

Towngas China and Shanghai Gas sign gas source collaborative framework agreement

(13 April 2021) Towngas China Company Limited (Towngas China) and Shanghai Gas held a signing ceremony for their gas source collaborative framework agreement. Mr Martin Kee Wai-ngai, Towngas China Executive Director and Chief Operating Officer, Mr Zhou Heng-xiang, Towngas China Senior Vice President, Wu Jiong, Suzhou Towngas China General Manager, and top managements from Shanghai Gas, as well as the Resource and Key Clients Department and office representatives from Shanghai Gas attended the ceremony.

A subsidiary of Shenergy Group, Shanghai Gas is an integrated city-gas operation enterprise that incorporates city-gas pipe network investment, facilities operation, natural gas procurement and other extended businesses. In 2020, the company supplied over 9 billion cubic metres of natural gas, serving around 6.4 million clients in Shanghai through underground pipelines totalling about 26,000 kilometres in length.

Towngas China and its parent company The Hong Kong and China Gas Company limited operate over 280 city-gas project companies in mainland China. In 2020, its city-gas sales totalled close to 27 billion cubic metres, serving over 31.8 million customers. The Company is the controlling shareholder and shareholder of numerous projects in the arenas of city gas, provincial network and gas storage.

In 2020, Shanghai Gas introduced Towngas China as a partner through capital increase via mixed-ownership reform, after which Towngas China will hold 25 per cent of Shanghai Gas shares. The two parties have pledged to drive cross shareholding and dual entry on the basis of equal investment. The present agreement is a continuation of Towngas China's deepening cooperation with Shanghai Gas following their strategic collaboration agreement signed last year.

Under the present agreement, the two parties will capitalise on each other's resources to further deepen their cooperation and seize the opportunities presented by the establishment of PipeChina. Building on China's implementation of the "X+1+X" strategic energy reforms and basic requirements of regulating the core and relaxing the ends, the partnership will create positive synergy by pooling multiple gas sources and international resource channels.

Under the guidance of PipeChina Group's "X+1+X" policy, Shanghai Gas will leverage resources such as Yangshan Port and Wuhaogou LNG facilities to provide gas source supply and demand dispatch for the various regions where Towngas China operates, thereby realising a thorough fusion of their respective resources. Towngas China will leverage Shanghai Gas' resources in the Yangtze River Delta region to pilot collaboration at city-gas project companies in Jiangsu and Zhejiang provinces to further extend cooperation to the areas of resource procurement and market sales expansion.

With the deepening of cooperation between Towngas China and Shanghai Gas, the two parties will continue to broaden the scope of collaboration and further expand their natural gas supply and procurement models to other areas of Towngas China's operation including Jiangsu and Zhejiang as well as other city-gas companies.

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Press photos:



Mr Martin Kee Wai-ngai, Towngas China Executive Director and Chief Operating Officer (right), signs a gas source collaborative framework agreement with Shanghai Gas on behalf of the Company.

Photo 2



The agreement will fully leverage the resources of Towngas China and Shanghai Gas to create positive synergy by pooling multiple gas sources and international resource channels.