

## **Towngas and Beijing Gas set up joint gas operation in Beijing Economic-Technological Development Area**

(Hong Kong, 21 June, 2005) An official ceremony held in the Great Hall of the People today marks the grand opening of Beijing Beiran and HKCG Gas Company Limited, the joint venture company of The Hong Kong and China Gas Company Limited (Towngas) and Beijing Gas Group (Beijing Gas).

The joint venture company owns a 25-year franchise to supply natural gas to Yizhuang in the eastern part of the Beijing Economic-Technological Development Area (BDA). The project is the first gas franchise in Beijing. Under the agreement, Towngas and Beijing Gas each holds a 50% stake in the new joint venture company, with Towngas responsible for its management. The joint venture involves a total investment of RMB 110 million.

Towngas Managing Director Alfred Chan Wing Kin said, “Being China’s political, economic and cultural centre and a world-class city for international trading, Beijing is influential in the international arena. It will be at the centre of attention in 2008 when it hosts the Olympic Games. Towngas feels honoured and delighted to help advance the capital’s infrastructure through this public utility investment. The support of the Beijing Municipal Government, related government departments and Beijing Gas are critical in our bid for this project.”

Situated in southeastern Beijing, the Beijing Economic-Technological Development Area (BDA) commands strategic location: it is 25km from the Beijing Capital International Airport, 5km from the capital’s major highway hub for cargo transport and 1km from its international logistics centre. The BDA has been positioned as a

state-level development area since 1994. Over 1,300 enterprises have already set up their operations in the 46.8 sq. km area, involving investments of over US\$6 billion in total.

The BDA's eastern zone in which Towngas and Beijing Gas jointly invest occupies an area of about 14 sq. km. The project and the local gas market enjoy promising prospects, attracting potential investments from gas-intensive industries. Gas consumption within the zone is estimated to be 226 million cubic metres per annum.

Being Towngas' first joint venture company in Beijing and its first investment in the gas market of northern China, Beijing Beiran HKCG Gas Company Limited is an important strategic move for the company to develop its business and explore other opportunities in northern China and its neighbouring regions.

### **Beijing Gas Group Corporation**

Established in 1999, Beijing Gas Group is a state-owned enterprise founded in line with modern management principles. Being a major gas service provider in Beijing, Beijing Gas specialises in gas production, marketing, distribution, design, construction, development, manufacturing and research, with a total asset value of more than RMB 10 billion. It supplies natural gas, manufactured gas and liquefied petroleum gas to over 3.6 million customers. With gas pipelines of more than 6,700 km and over 500 offtake stations, the group's four-tiered city pipeline network (ultra-high, high, medium and low pressure) is serving the gas needs of customers in regions as far as Daxing, Fengtai, Fangshan and Tongzhou.

## **The Hong Kong and China Gas Company Limited**

Founded in 1862, The Hong Kong and China Gas Company Limited (Towngas) is the first public utility company in Hong Kong. With a pipeline network of over 3,000 km and an 85% economic reach, the company 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 utilisation of landfill gas.

Towngas has actively developed city piped gas businesses across the mainland in the past ten years, and is currently a player in the LNG project in Guangdong. The company has set up more than 30 city piped gas joint venture companies across the mainland, including Shandong and Guangdong province, and eastern and central China. The company has recently announced its participation in a midstream gas project in Anhui province and a high pressure natural gas pipeline project in Hangzhou.

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