



The newly renovated control room at Tai Po Plant, where staff using state-of-the-art equipment, monitor and control the gas production process around the clock, to ensure a reliable and safe supply of gas to customers.







Our ongoing substantial investment in the gas supply system serves to meet the gas needs of Hong Kong's growing population through an ever-expanding pipeline network which already exceeds 3,000 km.

## Network Maintenance and Replacement Programme

Ensuring the integrity of our transmission and distribution network is our key priority. Safety of gas supply cannot be compromised. As such the Company has established a scheduled pipeline replacement programme that meets recognised quality assessment guidelines, and a leakage

inspection, corrosion control and damage prevention system. Most of our gas mains network consists of steel, ductile iron or medium-density polyethylene pipes. We plan to finish replacing the older type of cast iron pipes, currently less than 1 per cent of the network and now used only for low pressure distribution, by the end of 2004.

## Natural Gas in Hong Kong

Natural gas is becoming the preferred choice for clean energy supply across the globe. In the case of Hong Kong, the advantage of LNG is that it offers a long-term reliable gas source together with a historically more stable price compared to oil-based products such as naphtha, which is used to generate town gas today. We are now undertaking a feasibility

study to evaluate the most economical means of utilising natural gas supplied by the Guangdong LNG Terminal. Once the terminal is commissioned in 2006, Towngas will have an excellent opportunity to introduce natural gas to the territory via a pair of submarine pipelines connected to our Hong Kong Tai Po Plant.

## SAFETY, HEALTH AND THE ENVIRONMENT

Towngas' first priority has always been to ensure gas safety, no matter whether that is in the home, in commercial and industrial premises, or in public areas. At the same time, we recognise a strong link between practising good safety and occupational health strategies and managing our environmental performance responsibilities.

### Safety Initiatives

Our concern for safety underpins everything we do. We understand the need to keep the public informed of how to use gas products and services in a safe and responsible manner. In 2002, we held 23 safety exhibitions maintaining our long-standing and well-

proven traditional means of taking our safety message direct to consumers. We also updated our safety brochure, producing these in five languages to ensure we reach everyone who makes up Hong Kong's diversified cultural society. And as always, appliance safety continued to be a high priority. In this respect, we increased our Regular Safety Inspection home visits by 6.4 per cent last year.

“Integrated safety, health and environmental strategies safeguard the community and our valued employees”

On site, our outstanding record of reducing third party damage over the last decade did not lose momentum. Incidents in 2002 dropped by 4 per cent compared to 2001 whilst gas leakages also decreased by about 4 per cent. Implementation of a safety audit system, in our Production and Network departments and within U-Tech, also began to shift the balance