

**National Energy Administration Director Zhang Guobao  
officiated at commissioning ceremony of  
Towngas' coalbed methane liquefaction plant in Jincheng, Shanxi**

(Hong Kong, 6 July 2009) ECO Environmental Investments Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited (Towngas), and its partner Shanxi Jincheng Anthracite Coal Mining Company Limited held the commissioning ceremony of the first phase of their jointly developed coalbed methane (CBM) liquefaction plant in Jincheng, Shanxi Province yesterday, with Zhang Guobao, Vice-Minister of the State Development and Reform Commission and Director of the National Energy Administration, as the officiating guest. On the same day, a ground-breaking ceremony was also held to signify the start of construction for the second phase of the project.

The Jincheng CBM liquefaction project not only is the largest of its kind in mainland China, but also adopts a most advanced process, known as "Mixed Refrigerant Cycle" (MRC). MRC converts purified CBM into liquid form by deep-freezing the gas to -162 degrees Celsius, creating a safe and environmentally-friendly energy that is easy to store and transport. ECO Environmental Investments Limited was instrumental to the successful development of this new process.

The entire project involves a total investment US\$98 million, with the first phase just commissioned and capable of liquefying 250,000 standard cubic metres of CBM per day, while the second phase, scheduled for commissioning by the third quarter of 2010, adding 570,000 standard cubic metres to bring the project's total productivity to 820,000 standard cubic metres.

"A faster development and utilisation of CBM not only can foster the safe production of coal-based energy, and thus increase clean energy supplies and reduce greenhouse gas emissions, but also can have a significant bearing on the optimisation of the energy structure, economic development, jobs creation and the healthy and sustainable development of the energy sector," said Zhang Guobao, Vice-Minister of the State Development and Reform Commission and Director of the National Energy Administration.

"The exploration and liquefaction of CBM enables the use of CBM as a substitute for natural gas, offering a practical solution to seasonal fluctuations in demand and supply. When fully completed, the Shanxi CBM liquefaction project will produce environmental benefits for the country equivalent to a reduction of 1.4 million tons of carbon dioxide emissions annually. Liquefied CBM has enormous market potential as it can be transported by road, rather than depending on pipeline transmission. I believe the Jincheng CBM liquefaction project is a great beginning for Towngas' diversification into the new-energy market of mainland China," said Alfred Chan, Managing Director of Towngas.

“ECO Environmental Investments played an active part in the development of MRC, which is a proprietary and energy efficient advanced technology in China. The smooth commissioning of the first phase of the Jincheng CBM liquefaction project testifies to the success of the MRC and lays a sound foundation for ECO’s further development of CBM exploration and utilisation businesses,” said Philip Siu, Executive Vice President & General Manager of ECO Environmental Investments Limited.

CBM is a form of gas that naturally exists in coal beds. Mainland China’s CBM reserves stand at 34,000 billion cubic metres, which is on a par with its natural gas reserves, and ranks third in the world. China’s traditional way of mining CBM has brought serious environmental impact as it releases the gas to the atmosphere, causing greenhouse effect that is 20 times more potent than carbon dioxide emissions. In recent years, China has formulated a series of policies governing the exploration and utilisation of CBM, in order to improve coal mining safety and optimise CBM utilisation. The new policies aim to conserve energy, control emissions, reduce mining accidents and make good use of the CMB resource. Towngas will continue to eye on opportunities to develop new energy projects such as CBM or coal-based chemical industries in mainland China, in accord with both the group’s business development strategy and its desire to contribute to the country’s clean energy development.

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Zhang Guobao, Vice-Minister of the State Development and Reform Commission and Director of the National Energy Administration (3rd from right) and Alfred Chan, Managing Director of Towngas (2nd from right), officiated at the ground-breaking ceremony for the second phase of the Jincheng coalbed methane liquefaction project in Jincheng, Shanxi Province.



The commissioning ceremony for the coalbed methane liquefaction plant in Shanxi was officiated by Zhang Guobao, Vice-Minister of the State Development and Reform Commission and Director of the National Energy Administration.



Alfred Chan, Managing Director of Towngas, addressed the guests during the ceremony that marked the commissioning of the first phase of the coalbed methane liquefaction project and the ground-breaking ceremony for the project's second phase.

Media Enquiry :  
Corporate Communications Department  
The Hong Kong and China Gas Company Limited  
Tel : 2963 3493  
Fax : 2516 7368  
Email : [ccd@towngas.com](mailto:ccd@towngas.com)