **ENERGY CENTERS OF THE COMPANY**

The Energy Centers of the Company have been given strong supports by various local government departments, in the meanwhile, the Company has established cooperation with Sinopec and CNOOC to effectively guarantee the upstream gas sources to ensure the stable supply at affordable prices and high quality clean energy for customers.

### **1. Huanggang Energy Center**

Huanggang is a prefecture-level city in Hubei Province, it is one of the member cities of the Wuhan City Circle, Huanggang jurisdiction has one district, two cities and seven counties, with a permanent population over 7.4 million, making it the second largest city in terms of population after Wuhan. The Huanggang Energy Center is located to the west of the Chemical Park of the Railway Station in Huangzhou District, adjacent to Xianning PetroChina Kunlun Energy Huanggang Liquefaction Plant. Huanggang Energy Center is the only comprehensive LNG supply base in southeast Hubei, it undertakes the guarantee function on LNG supply for the city.

The Huanggang Energy Center has comprehensive energy utilization facilities with complete qualifications and capability for the development of the entire LNG industrial supply chain. It is equipped with a capacity of 3.2 million cubic meters of LNG storage and distribution peak-shaving centers, the largest automatic dewar bottle filling platform with daily filling capacity of 200 tons, industrial direct supply gasification stations, tank container storage yard and distribution facilities, in addition, it is supported by the Company's national-grade 4A hazardous chemicals logistics company in the same city and the LNG transportation fleets of the Company in other cities.

The Huanggang City Development and Reform Commission has preliminarily determined that the Huanggang Energy Center to be the LNG storage and peak-shaving service provider designated by the Huanggang Municipal Government for the period till 2025, by the leasing of six 150 cubic LNG storage tanks and 100 LNG tanks of the Company to store 2,200 tons LNG (3.16 million gaseous standard cubic meters) to ensure the emergency supply of LNG in Huanggang City and supplementary supply for the provincial pipeline networks. Relying on the gas storage facilities of the Company as the gas storage peak-shaving platform, Huanggang Energy Center undertakes the gas storage and peak-shaving for the urban area of Huanggang City.

The LNG industrial user market in Huanggang City is developing rapidly, driven by the terrain characteristics of the mountainous area of Huanggang City that resulted in significant investments in laying long-distance natural gas pipelines, which creating great potential for the endusers direct supply market. The dewar bottle-filling service of Huanggang Energy Center radiates 150 kilometers from the Huanggang storage and distribution peak shaving center to the surrounding areas reaching Huanggang, Huangshi, Ezhou, Xianning, parts of Wuhan, and parts of Xiaogan, covering a population of approximately 30 million.

## **2. Guangshui Energy Center**

Guangshui City is a county-level city located in the northeast of Hubei Province, it is known as the gateway to northern Hubei and the hometown of calligraphy. Guangshui Energy Center is located in the northeast of Hubei Province, adjacent to Huanggang Energy Center. In September 2020, the Company has been granted 12 township LNG franchise rights in Guangshui city, which is the exclusive LNG supply concession for the industrial and commercial and residential users in the franchised zone.

The Guangshui project is planned to equip with infrastructure including LNG reserve and peak shaving center, gasification station, dewar bottle filling station, two gas stations, pipeline network construction and service centers to provide value-added services to residential users. In addition, complemented by Huanggang Energy Center, Guangshui project plans to use the Yangzhai reserve peak shaving center as the gas source point to reverse-transmit to the Yangzhai distribution station of the Xiaoda Line then transmit LNG to downstream users, and interconnect with provincial high-pressure pipeline network to achieve two-way interactive transmission. The Yangzhai reserve and peak shaving center has be put into use since September 2021, equipped with four sets of 150m<sup>3</sup> LNG storage tanks, 4 sets of gasification pressure regulating equipment and 2 sets of 5000NM<sup>3</sup> gasifier.

Yangzhai of Guangshui has a provincial industrial economic park, which includes foundry and building materials factories with enormous natural gas demand, the Company is the exclusive LNG franchisee that will supply natural gas to the industrial users in the economic industrial park and in the franchised zone through pipeline gas circulation. Guangshui Energy Center planned to supply LNG for 43,000 rural residents by connect the twelve township pipeline networks to supply natural gas on their daily consumption, in addition, the Company set up a number of service centers to provide value-added services closely to residential users on natural gas house connection, installation, maintenance and to sell natural gas kitchen stoves. As of the date of this announcement, approximately 5,500 residential users from six townships have applied to the Company for household natural gas installation.



### **3. Jingdezhen Energy Center**

Jingdezhen City is a prefecture-level city located in the northeast of Jiangxi Province, Jingdezhen ceramics is well-known in China and overseas. Introduced by the local government, Jingdezhen Energy Center is a key investment attraction enterprise in Jiangxi Province. In September 2020, the Company has been granted 15 township LNG franchise rights in Jingdezhen City, which is the exclusive LNG supply concession for the industrial and commercial and residential users in the franchised zone.

The Jingdezhen project is planned to equip with infrastructure of LNG reserve and peak shaving center, gasification station, dewar bottle filling station, point-to-point supply, LNG logistics, gas station and pipeline network construction. The Jingdezhen reserve and peak shaving center has been put into use since April 2022, equipped with 8 sets of 60m<sup>3</sup> LNG storage tanks, a fully automatic dewar bottle filling platform with a daily capacity of 140 tons and supporting facilities, and a comprehensive office building.

More than 4,000 ceramic manufacturers play a leading role in the local economic development of Jingdezhen City, the industrial and handicraft ceramics are main pillars, industrial ceramics are used in the construction industry and made by large-scale factories with massive energy demand, the handicraft ceramics are mainly made by small factories and workshops with strive to be exquisite. Jingdezhen energy consumption is changing from coal kilns to cylinder liquefied petroleum gas and LNG which LNG is superior in terms of safety, stability and product deflection.

### **4. Luan Energy Center**

Luan City is located in the west of Anhui, commonly known as “Wanxi”, is the central city of the Dabie Mountains region, it borders Hefei City in the east, Anqing City in the south, Huanggang City in Hubei Province in the southwest, Fuyang City in the north. Luan tea products especially Luan Guapian and Huoshan Huangya are the famous tea in China. In September 2018, the Company has been granted 7 township LNG franchise rights in Luan City, which is the exclusive LNG supply concession for the industrial and commercial and residential users in the franchised zone.

The Luan project is planned to equip with infrastructure of LNG reserve and peak shaving centers, point-to-point supply, dewar bottle filling station, comprehensive oil gas electricity multi-functional gas station and pipeline network construction. It is planned to interconnect with the Jiangjiadian sub-transmission station of the Huaikuang natural gas long-distance pipeline networks, by using the gas source of the Huaikuang natural gas long-distance pipeline network to supply gas to the industrial users of the 312 National Highway Industrial Economic Corridor in Fenlukou Town and Guzhen Yurong Economic Industrial Park, to connect LNG pipelines for townships and to reverse-transmit the increased volume of provincial pipeline networks at the same time.

Luan Guzhen is supported by the white goose economy, the local government expressed its intention to the Company on the heating centralization for the feather professional market and feather industrial park. The Luan Fenlukou is located in the industrial economic park, nearby a cement clinker production base of a large cement group that consumes considerable energy in the production and transportation process. The Luan Energy Center has set up two projects in Guzhen and Fenlukou respectively, will supply LNG to the industrial users in the industrial economic park and in the franchised zone through pipeline gas circulation.

## THE AUTOMOBILE GAS STATIONS OF THE COMPANY

### 1. Luan National Highway Gas Station

Luan National Highway automobile Gas Station is located besides National Highway 312, launched on 28 September 2021, equipped with two LNG filling machines, two CNG filling machines, one 60m<sup>3</sup> LNG storage tank, operation station and other supporting facilities. The Luan National Highway Gas Station has been granted the oil and hydrogen refueling permit from the Development and Reform Commission and Bureau of Commerce in 2022, particularly the hydrogen refueling permit which is currently the first authorized project for comprehensive energy stations in the Anhui Province.

### 2. Huanggang Nanhu Gas Station

Huanggang Nanhu automobile Gas Station is in the north of the main road from Nanhu Economic Development Zone to Xishui County of Huanggang City of Hubei Province, adjacent to Daguang highway, launched on 16 October 2019, equipped with three LNG filling machines, one CNG filling machine, two oil filling machines, four 30m<sup>3</sup> oil tanks, one 60m<sup>3</sup> oil tank, operation station and other supporting facilities.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNOOC Group”	CNOOC Limited, a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with stock codes of 600938 and 00883 respectively
“CNOOC Gas Power Group”	CNOOC Gas Power Group Company Limited is a wholly-owned subsidiary of CNOOC Group, responsible for the unified operation and management the natural gas and power generation business of CNOOC Group
“CNOOC”	jointly or severally refer as CNOOC Gas Power Group and/or its subsidiaries and associated companies, including but not limit to CNOOC Jiangsu Natural Gas Utilization Company Limited, CNOOC Huangshi Transportation New Energy Company Limited and Ganghai
“Director(s)”	the director(s) of the Company

“Energy Center(s)”	the energy center(s) held by the indirect subsidiaries of the Company namely Huanggang Energy Center held by Hubei Jinsheng Natural Gas Company Limited*, Guangshui Energy Center held by Ganghai Energy (Guangshui) Company Limited*, Jingdezhen Energy Center held by Jingdezhen Gangxing Natural Gas Company Limited* and Luan Energy Center held by Luan Gangneng Natural Gas Company Limited*
“Energy Center Cooperation Agreement(s)”	The cooperation agreement(s) entered between CNOOC the respective subsidiaries of the Company which owns the Energy Centers, in relation to the cooperation on the four Energy Centers of the Company for a period of one year and to appoint CNOOC as each of the Energy Center’ sole LNG supplier at the terms and conditions as defined in the agreement(s)
“Ganghai”	Ganghai Energy (Zhuhai) Company Limited*, a joint venture company established by CNOOC Gas and Power Group Hanhai Energy Investment Company Limited * under CNOOC Gas and Power Group and Gangneng Investment (Zhuhai) Company Limited*, an indirect wholly-owned subsidiary of the Company in the PRC, it has the procurement advantage in the natural gas resource platform. As of the date of this announcement, the Company ultimately owned 51% and CNOOC ultimately owned as to 49% of the registered capital of Ganghai
“Gas Stations”	The gas stations owns by the indirect subsidiaries of the Company, namely the Huanggang Nanhu gas station owned by Hubei Gangcheng Energy Company Limited*, and the Luan Fenlujiao gas station owned by Luan Gangneng Natural Gas Company Limited*
“Gas Station Cooperation Agreement(s)”	The cooperation agreement(s) entered between CNOOC and the indirect subsidiaries of the Company which owns the Gas Stations, in relation to the cooperation on the two Gas Stations of the Company and to appoint CNOOC as each of the Gas Station’ sole LNG supplier, at the terms and conditions as defined in the agreement(s)
“Group”	the Company and its subsidiaries
“Indicative Price”	the daily LNG price released by CNOOC less reasonable service charges and transportation costs as defined in the LNG Purchase and Sales Contract(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“LNG Transportation Contract”	the LNG road freight transportation contract shall enter between CNOOC and the indirect subsidiary of the Company which operating in the logistics segment, namely Shaanxi Gangneng Logistics Company Limited*
“LNG Purchase and Sales Contract(s)”	the LNG purchase and sales contract(s) shall enter between CNOOC and the indirect subsidiaries of the Company which owns the Energy Center for the supply of LNG
“PRC”	The People’s Republic of China and for the purpose of this announcement, does not include the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Strategic Cooperation Agreements”	The four Energy Center Cooperation Agreements and the two Gas Station Cooperation Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

**The above statements are made according to the Group’s current operations and the prevailing market conditions. Such statements are not guarantee to the performance of the Group, and the performance of the Group is mainly subject to the macroeconomic environment and industry situations. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company, any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.**

By order of the Board  
**China LNG Group Limited**  
**Kan Che Kin, Billy Albert**  
*Chairman*

Hong Kong, 24 March 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman) and Mr. Li Kai Yien, Arthur Albert; three non-executive Directors, namely Dr. Lam, Lee G., Mr. Simon Murray and Mr. Xiao Cong; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.*

\* *For identification purposes only*