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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 CHINA PETROCHEMICAL CORPORATION**

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 4 March 2021, the Company and China Petrochemical Corporation (“**Sinopec**”) entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”). Both parties agreed to launch comprehensive cooperation in gas business related fields so as to exploit their respective advantages based on the principles of “equality and mutual benefit, taking complementary advantages, reciprocal and mutual win-win cooperation”. Both parties will exploit their respective advantages, i.e. combining Sinopec’s advantages in upstream resources supply of natural gas and liquefied petroleum gas (“**LPG**”) and in the sales network in liquefied natural gas (“**LNG**”) receiving terminals, petroleum and natural gas stations with the Group’s advantages in mid-stream and downstream natural gas and LPG distribution network across China. Both parties will commence comprehensive strategic cooperation in businesses such as natural gas and LPG resources procurement, downstream gas business, LNG receiving terminals, oil and gas (natural gas and hydrogen) stations/recharging poles and transportation energy targeting in the nationwide market.

Pursuant to the Strategic Cooperation Framework Agreement, the Company and Sinopec agreed to cooperate with each other in the following respects:

1. NATURAL GAS BUSINESS COOPERATION

Sinopec will commence natural gas business cooperation with the Group through Sinopec Natural Gas Company Limited* (中國石化天然氣有限責任公司) (“**Natural Gas Company**”) and Sinopec Great Wall Gas Investment Company Limited* (中石化長城燃氣投資有限公司) (“**Great Wall Gas**”).

(i) Natural gas resources procurement

Natural Gas Company would conduct joint study and cooperation with the Group for the establishment of a natural gas trading company. This trading company would be responsible for the centralised procurement from Sinopec’s natural gas resources pool based on the needs of the Group. It is tentatively planned that this trading company would be controlled by Natural Gas Company.

Natural Gas Company would support the project companies of the Group in matters such as the consumption and opening of accounts of the self-owned pipeline networks. Meanwhile, the Group would increase the procurement in Sinopec’s natural gas resources.

(ii) Downstream gas business cooperation

Great Wall Gas would conduct joint study and cooperation with the Group for the establishment of a downstream gas project joint venture. This joint venture would be responsible for the merger and acquisition of downstream gas companies and the acquisition of downstream gas concession rights. It is tentatively planned that this joint venture would be controlled by the Company.

(iii) LNG receiving terminal equity cooperation

Sinopec would support the Group to invest in the newly established LNG receiving terminal projects and enjoy the window period for receiving and unloading LNG import resources according to respective shareholding.

2. SALES NETWORK AND RESOURCES COOPERATION

By leveraging the Group’s logistics advantages in regional urban gas trade, coastal imported LNG trade and onshore LNG, as well as giving play to the layout of Sinopec’s petroleum/gas stations and the advantages in the Group’s gas stations, urban gas terminals and gas pipeline networks, both parties would cooperate in developing oil and gas/recharging pole joint stations, LNG distribution warehouse and relevant logistics system and in the joint development of transportation energy business.

3. LPG COOPERATION

The Group and Sinopec will leverage their advantages in LPG resources, deep processing, logistics and warehousing to expand cooperation in the entire LPG industry chain business, including, among other things:

- (i) deepening the cooperation in the fields of LPG trading and logistics;
- (ii) jointly facilitating the establishment of the national association of LPG importers, coordinating external procurement, and pushing forward the formulation and application of China's LPG import price index;
- (iii) conducting joint study of the feasibility of investing in the construction of public liquefied hydrocarbon storage facilities along the coast and river, as well as the cooperation on the supply of liquefied hydrocarbon resources. Sinopec may lease the LPG terminals and storage facilities of the Group for the operation of LPG industrial raw materials; and
- (iv) agreeing Sinopec to use the Group's terminal storage facilities in order to provide support for Sinopec's onshore LPG resources operation.

INFORMATION ABOUT SINOPEC

Sinopec is a large-scale wholly state-owned petroleum and petrochemical enterprise group. Its principal scope of business covers the production, sales and transportation of petroleum, natural gas, coal, new energy and chemicals. Sinopec is the largest refined oil and petrochemical products supplier and the second largest oil and gas producer in China, as well as the largest refining company and the second largest chemical company in the world. Its total number of gas stations ranks second in the world.

REASONS AND BENEFITS FOR ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group believes that entering into the Strategic Cooperation Framework Agreement will help both parties to fully exploit each other's advantages, and the cooperation will pose very positive strategic synergies in the joint promotion of natural gas industry chain in China. At the same time, through investing in Sinopec's existing LNG receiving terminals, the Group will enjoy the window period for receiving and unloading LNG import resources, which is conducive to accelerating the realization of large-scale import of LNG resources by the Group, further optimizing natural gas resources, lowering gas purchase costs and enhancing the ability to guarantee gas supply of the Group. The Group believes that China's green concept of accelerating the development of clean energy will promote the continuous growth of the entire natural gas and LPG industries. The multi-dimensional industrial layout and cooperation will play an important role in achieving the Group's strategic objectives of long-term sustainable development, thereby achieving greater corporate and social benefits and creating better value for its 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, 4 March 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*