



Towngas Builds Country's First Underground Salt-Cavern Gas Storage by City-Gas Enterprise

State-of-the-Art Drilling Technology Enhances Peak-Shaving Capabilities to Further Secure Gas Supply

(31 October 2018, Hong Kong) The Hong Kong and China Gas Company Limited (“Towngas”) has completed its underground salt-cavern gas storage in Jintan district, Changzhou city, Jiangsu province. Towngas China Jintan Gas Storage officially commenced operation today as China’s first underground salt-cavern gas-storage facility built by a city-gas enterprise. Investing a total of about RMB 1.2 billion, Towngas makes use of state-of-the-art drilling technology to address the issue of excessive land use due to geological barriers, thereby helping to reduce developmental costs and increase operational efficiency in the long run.

A collaboration between Towngas and China Salt Jintan Co., Ltd., Towngas China Jintan Gas Storage provides a total capacity of about 1 billion cubic metres, with 22 gas wells constructed over the course of three phases. The completion of the first phase sees three wells constructed to offer about 100 million cubic metres in storage capacity and a maximum daily gas supply capacity of 5 million cubic metres. The facility makes use of advance cluster-well drilling methods to concentrate the wells to a limited area, which not only significantly increases the speed of development and reduces the costs of drilling, but also enhances overall operational efficiency through streamlined management.

At the commissioning ceremony held today, Towngas Managing Director Alfred Chan Wing-kin said, “With the mainland Chinese government’s drive for urbanisation, natural gas has become indispensable, and there is strong market demand for gas-storage and peak-shaving facilities. As one of the largest city-gas suppliers and operators in mainland China, the Group strives to provide stable, safe and environmentally friendly energy options to the public. This project is the largest storage facility in mainland China built by a city-gas enterprise, offering not only sufficient natural gas for Towngas’ companies, but also emergency peak-



shaving supply for the East China area as well as the rest of the country. We leverage on the seasonal fluctuations in gas prices in our acquisition, storage and supply of gas to achieve greater economic benefit for the Group.”

Chan adds, “Towngas has over 250 projects in mainland China. Including the Towngas China Jintan Gas Storage facility, seven of these projects are midstream, and span the realms of long-haul pipeline network, gas import, storage and more to provide adequately for our downstream operations. Going forward, the Group will capitalise on the new gas storage facility and the government’s environmental policies to promote growth in the natural gas market.”

In the mainland Chinese market, the use of natural gas has long been applied to the household, industrial, commercial and transportation sectors. Demand for gas has achieved continuous rapid growth, and consumption for natural gas is estimated to take up 10% of total energy consumption by year 2020, totalling 360 billion cubic metres.

In recent years, Towngas has been a staunch supporter of the country’s environmental policies advocating coal-to-gas conversion and clean energy. In line with efforts to replace coal and petroleum with natural gas, Towngas has taken the initiative to develop its high-energy-efficiency business, placing an emphasis on natural-gas distributed-energy systems and gas-refuelling facilities for vehicles and vessels, investing in LNG bunker vessels Harbour Star 01 and Harbour Star 02 in Jiangsu, and more. The completion of the Towngas China Jintan Gas Storage project significantly enhances the Group’s overall gas-storage capacity, ensuring a stable supply of natural gas as well as helping the Group explore its gas-trading business in the long run.

-End-

Photo 1



Li Lin, Deputy Mayor of Changzhou Municipal People's Government (fifth from right), Alfred Chan Wing-kin, Managing Director of Towngas (sixth from right), Peter Wong Wai-ye, Executive Director and Chief Operating Officer — Utilities Business of Towngas (third from left) with other guests at the Towngas China Jintan Gas Storage commissioning ceremony

Photo 2



Alfred Chan Wing-kin, Managing Director of Towngas, delivering a speech at the ceremony

Photo 3



A speech by Li Lin, Deputy Mayor of Changzhou Municipal People's Government

Photo 4



Over 100 guests from the political and commercial fields show their support at the ceremony.

Photo 5



Towngas China Jintan Gas Storage at Jintan district, Changzhou city, Jiangsu province

For media enquiries, please contact:

Mr Bien Wong

Corporate Affairs Department

The Hong Kong and China Gas Company Limited

Tel: 2963-3135/ 6155-2480

Fax: 2516 7368

Email: ccd@towngas.com