



Hangzhou Gas Company, Shell and The Hong Kong and China Gas sign natural gas pipeline contract

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Hangzhou, May 11, 2005: ~~The~~ Hangzhou Gas (Group) Company Limited, Shell (China) Limited, ~~and~~ Shell (China) B.V. and ~~The~~ the Hong Kong and China Gas (Hangzhou) Company Limited (Towngas) today signed a joint venture contract to construct, operate and manage a high pressure natural gas pipeline system in Hangzhou.

The new joint venture, which will involve an investment of \$91 million (RMB 750 million), is building a 117-kilometre pipeline and two natural gas city gate stations.

The Hangzhou Gas (Group) Company Limited will take a 51% ~~per cent~~ shareholding in the new company, while the Shell companies will hold 39% ~~per cent~~. ~~Hong Kong and China Gas (Hangzhou) Limited (HKCGTowngas)~~ will take 10% ~~per cent~~.

Work on the project started last year with 18 kilometres of pipeline and one city gate station completed. Currently the city gate station and ~~nine~~ 9 kilometres ~~km~~ of the completed pipeline have been put into operation, supplying -150,000 cubic metres of gas per day to 190,000 families and some commercial users in Hangzhou.

The project is expected to be completed in 2008 and will be operating at its capacity of 600 million cubic metres of gas per year in 2010.

The joint venture contract was signed ~~in Hangzhou~~ by Zhang Weiming, ~~the~~ President of ~~the~~ Hangzhou Gas (Group) Company Limited, Heng Hock Cheng, Chair of Shell Companies in China and Managing Director of Shell China Gas ~~and~~ & Power, and Alfred Chan ~~Wing-Kkin~~, ~~Chairman of H~~ Managing Director of Towngas ~~KCG~~.

~~Mr.~~ Zhang Weiming said: "Hangzhou Gas Group has acquired a relatively stable gas market in Hangzhou through ~~the~~ development in the past 10 years. ~~A,~~ at the same time, we've accumulated certain experience and expertise over the operation of gas projects. The launch of West ~~to~~ East gas project provides us a broader prospect for further development ~~and we are taking, therefore, we'd like to take~~ this opportunity to promote the gas market here and contribute to the economic development in Hangzhou, ~~by~~ joining hands with global gas business leaders ~~of~~ Shell and ~~Towngas~~ ~~HKCG~~ through sharing ~~the~~ technical, management and cultural strengths." ~~-x~~

~~Mr~~ Peter de Wit, Executive Vice President, Asia for Shell Gas and Power, ~~Heng Hock Cheng~~ said: "Shell aims to play a leading role in developing natural gas as a clean energy to fuel China's economic growth, sharing our experience, technology and skills as one of the world's leading natural gas producers and marketers. This project is a good opportunity for Shell to be involved in bringing clean fuel to an important market."

~~Managing Director of Hongkong China Gas Mr. Alfred Chan Wing-Kkin~~ said: “The Hangzhou Gas (Group) Company Limited is the most reputable gas company in Zhejiang, experienced in the management of the gas business- in China. Shell is an internationally renowned energy company, known for its advanced technology. Towngas is proud to be in partnership with these two outstanding enterprises for the Hangzhou high pressure pipeline project. ~~Given With~~ Towngas’ ~~quality-oriented corporate culture service~~ and established history in ~~the~~ managing ~~the~~ piped-gas business, the project is poised to integrate strengths of ~~the~~ parties involved. To the city of Hangzhou and its neighbouring region, this project will bring cleaner fuel ~~and gas~~, more efficient and professional services, resulting in a win-win situation for all.”

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Notes to the editor:

Shell Gas & Power

Shell Gas & Power is a collective term for the separate and distinct companies within the Royal Dutch/Shell Group of Companies (the Group) which carry out the Group's downstream gas and power business. Shell Gas & Power has activities spread across 30 countries throughout the world covering natural gas and LNG infrastructure and market development, marketing & trading of natural gas and electricity, power plant development and Gas to Liquids conversion. More information is available at: <http://www.shell.com/shellgasandpower-en>

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Hangzhou Gas (Group) Company Limited

Founded in 2001 by merging Hangzhou Pipeline Gas Co. and Hangzhou Coal Gas Co, Hangzhou Gas (Group) Company Limited (HGG) is the only entity to operate, manage and construct pipeline for manufactured gas, LPG and natural gas to customers in central Hangzhou area. HGG currently operates a system consisting of a 1,783-kilometre pipeline network, 70 regulators and 26 service outlets to service 541,000 customers, and supplies over 0.45 million cubic metres of manufactured gas and LPG every day. In 2002, the company decided to invest on-in this natural gas project. The natural gas system has been on stream since July 2004 supplying more than 190,000 gas customers and is expected to be fully operational by 2008 to cover all the administration districts in Hangzhou.

The The Hong Kong and China Gas Company Limited

Founded in 1862, The The Hong Kong and China Gas Company Limited (Towngas) was the first public utility company in Hong Kong. With a pipeline network of over 3,000 km kilometres supplying 85% of the Hong Kong's families, the The cCompany supplies town gas to over 1.5 million customers in the territory. Its core business comprises production and distribution of gas, marketing of gas and appliances, and comprehensive after-sales services. In recent years, Towngas has diversified into various green businesses including LPG filling stations and the utilization of landfill gas.

In the past ~~ten~~ 10 years, Towngas has actively developed a city piped gas business in ~~mainland~~ China's ~~mainland~~. Apart from participating in the Guangdong LNG ~~P~~project, Towngas also operates city piped gas joint ventures in the Pearl River Delta – namely Shenzhen, Panyu, Zhongshan, Shunde, Guangzhou Dongyong, and Guangzhou Science City; in Jiangsu Province - namely Nanjing, Suzhou Industrial Park, Zhangjiagang, Yixing, Changzhou, Taizhou, Xuzhou, Wujiang and Danyang; in Shandong Province – namely Jinan, Weifang, Weihai, Taian, Qingdao-Jimo and Laoshan Hi-Tech Industrial Development Zone, Zibo and Longkou; in Anhui Province – namely Maanshan and Anqing; in Zhejiang Province – namely Tongxiang and Huzhou ; in Wuhan ~~of~~ Hubei Province, in Jilin ~~City in~~ of Jilin Province, in Beijing Economic Technological Development Area, etc. The ~~Company~~ ~~company~~ is also participat~~ing~~ed in a midstream gas project in Anhui Province.