



Press Release  
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## **ENGIE builds its first LNG industrial base in Asia by establishing a joint venture in Yulin, Shaanxi Province, China**

ENGIE and Shaanxi Houde Tongxing (HD) sign an investment agreement in Yulin, Shaanxi Province, China, to establish a joint venture (of which ENGIE holds 35% shares), aiming to build one of the largest LNG industrial base in the North-West region of China and to develop LNG downstream activities.

Through this contract, both parties will jointly invest and construct a LNG industrial base in the Yujia Industrial Park, Yulin, Shaanxi Province, China. The natural gas will be provided by CNPC and Sinopec's long-distance natural gas transport pipeline. The project construction is divided into 2 phases: Phase I, with a capacity of 0.25 million tons of LNG per year will start its commercial operation in July, 2017, while Phase II, with a capacity of 0.5 million tons of LNG per year will be in commercial operation in February, 2018. The total estimated investment for these two phases amounts around 1400 million RMB (around Euros 200 million). In addition, the Joint Venture will launch the study at the beginning of 2016 about the construction of a LNG storage center in Yulin aiming to realize the peak shaving by LNG.

ENGIE is the only industry partner of the project. ENGIE will bring its management experience, technological know-how and expertise of industrial partner and take a significant role in the construction and operation of the whole project.

This project will benefit to the development of the region, both at the stage of the construction and the operation of the industrial plants. In addition, its commercial operation will offer through LNG sales an environment-friendly and sustainable solution to end-users such as industrial parks and residents in the North-West region of China that are not covered with natural gas pipelines and the transportation sector (heavy trucks, service vehicles, public transport...), willing to switch to LNG as a cleaner fuel. This will help the energy transition of this region, in line with the "Shaanxi Province Natural Gas Strategy". In the meantime, Yulin will expect to become the largest LNG peak shaving storage center and LNG spot trading delivery point for inland China.



Jean Marc GUYOT, the president and CEO of ENGIE China said: *"This is ENGIE's first LNG Industrial base in Asia, we put high expectations in it and we look forward to working closely with a key Chinese partner and a key Chinese province of the gas industry. The signing of this contract underscores ENGIE's ambition to pursue its development in China, namely by being a key player of the Chinese gas midstream, leveraging on the Group's LNG sources, experience of gas infrastructures and energy services, and engineering know-how, and seizing opportunities in the growing China LNG market. Our vision is to offer sustainable solutions to China's urbanization and industry."*

#### About ENGIE in China

ENGIE has been present in China for over 40 years. In 2008, ENGIE opened its first representative office in China and started to develop relationship and cooperation with Chinese partners in the energy field such as: natural gas, LNG, gas infrastructure, energy services and engineering services, for projects in China as well as in overseas markets.

In power generation, ENGIE supports joint carbon emissions reduction projects (Clean Development Mechanisms–CDM), while its engineering teams assist in the development of the Taishan EPR and support the development of hydroelectric projects in other countries with Chinese partners.

In natural gas, ENGIE signed a worldwide partnership in 2011 with the Chinese sovereign fund CIC granting the latter a 30% share in ENGIE exploration and production activities. The Group sold 2.3 million metric tons of LNG to the China National Offshore Oil Corporation (CNOOC), with deliveries beginning in 2013, and installed the first floating regasification terminal in China. In 2012, ENGIE also began a cooperation agreement with PetroChina to explore the upstream gas potential in Qatar, then extended the agreement to gas storage in China in 2013 (development support for six sites). The Group currently assists Shanghai Gas Group, a unit of Shenergy Group, for the expansion of one of its LNG terminals.

In energy services, following the signature of an agreement between ENGIE and Chongqing Gas Group, the JV SinoFrench Energy Services Co., Ltd was created in 2010, which is dedicated to the development of CHP/CCHP projects. ENGIE signed in 2014 two major cooperation agreements to develop energy projects in the large Chinese cities: the first one with Beijing Enterprises Group in Beijing and the second one with Shenergy in Shanghai. In January 2015, ENGIE and Sichuan Energy Investment Distributed Energy Systems created a joint venture for the joint development and the operation of Guangan Huixiang Innovation Park Distributed Energy Project, the first Distributed Energy Project in an industry park in Southwest China.

In November 2015, ENGIE signed two major agreements with China Huaneng Group and Beijing Enterprises Group which consider the entire energy value chain: power, natural gas and energy services, with a specific focus on efficient and innovative solutions able to take on the challenges of energy's transition to a low-carbon economy.

#### About ENGIE Group

*ENGIE develops its businesses (power, natural gas, energy services) around a model based on responsible growth to take on the major challenges of energy's transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation, security of supply and the rational use of resources. The Group provides individuals, cities and businesses with highly efficient and innovative solutions largely based on its expertise in four key sectors: renewable energy, energy efficiency, liquefied natural gas and digital technology. ENGIE employs 152,900 people worldwide and achieved revenues of €74.7 billion in 2014. The Group is listed on the Paris and Brussels stock exchanges (ENGI) and is represented in the main international indices: CAC 40, BEL 20, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe, DJSI World, DJSI Europe and Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20).*

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