

Towngas China delivers satisfactory performance for January to April 2021

(27 May 2021) Towngas China Company Limited (Towngas China) held its Annual General Meeting today and all the resolutions were passed.

The Group remarked that with the pandemic situation stabilising in the mainland this year (2021), industrial, commercial and public activities have almost resumed to normal. Towngas China's revenue and profits for the first quarter of the year both recorded remarkable growth. Total gas sales for the first four months of the year rose by one-third compared to the same period last year, achieving satisfactory performance. Among the Group's businesses, a rise of 44 per cent was recorded for the industrial segment, 31 per cent for the commercial segment, 10 per cent for the residential market, and 80 per cent for distributed energy systems.

In spite of the impact of the COVID-19 pandemic last year (2020), Towngas China recorded a growth of 8 per cent in its annual gas sales, thanks to the proactive strategies and comprehensive planning of its management team. The Group expects double digit growth in its gas sales this year as a result of the mainland's economic recovery, increase in exports, clean energy promotion policies and a stable gas source.

The mainland's prosperous economic development has led to more move-ins to new residential buildings, which has resulted in a rise in the Group's income from connection fees. With the public's growing preference for a quality lifestyle, space heating systems have proven popular. This has resulted in greater demand for natural gas in the residential market, which will drive positive growth in the Group's development.

In addition, Towngas China announced its strategic agreement with Shanghai Gas Company Limited (Shanghai Gas) last October, under which Towngas China is investing RMB4.7 billion in Shanghai Gas during the first phase, which amounts to 25 per cent of the latter's

enlarged capital. The Government approval process is currently in its last phase and expected to be completed within two months.

This strategic cooperation with Shanghai Gas sees Towngas China's business expand to Shanghai, significantly increasing the Group's number of customers accounts to over 20 million while opening up an enormous potential market for the Group's high-end appliances and kitchen cabinets, gas insurance and other extended businesses. The LNG gas storage and peak-shaving base as well as natural gas receiving terminals possessed by Shanghai Gas and its parent company, Shenergy Group, create synergy with the Jintan underground salt cavern gas storage in Jiangsu province owned by the Towngas China's parent company, The Hong Kong and China Gas Company Limited. This is set to facilitate the Group's natural gas exchange and create greater economic value alongside enhanced peak-shaving capabilities.

The Group pointed out that the mainland Chinese government is promoting energy transformation and green development, setting the goals of peaking carbon emission by year 2030 and attaining carbon neutrality by year 2060. Currently, coal makes up close to 60 per cent of the mainland's energy structure. Thus, coal-to-gas policies, among others, will create an edge for the development of the natural gas business. Regarded as a low-carbon fossil fuel, natural gas, together with renewable energy, will have an advantage in the course of energy transformation to replace charcoal and enjoy a huge potential market.

The Group will proactively seek for investment opportunities in the fields of renewable energy, integrated energy and smart energy management, and capitalise on the remarkable opportunities presented by the country's policies to contribute towards the sustainable development of the community and forge even greater prospects for the Group's business.

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Press photos:



From Towngas China, Alfred Chan Wing-kin, Chairman and Executive Director (middle), Peter Wong Wai-ye, Executive Director and Chief Executive Officer (right), and John Ho Hon-ming, Executive Director and Company Secretary (left), sharing the Company's operations with shareholders at the Annual General Meeting.



From Towngas China, Alfred Chan Wing-kin, Chairman and Executive Director (middle), Peter Wong Wai-ye, Executive Director and Chief Executive Officer (1st from right), John Ho Hon-ming, Executive Director and Company Secretary (3rd from left), as well as Independent Non-executive Directors Dr Moses Cheng Mo-chi (3rd from right), Brian David Li Man-bun (2nd from left), James Kwan Yuk-choi (1st from left) and an independent auditor representative (2nd from right) host the Company's 2021 Annual General Meeting.



Towngas China duly addressed all items on its agenda at the Annual General Meeting.

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