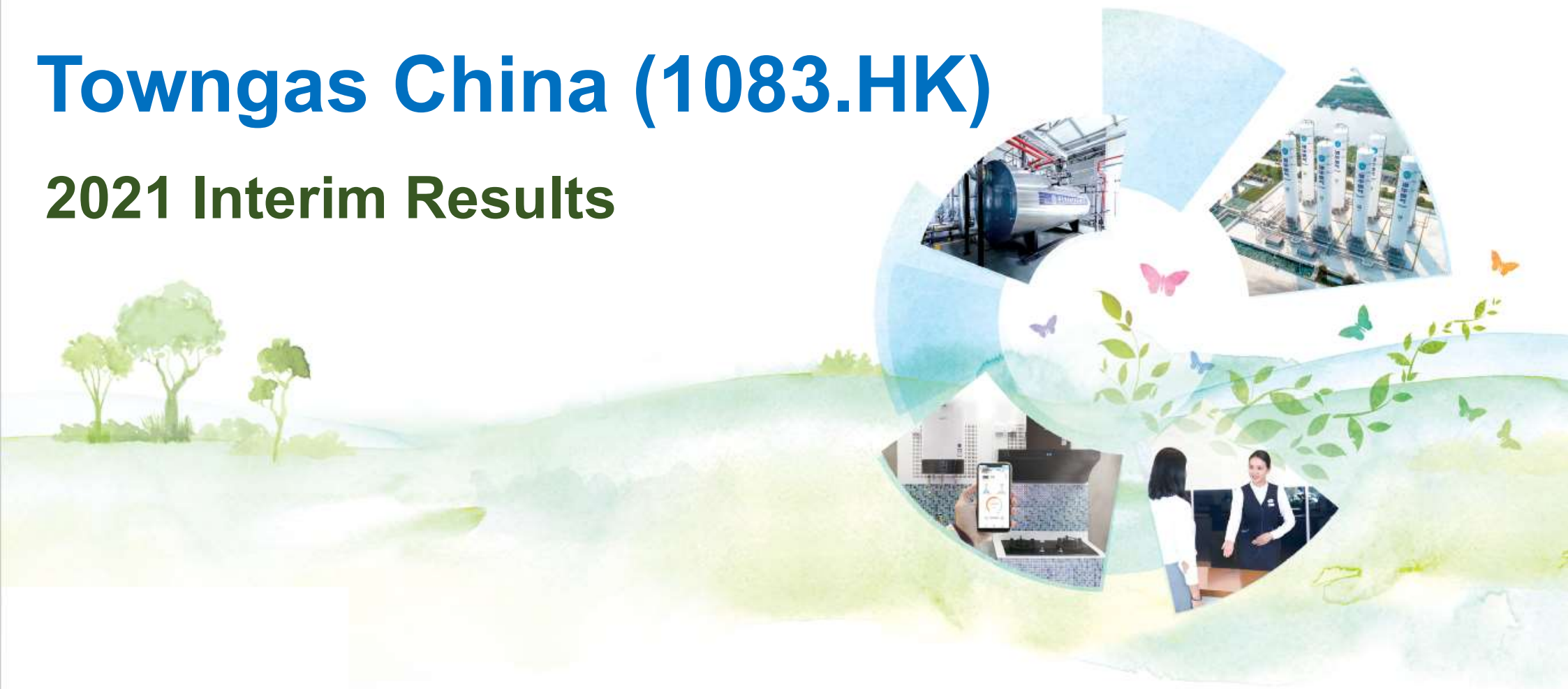




Towngas China (1083.HK)

2021 Interim Results



Financial Highlights





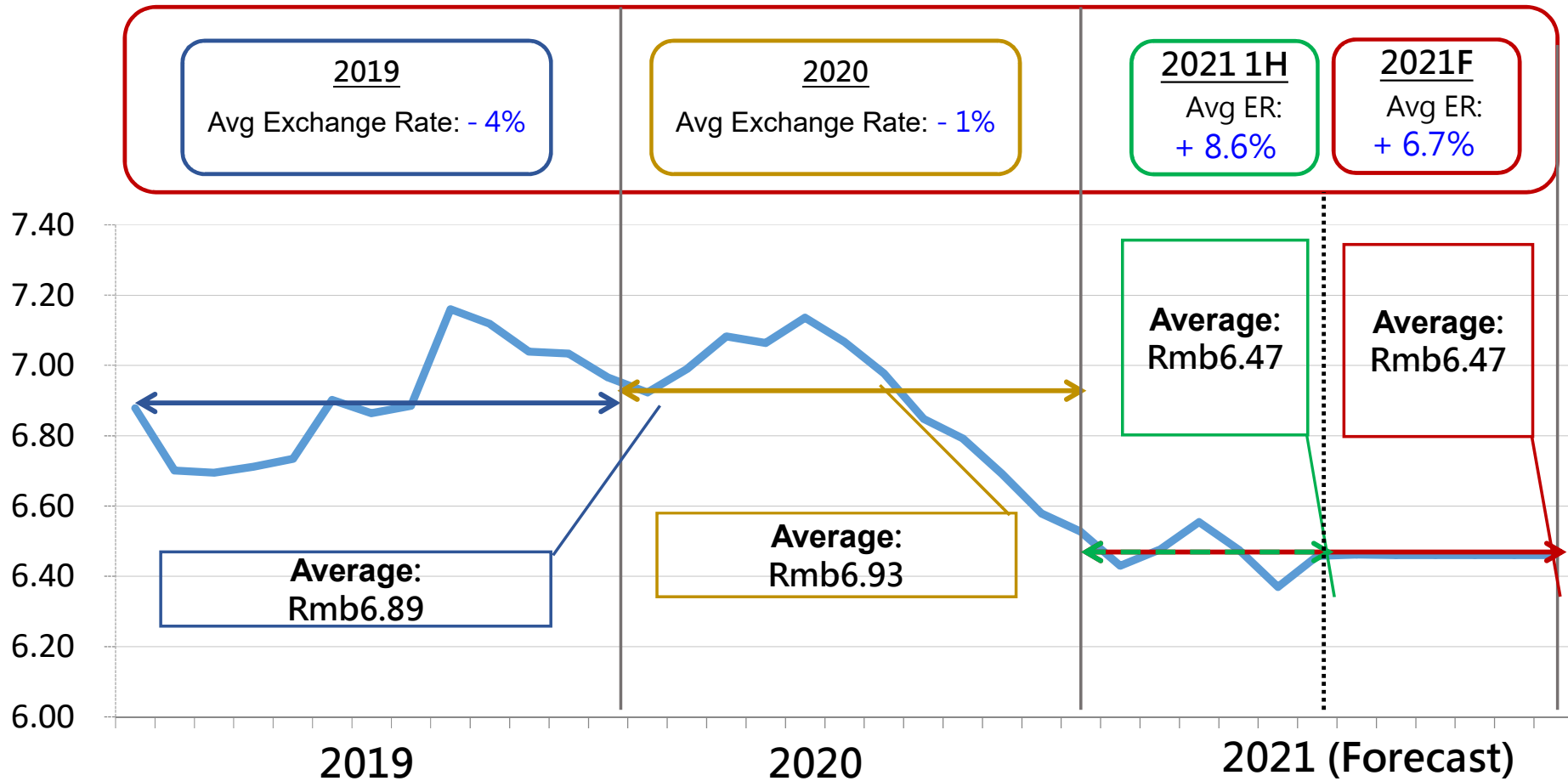
Solid Business Growth



(Unit: HK\$ million)	1H20	1H21	Change
Revenue			
Gas Sales	4,669	6,514	+40%
Connection Fees	753	904	+20%
Extended Business	141	355	+152%
	5,563	7,773	+40%
Operating Profit	824	1,042	+26%
Profit Attributable to Shareholders	581	778	+34%
Earnings Per Share (HK cents)	20.2	26.2	+30%



RMB/USD Average Exchange Rate

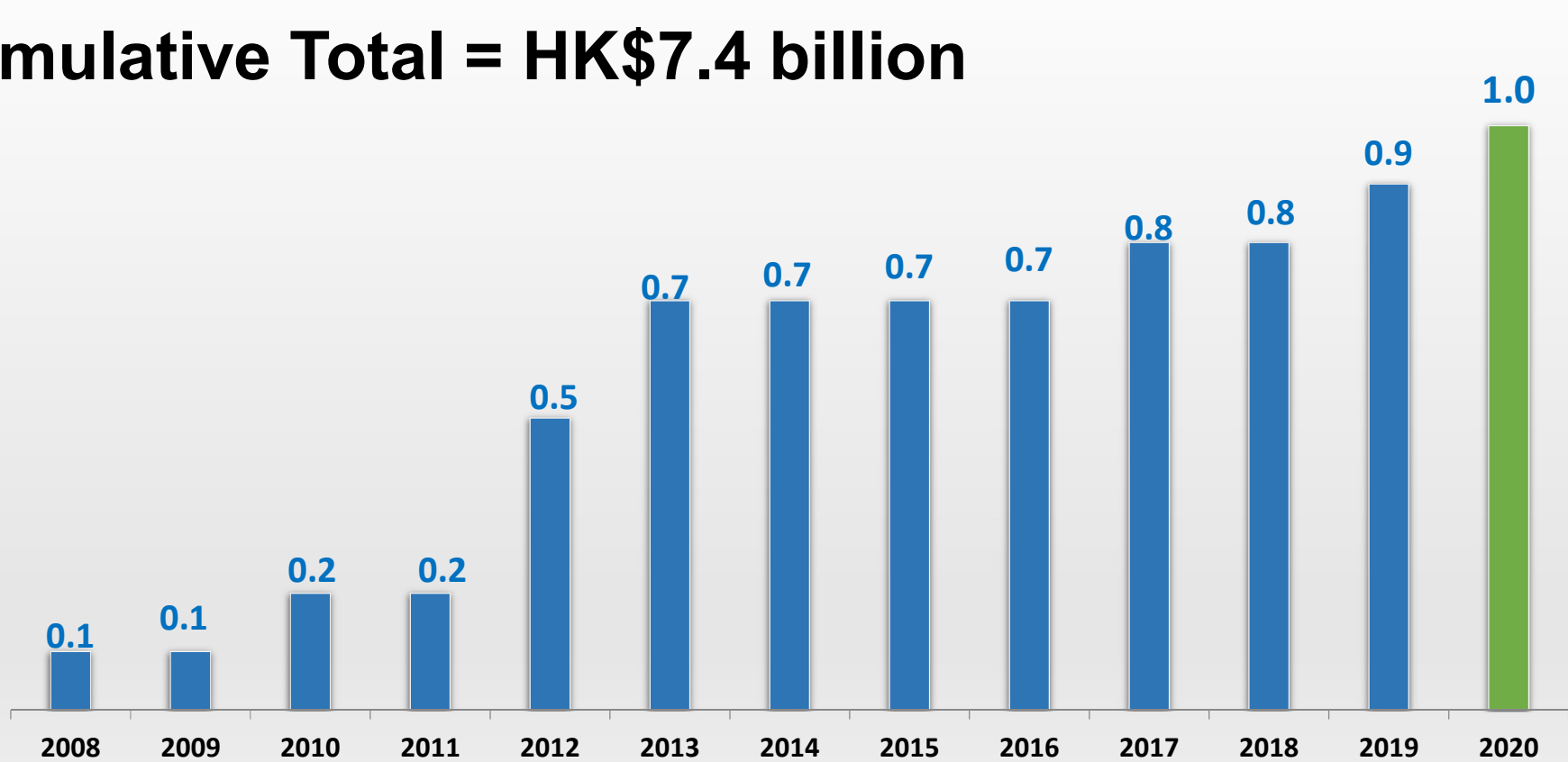




Remarkable Joint Venture Dividend

(Unit: HK\$ billion)



Cumulative Total = HK\$7.4 billion





Healthy Financials



	31 Dec 2020	30 Jun 2021		31 Dec 2020	19 Aug 2021
	HK\$ billion	HK\$ billion			
Total Assets	42.9	49.1	P/E Ratio	7.1x	9.4x
Net Assets	22.6	22.9	P/B Ratio	0.5x	0.7x
Cash & Bank Balances	2.3	2.5	Credit Rating:	 BBB+	 Baa1
Total Borrowings	11.5	17.2			
Interest Coverage Ratio	7.8x	7.9x			
Gearing Ratio	28.9%	39.0%			



Business Overview for 1H



2021 Guidances

- Gas sales **7.26B** m³, a growth of **32%** ↑ **>20%**
- **2** new gas projects with annual gas sales **35M** m³ ↑ **>5 projects**
- **420K** new customers to **14.56M** ↑ **> +800K customers**
- Net profit HK\$**778M**, a growth of **34%** ↑ **Total 20M including Shanghai Gas**

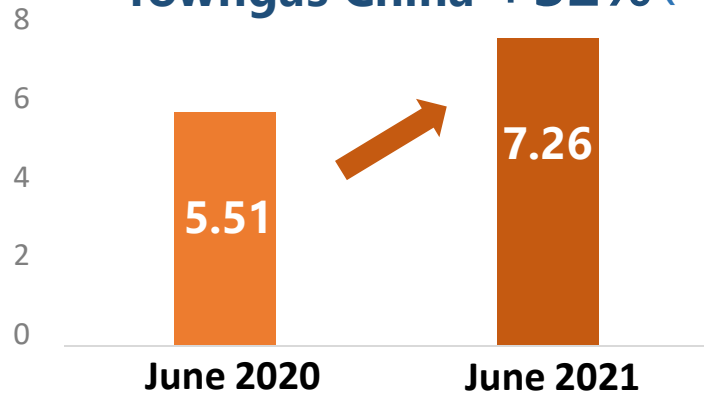


Strong Growth in Gas Sales Volume



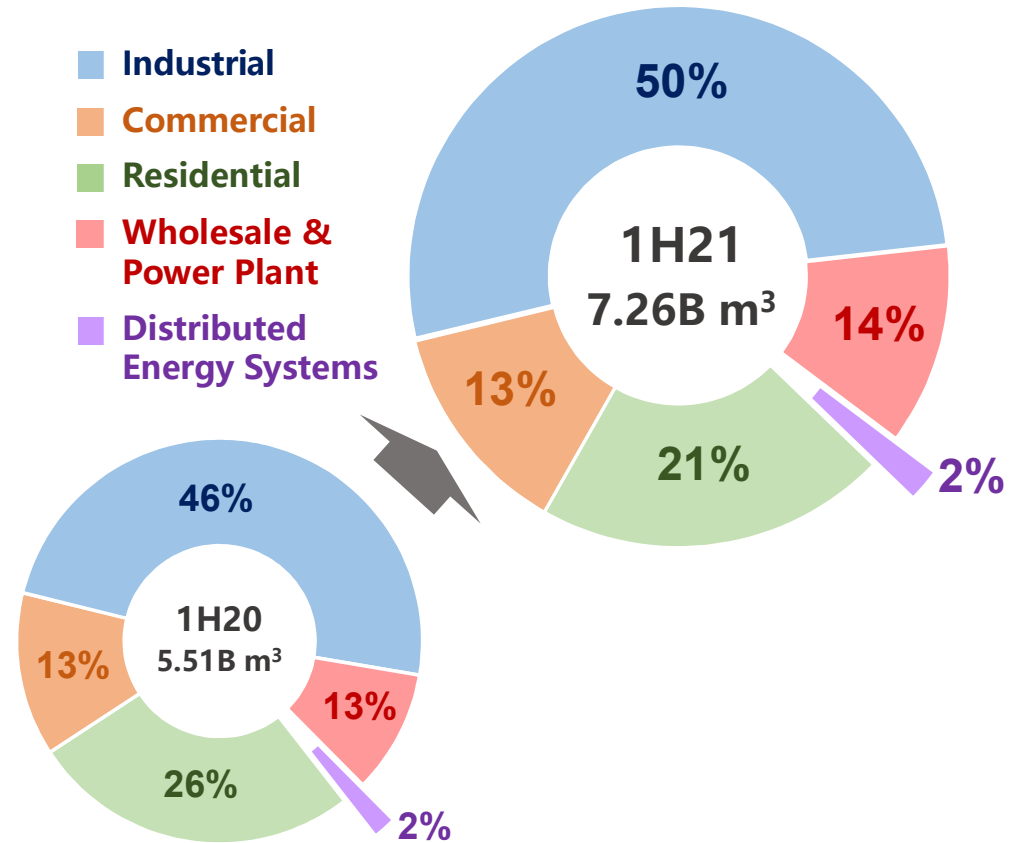
Billion m³

Towngas China +32% (National:+17%)



Non-residential of 80% favour cost pass-thru

- Industrial
- Commercial
- Residential
- Wholesale & Power Plant
- Distributed Energy Systems

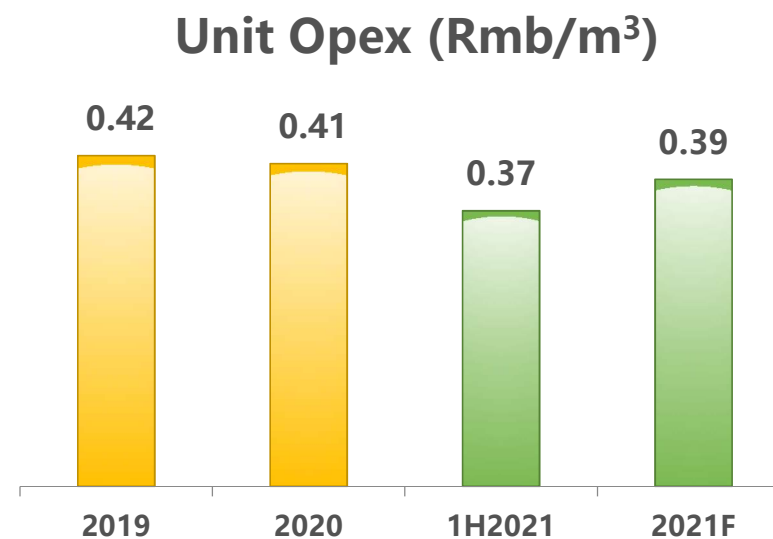


Billion m ³	1H20	1H21	
Industrial	2.54	3.59	41% ↑
Commercial	0.72	0.92	27% ↑
Residential	1.45	1.56	8% ↑
Wholesale & Power Plant	0.69	1.02	49% ↑
Distributed Energy Systems	0.11	0.17	60% ↑
	5.51	7.26	

Coal-to-gas as Driver of Lower-margin Industrial Gas Sales

Selling Price (Rmb/m ³)	1H20	2020	1H21
Residential	2.55	2.59	2.62
Industrial	2.57	2.53	2.71
Wholesale	2.13	2.09	2.26
Commercial	3.05	2.99	3.08
Average Selling Price	2.58	2.56	2.67
Average Procurement Cost	1.98	1.99	2.12
Margin	0.60	0.57	0.55

- Sourcing low-cost LNG & piped gas
- Cost savings to reduce Opex





Shanghai Gas Deal Completed

- Senior executives to join Shanghai Gas Board of Directors, Supervisory Board & Management
- Shenergy Group & Shanghai Gas senior management team discussing with Towngas China on joint management, gas source, extended business & more



Huang Dinan
Chairman of Shenergy

Dr Lee Ka-kit
Chairman of Towngas



Ni Bin, President of Shenergy & Zang Liang, President of Shanghai Gas, visiting Towngas Jintan gas storage



Strong Synergies with Shanghai Gas



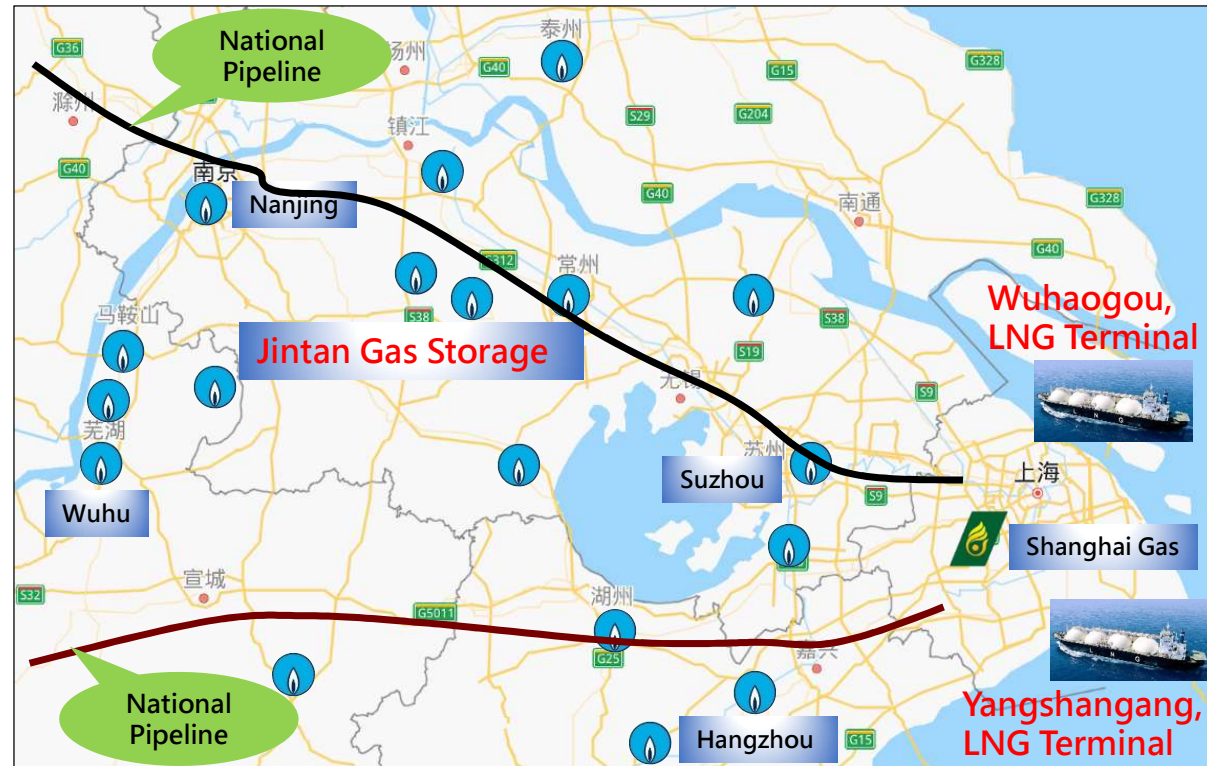
6.4M + 14.6M customers

Space Heating

Kitchen cabinets & appliances



- Expected volume growth 15% and profit growth 10%





Upstream Strategy: Long Term Gas Supply

- Shale gas project in Sichuan to supply 200,000 tonnes of LNG annually
- Towngas Group, Foran Energy, Shenzhen Gas jointly procuring 420,000 tonnes of LNG per annum
- Towngas Group negotiating LNG long-term contract of 2M tonnes

Gas Volume (m³)

300M

600M

2,800M



Shale Gas Liquefaction Project in Weiyuan, Sichuan



LNG receiving terminal tanks in Caofeidian, Tangshan



Steam & Hot Water Market



- Contributing gas sales of 300 M m³ in 1H, expected 800M m³ for full year, unit margin Rmb 0.5/m³
- Scope: District and individual household heating, steam and hot water supply for C&I customers
- Expand beyond city gas supply area; combine with other energies to provide high efficiency solutions
- Target to gain gas sales of 4 billion m³ in 3-5 years



30•60 Policies & Opportunities



Carbon Peaking by 2030, Carbon Neutrality by 2060

Reducing dependence on external energy, enhancing national energy & economic safety

	2021.02	2021.03	2021.06
Policy	Accelerate the development of a green & low-carbon circular economic development system	Build a power system with new energy as the mainstay	County-wide promotion of distributed photovoltaics
Targets	Decarbonisation	Smart Systemisation	Comprehensive Implementation
Counter Measures	Zero-carbon Smart Industrial Park		



Forming Robust Smart Energy Partnerships



Energy Supply Side

Power Generation



- Renewable & smart energy projects

Photovoltaics



- Create zero-carbon smart industrial parks

Power Grid

Power Grid



- Establish integrated gas-electric zero-carbon smart energy demonstration industrial park

Energy Demand Side

Energy Storage



- Create integrated smart energy storage system

Frontier Research

Smart Energy Ecology Platform



- Collaborate on integrated energy management platform and other new technology applications



腾讯云

- Cooperate on smart energy ecology platform to facilitate energy digitisation

Zero-carbon Planning

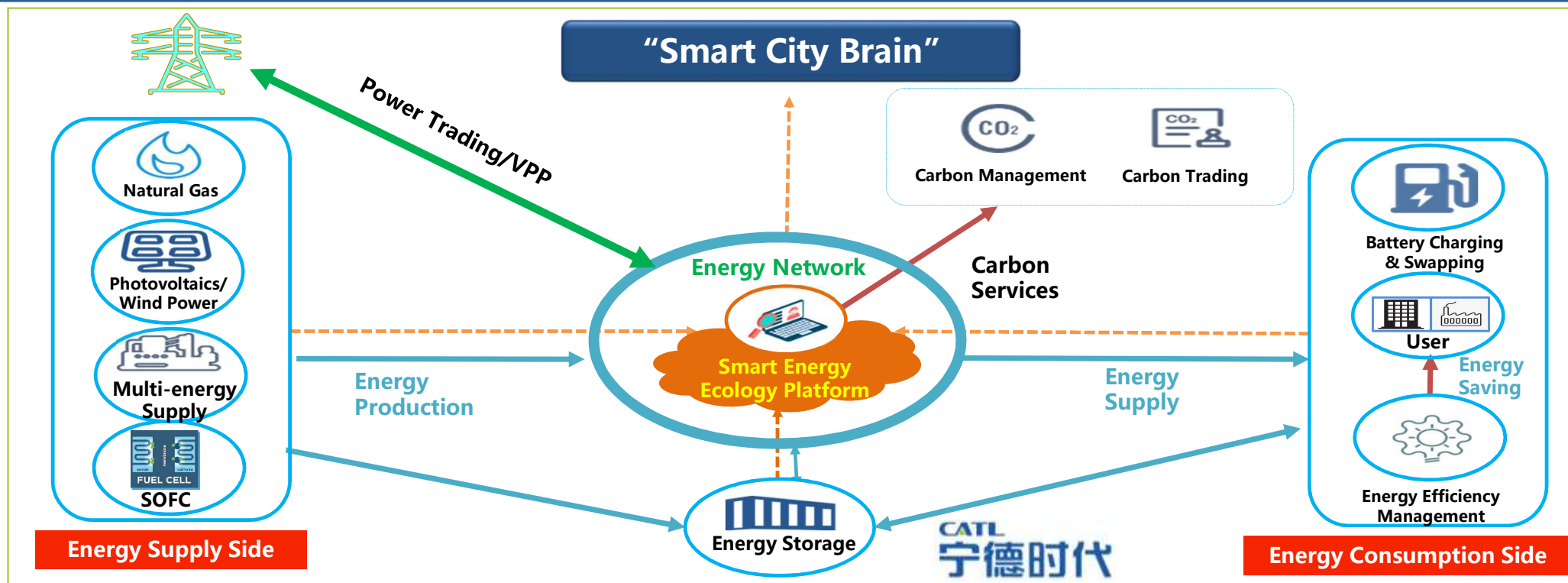


(Rocky Mountain Institute)

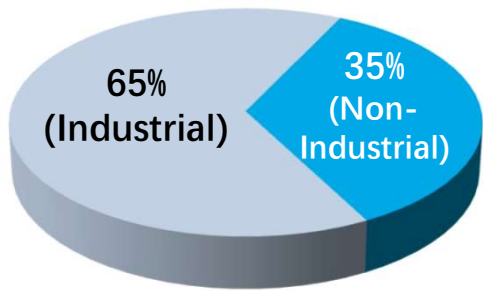
- Zero-carbon planning for industrial parks

Zero-Carbon Smart Industrial Park: Business Model

Integrated Smart Energy

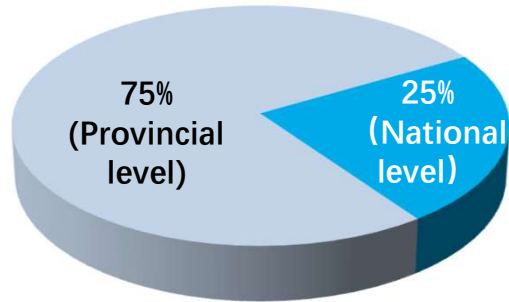


Zero-carbon Smart Industrial Park: Enormous Business Opportunities



National Power Consumption

7.5T kWh



Parks at provincial level or above launched country-wide

2600+

Average Per Industrial Park

<u>C&I Clients</u>	<u>Power Consumption</u>	<u>Carbon Emission</u>
400	1.9B kWh/Yr	2.5M Tonnes/Yr

Targets

<u>Installed Capacity</u>	<u>Power Generation</u>	<u>Investment</u>
100 MW	100M kWh/Yr	250M Rmb

Average IRR: 9%

Our Edge

- **288** city-gas projects
- **Centralised** operations & maintenance management – **highly efficient & economical**

30 (End of 2021)

60 (End of 2022)

Discovering Smart Energy Innovation Solutions Worldwide

TERA AWARD

On 18 June, the first TERA-Award smart energy innovation competition was launched in Beijing & Hong Kong

- In search of innovative technology for “zero-carbon smart industrial park”, including integrated energy management, advanced energy storage, virtual power plant, smart energy platform, blockchain and more
- Discovering top zero-carbon technology start-up teams from around the world
- Providing application scenarios and funding for zero-carbon technology




USD 1,000,000
Top Prize

Zero-carbon Smart Industrial Park: Five-year Development Plan



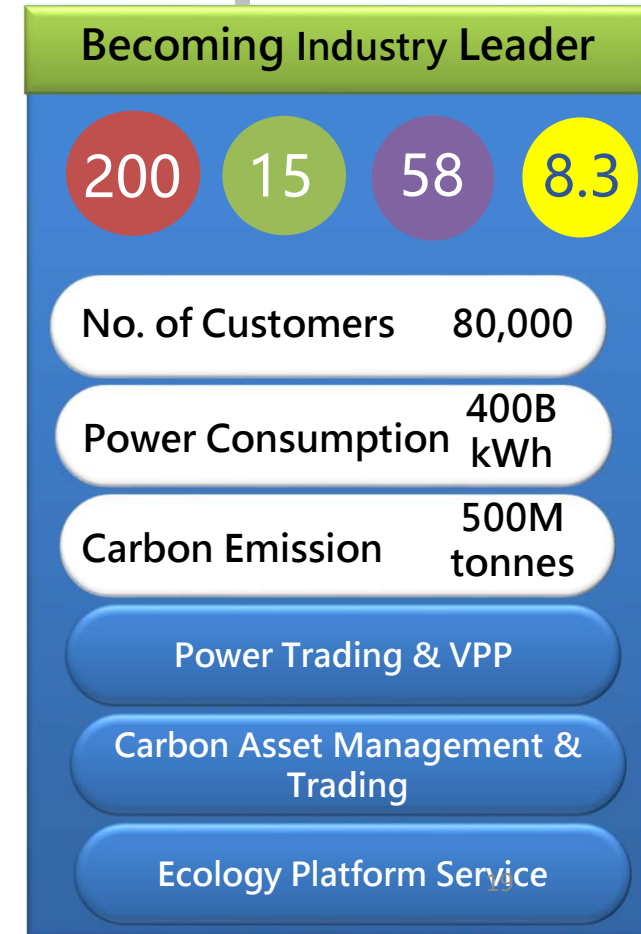
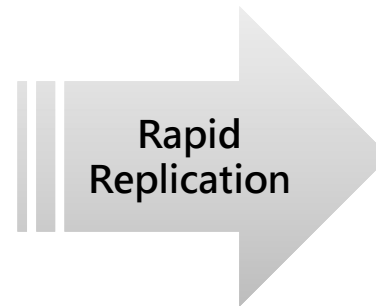
2021

2022

2025



- No. of Parks
- Expected Photovoltaic Installed Capacity (GW)
- Potential Investment Scale (Rmb billion)
- Expected Revenue (Rmb billion)

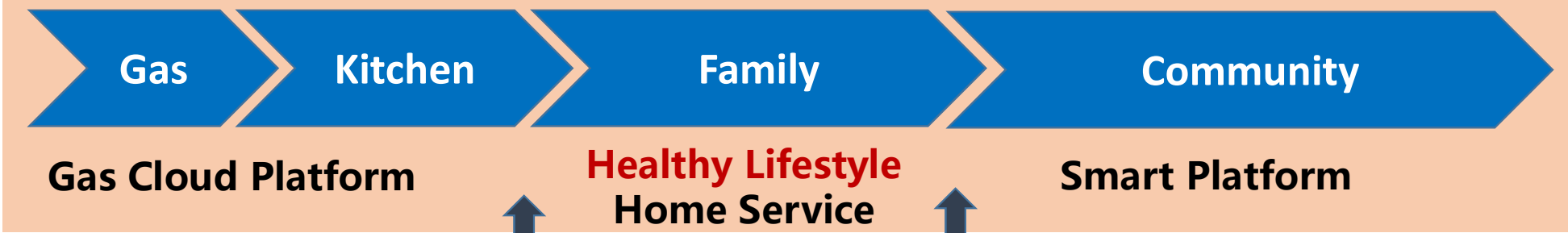




Extended Business Operating Direction



Healthy Lifestyle Strategy



20 Million Customer Base



Extended Business: Launching the Health Business Model



Policy Direction

Promoting urban 15-minute community-life circle



Encouraging better medical & health services



New monopoly regulations on internet platform companies giving us business opportunities

Our
Extended Business




Launching the Health Business Model
Becoming a reliable family health lifestyle service provider
Fusing on- and offline development for integrated health services



Launching Moment+ app
Establishing health database for customers



Moment+ Community Health Lifestyle Experience Centre
Establishing community network & home services



Extended Business – Launching the Health Business Model



Partnership with renowned brands



Health Content

Nutritional health solutions for specific dietary needs



Health Services

On- & offline consultation, from health checks to dietitians



Products

Nutrition & health products & home services for special dietary requirements



大蜜健康
MSME HEALTH



Creating hip vegetarian products to enrich brand collaboration



日日煮
DAYDAYCOOK





Extended Business: Latest Progress



- Flagship store: **Moment+ Community Health Lifestyle Experience Centre** in operation at Qingdao
- 20 centres to be launched this year at key project companies
- Partnering with an insurance agency in Q4 to offer comprehensive scope of insurance service

	1H 2021	2021
Users (Million)	4.5	6
Rmb (Million)		
Healthy lifestyle including gas insurance	20	100
Cosy home	200	600
Gas engineering related income	300	500
Total	520	1,200



Broad Project Coverage



167 City Gas[★]

3 Listed Company Shareholding

9 Provincial Capitals

29 Key Cities

99 Smart Energy

1 Upstream

4 Midstream

8 Engineering & Other Projects

279

★ All Project Companies

Chairman Summary





Higher Shareholder Return

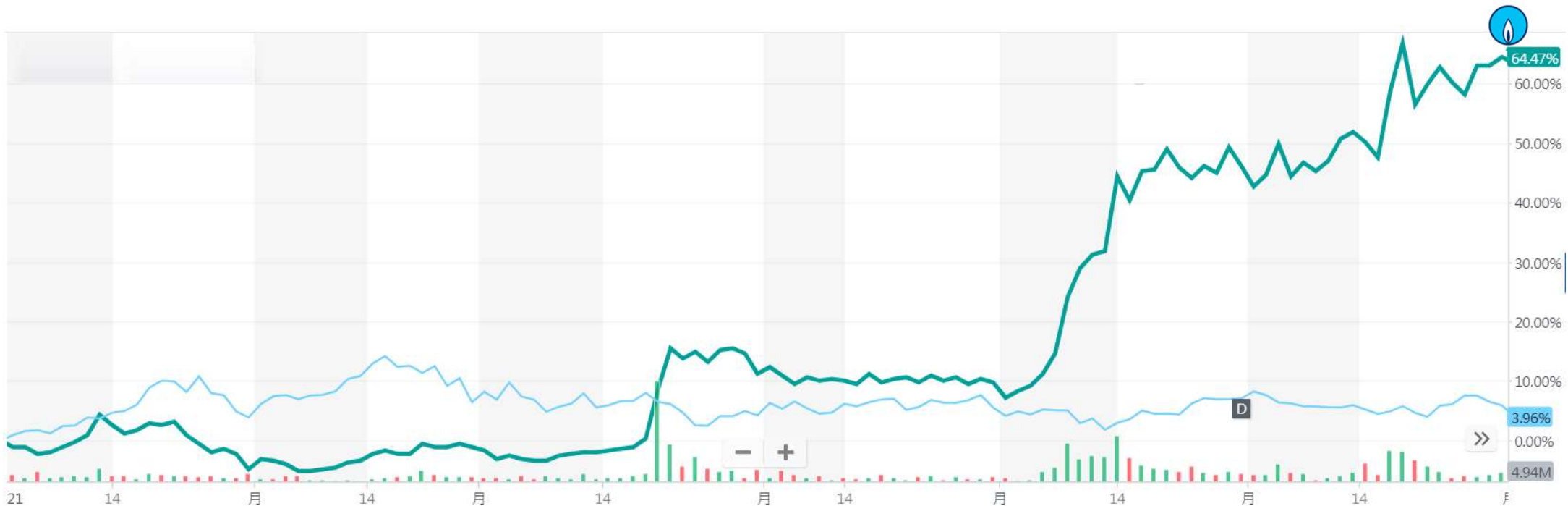


4 Jan: Closing price HK\$3.45

30 Jun: Closing price HK\$5.74

↑ +66%

HSI rose 4% during the same period



4/1/2021

30/6/2021



ESG performance: Environmental



Coal to Gas



Photovoltaics



Distributed Energy Systems



Tree Planting



ESG Performance: Social





ESG Performance: Governance



Risk Elimination



Integrity Promotion



乐在阳光下
诚信



Professionalism



Safety



Investing for Risk Prevention

- Invested **Rmb2.8B** in replacement of **3,100km of cast-iron pipes** to ensure public safety
- Invested **2% of revenue** in **safety production equipment & facilities, training & promotion**
- Public education on gas safety



Education seminars to enhance public safety awareness

ESG Contribution Recognitions



①

High ESG rating



Hang Seng Corporate
Sustainability Index Series

AA-

②

"China Low-Carbon Model"

Awarded by **NewsChina**



Policy Creates Opportunities



**Green mountains &
clear waters**

are as good as

**mountains of
gold & silver**



**Peak carbon emissions
by 2030**

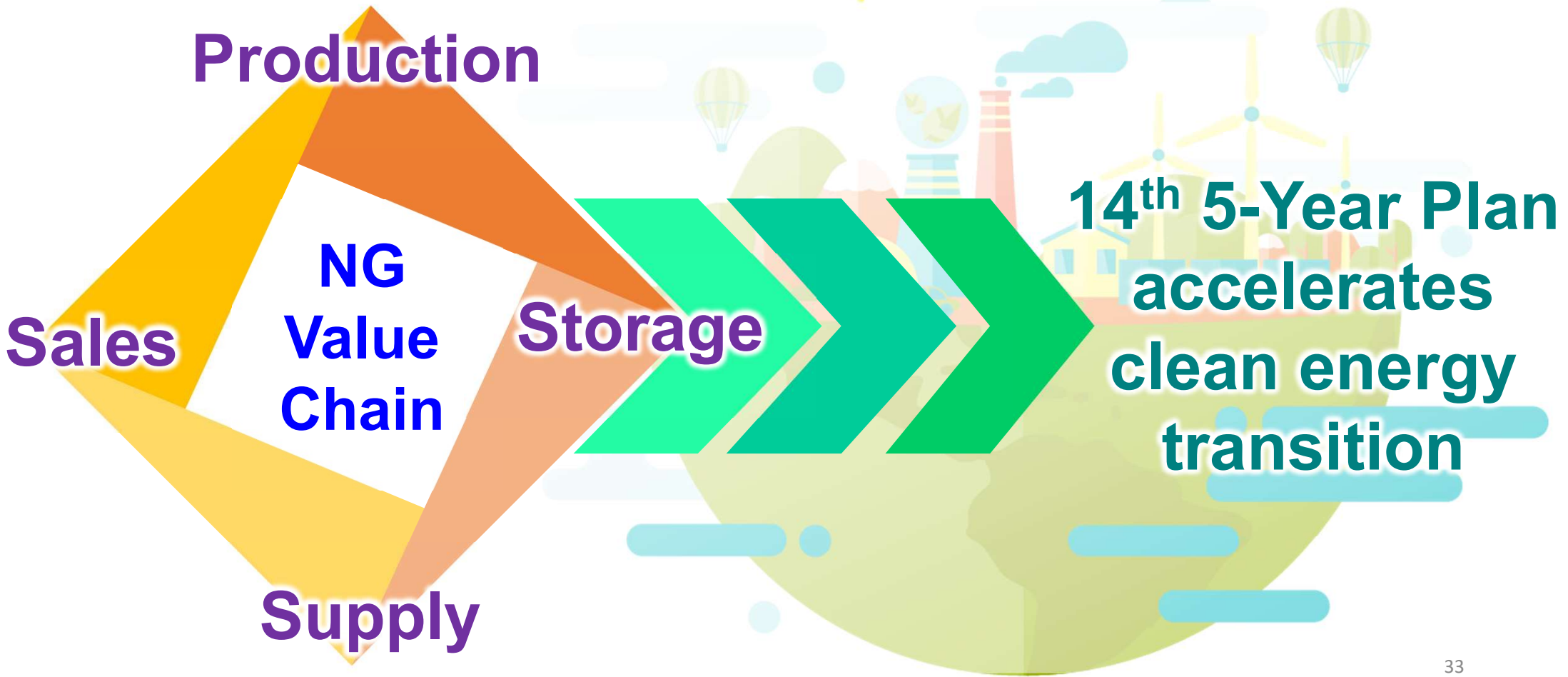
**Attain carbon neutrality
by 2060**

绿水青山就是金山银山





NG Is the Cleanest Fossil Fuel





Future Development

- Smart energy
- Increasing upstream gas sources (PipeChina, LNG, Russian Gas)
- Extended business
- Cooperation with Shanghai Gas
- Steam & hot water market
- Hydrogen



Share Award Scheme

- Share Award Scheme linked with Group performance & business growth

KPIs:

- Gas sales volume growth > 25% CAGR
 - Extended business growth > 30% CAGR
 - ...
- Group to purchase scheme shares from the market to be granted to senior executives



Towards Carbon Neutrality
Embracing the New Energy Era



Disclaimer



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Thank You

