

**Memorandum of Understanding
between the National Energy Administration and
the Hong Kong Special Administrative Region Government
on Supply of Natural Gas and Electricity to Hong Kong**

(Translation)

Authorized by the Central People's Government (CPG), Mr Zhang Guobao, Vice Chairman of the National Development and Reform Commission and Administrator of the National Energy Administration held talks with Mr Donald Tsang Yam-kuen, the Chief Executive of Hong Kong Special Administrative Region (HKSAR) on the supply of electricity and natural gas. It was agreed that –

- (a) to ensure the prosperity and stability of Hong Kong which is in the fundamental interests of the Motherland, CPG will continue to support energy cooperation between the Mainland and Hong Kong on the long term and stable supply of nuclear electricity and natural gas to Hong Kong, so that Hong Kong can make greater use of clean energy;
- (b) CPG and HKSAR Government support China Guangdong Nuclear Power Holding Co Ltd to renew its supply agreement to Hong Kong for a further term of 20 years. The supply quantity will not be less than the current level in principle while pricing will be agreed on commercial principles between the relevant enterprises; and
- (c) CPG supports the supply of natural gas to Hong Kong. CPG supports the China National Offshore Oil Corporation to renew its supply agreement to Hong Kong for a further term of 20 years, the pricing of which will be determined on commercial principles. It is agreed in principle that the feasibility of supplying natural gas to Hong Kong via the Second West-East Natural Gas Pipeline will be studied, and an LNG terminal will be jointly built in the Mainland for supply to Hong Kong. Support will be given to the relevant enterprises which will coordinate and consider the supply of offshore gas, piped gas and liquefied natural gas and agree on the supply quantity, pricing and implementation plan as soon as possible.

National Energy Administration

28 August 2008

Hong Kong Special
Administrative Region

28 August 2008