LNG Fuelling Stable Energy Transition
In China Market

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I. Opportunities and Challenges Coexist

Natural gas is the fastest growing fossil energy against the backdrop of China's transformation to low-carbon energy structure

• An average annual growth rate of 15% since 2004; the apparent consumption in 2018 is 280.3 billion cubic meters, accounting for 7.5% of primary energy consumption.

• Apparent consumption is estimated to reach 326 billion cubic meters in 2020 and will reach 500 billion cubic meters in 2030.
New consumption is driven by the policy of coal-to-gas conversion efforts, which mainly focuses on city gas, power generation and heating supply, while natural gas consumption in chemical industry continues to shrink.
II. LNG is an Important Component of a Diversified Supply Pattern

China has formed a diversified and multi-channel supply pattern with domestic gas as the main source and imported pipeline gas and LNG as the supplement. LNG import has increased steadily, becoming an effective supplement to domestic resources.
II. LNG is an important component of a diversified supply pattern

Sufficient resources and flexible supply are the basis for LNG's rapid expansion, while competitive prices are the key to win the market share in the future.

- The global LNG has sufficient liquefying power with an obvious trend of "supply moving to the west while consumption moving to the east".
- With popularity in the market and flexible supply mode, LNG can effectively make up for the lack of capacity of China's gas storage facilities.
III. Sinopec will play an extremely important role in China's energy transformation

Shale gas development gets in the forefront in China’s vigorous effort to promote domestic exploration and development

- The natural gas output in 2018 was 27.5 billion cubic meters.
- Fuling Gas Field, the first shale gas field enjoys a capacity above 10 billion cubic meters outside North America, was developed; and its the annual output reached 6.6 billion cubic meters in 2018.
III. Sinopec will play an extremely important role in China's energy transformation

Continue to improve LNG industry chain and actively acquire competitive international LNG resources

- Holding shares in overseas gas fields
- Carrying out international trade. A long period of contract has been signed with LNG of 9.6 MM ton
- Holding shares in LNG transport ships
- Three LNG receiving stations are built in Shandong, Tianjin and Guangxi with the capacity of 18MM ton
- A 9,630-kilometer gas transmission pipeline has been completed with a primary gas transmission capacity of 54.3 billion cubic meters per year.
- Holding shares in LNG tanker logistics
- Establishing Great Wall Gas, laying out the domestic natural gas sales business.
- Developing vehicle and vessel filling (2200 natural gas stations)
Conclusion

1. Due to cost and alternative energy competition, China's natural gas consumption will become rational and maintain stable growth for a long time.

2. China speeds up the construction of a diversified gas supply pattern in which LNG import plays an important role.

3. Sinopec will strive to develop its natural gas and LNG business, so as to play a greater role in China's energy transition.
THANK YOU