

Towngas China (1083.HK) Investor Presentation

25 October 2021

Partnership Announcement

AFFINITYEQUITY
PARTNERS

Affinity Equity Partners is one of the largest independent Private Equity firms in Asia Pacific with over US\$14 billion in assets under management



Towngas China is Asia's leading clean energy supplier with a strong focus on innovation, technology and sustainability

The investment will accelerate Towngas China's transition from a traditional utility services provider into a leading integrated energy company, where technology and innovation are at the heart of the business

Chairman Speech

Dr. Peter Lee Ka-kit

Chairman
Towngas China



Partnership Announcement

Tang Kok Yew

Founding Chairman and Managing Partner
Affinity Equity Partners



CEO Speech

Peter Wong

Executive Director and CEO
Towngas China



Towngas Group: a Leading City-Gas Operator with Nationwide Coverage and Resilient Growth



煤氣
Towngas

~160 years of history
440 projects across over
27 provinces



~40 million residential customers

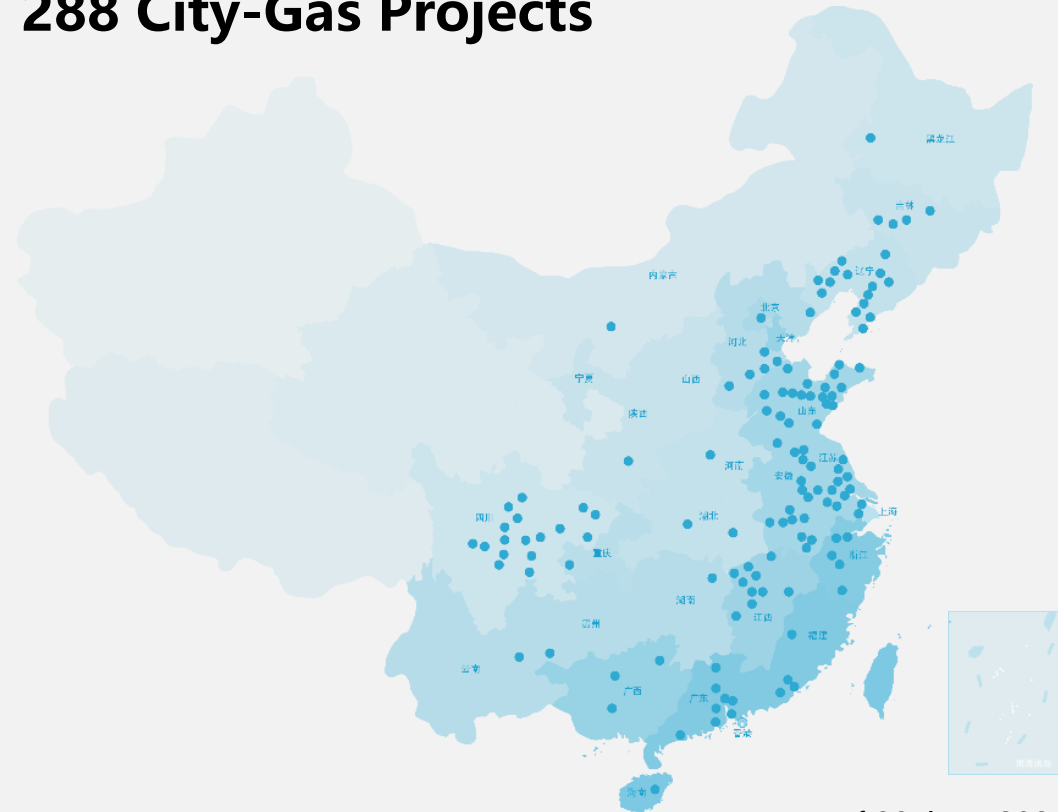
~400 thousand commercial & industrial (C&I) clients



30 billion m³ in annual gas sales volume

10 percent city-gas market share in Mainland China

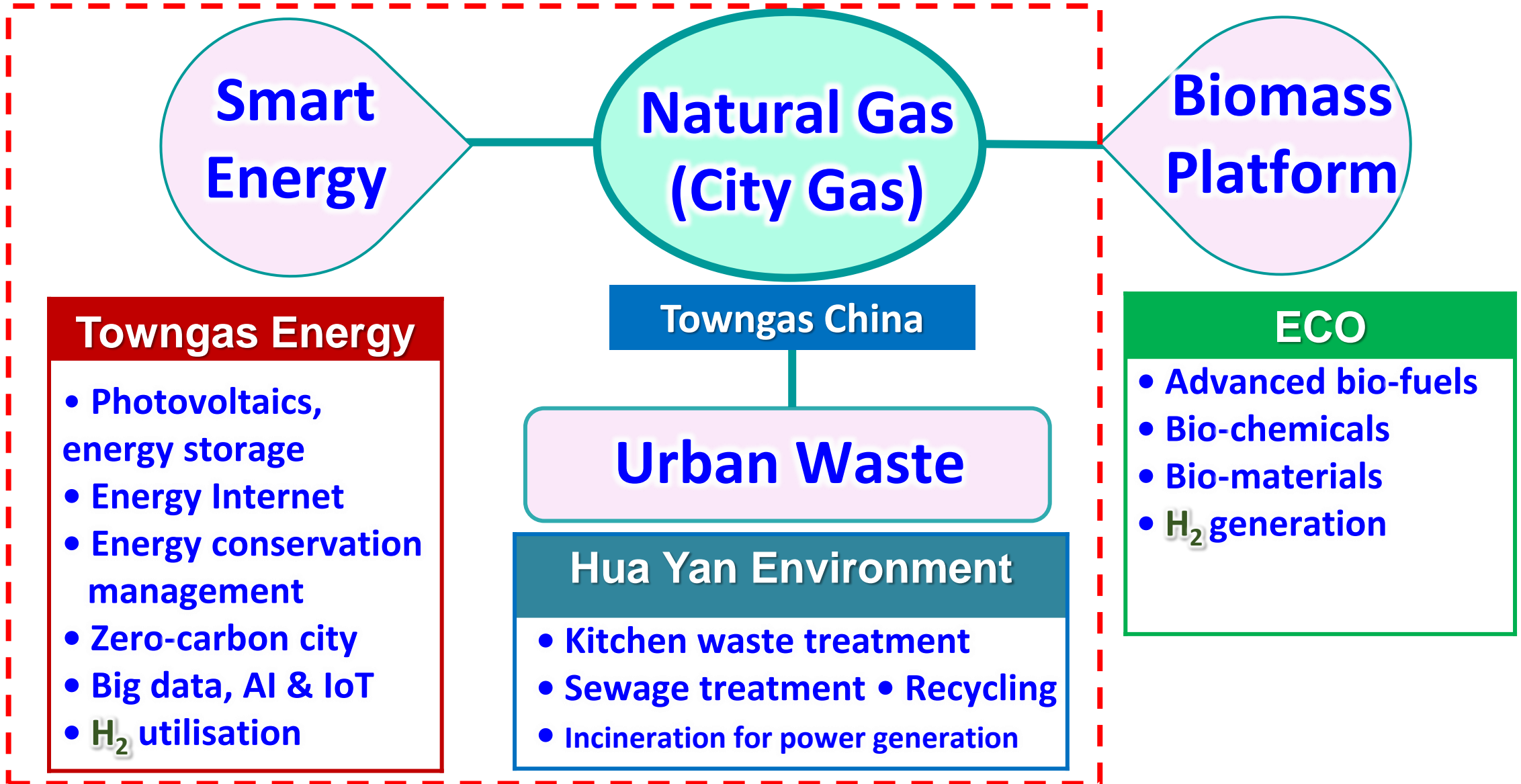
288 City-Gas Projects



as of 30 June 2021

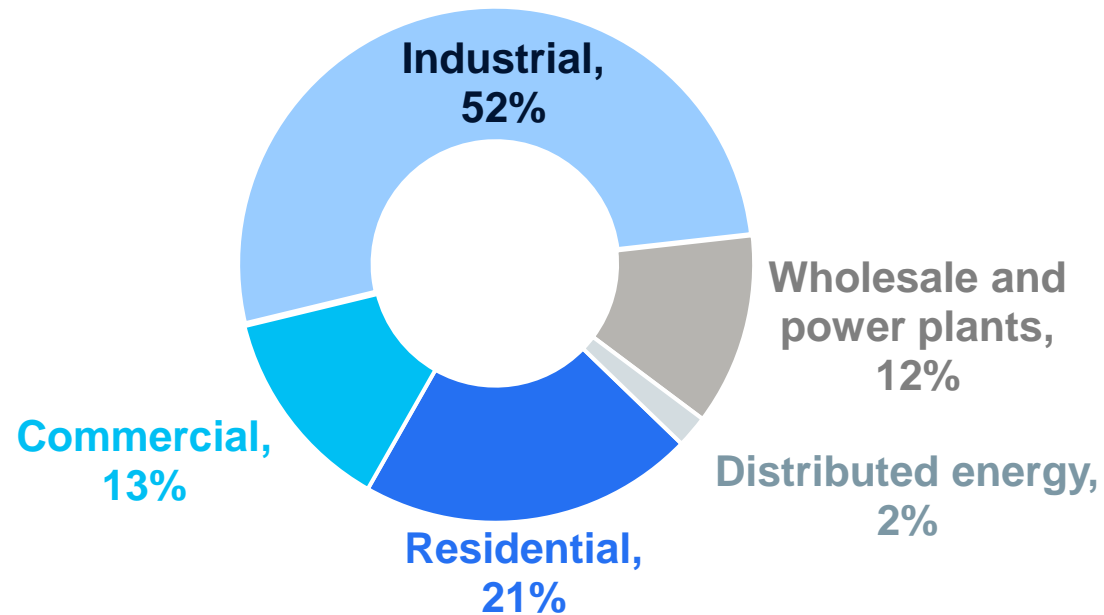
| Year | 2019 | 2020 | 2021 |
|--|------------|------------|------------|
| Group Total Gas Volume (Million m ³) | H1: 12,981 | H1: 12,453 | H1: 15,899 |
| | FY: 25,552 | FY: 26,905 | |

Towngas Sustainability Business



Healthy Market Mix: Focusing on C&I Clients

Non-Residential Sectors Make Up ~ 80% of Gas Sales Volume



as of 30 June 2021

- Higher gas margins

- Tariff pass-through mechanism

| Year | 2019 | 2020 | 2021 |
|--|------------|------------|------------|
| Group C&I Gas Volume (Million m ³) | H1: 9,493 | H1: 8,831 | H1: 12,105 |
| | FY: 19,689 | FY: 20,455 | |

Industry Trend: Natural Gas and Renewable Energy Critical Contributors to Carbon Neutrality

1 Green economic development in China ignites a growing demand for clean energy

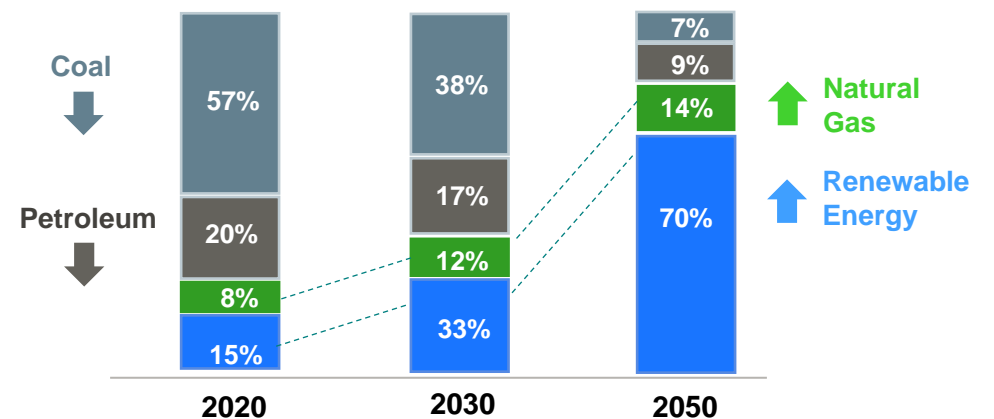
2 Natural gas is one of the main clean energy sources in China and acts as a transition fuel

3 Natural gas and renewable energy demand will grow significantly over the next 30 years

Gas Demand (billion m³)



Proportion of China's Primary Energy Consumption



Solid Platform for Business and Market Expansion

Upstream Synergy

The Hong Kong and China Gas Company and Towngas China

Gas Storage Facilities

Pipeline Interconnection

LNG Receiving Terminals

Underground Gas Storage Facilities

City-Gas

City-Gas Projects

Gas Supply

Residential

Industrial

Commercial

Smart Energy

Net Zero Smart Industrial Park



Rooftop PV



Power Storage



Energy Optimisation



Carbon & Power Trading

Power Supply

Towngas Smart Energy

Dr. John Qiu Jian-hang

COO – Renewable Business
Towngas China



Towngas Energy: Five Years in Operation



Founded in 2016

Actively engaged in investment, construction and operation of integrated energy systems including industrial steam supply, CCHP, C&I rooftop PV and power storage, with over 110 projects in operation

Focused on driving industrial parks towards carbon neutrality

Our Business Model



INTEGRATION

Providing multiple energy solutions, including natural gas, solar PV, power storage with smart integration



DIGITALISATION

Leveraging Cloud Computing, SaaS, smart energy systems and digital partnership with Tencent



DECARBONISATION

Supporting our customers in their emissions reduction efforts through our carbon management services

Through providing clean, reliable and accessible energy, Towngas Smart Energy will support China's "30.60" objective for net zero carbon emissions

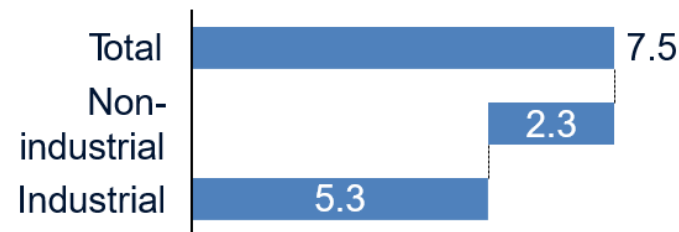
Clear Demand and Interest in Carbon Management from Industrial Parks

China “30.60” Policies

- Build a new energy power system
- Control on energy consumption and intensity
- County-wide promotion on distributed PV
- Peak trough electricity tariff favours energy storage
- Establish carbon-trading exchange
- Establish market-based electricity trading exchange

Focusing on Biggest Demand Growth

China’s Annual Power Consumption (trillion kWh)



- The Industrial sector consumes ¥3-4tn of electricity
- 2,600 national provincial industrial parks
- Parks contribute 85% of total industrial annual power consumption

Net Zero Smart Industrial Parks

Our Advantages

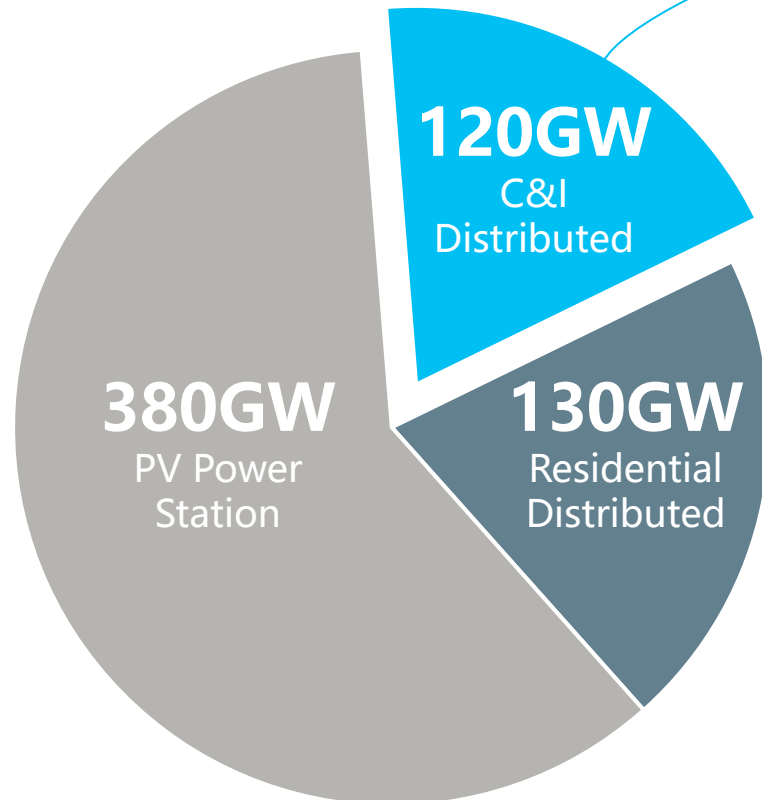
- Long-term trust with local governments
- Long-term service provider to industrial parks and customers
- Highest C&I customer base ratio in city-gas sector

Our Approach

- Targeting 200 industrial parks of the highest energy consumption
- Carbon management services for local governments and customers
- Largest rooftop PV installation capacity in industrial parks

Aiming to Become the Market Leader in Distributed PV by 2025

China's Expected PV Power Capacity by 2025

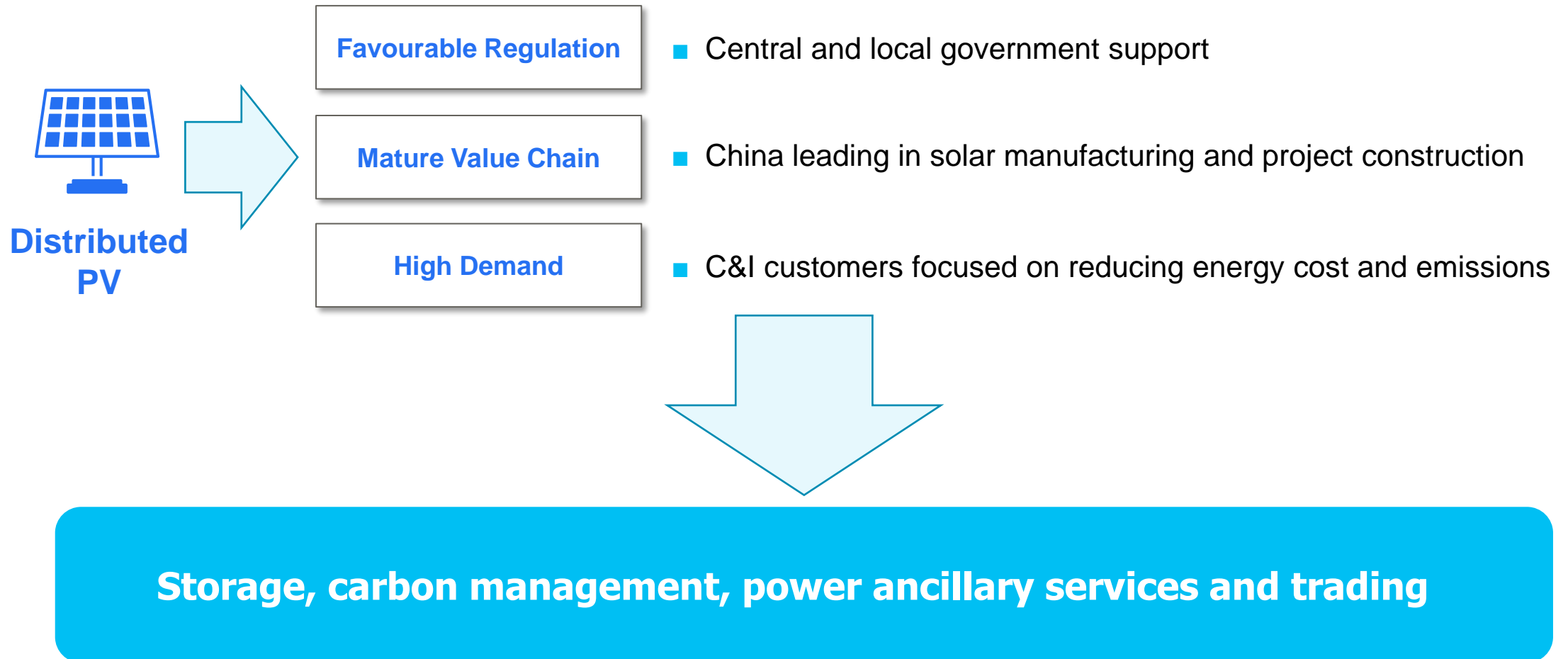


12% Market Share in C&I Distributed PV by 2025

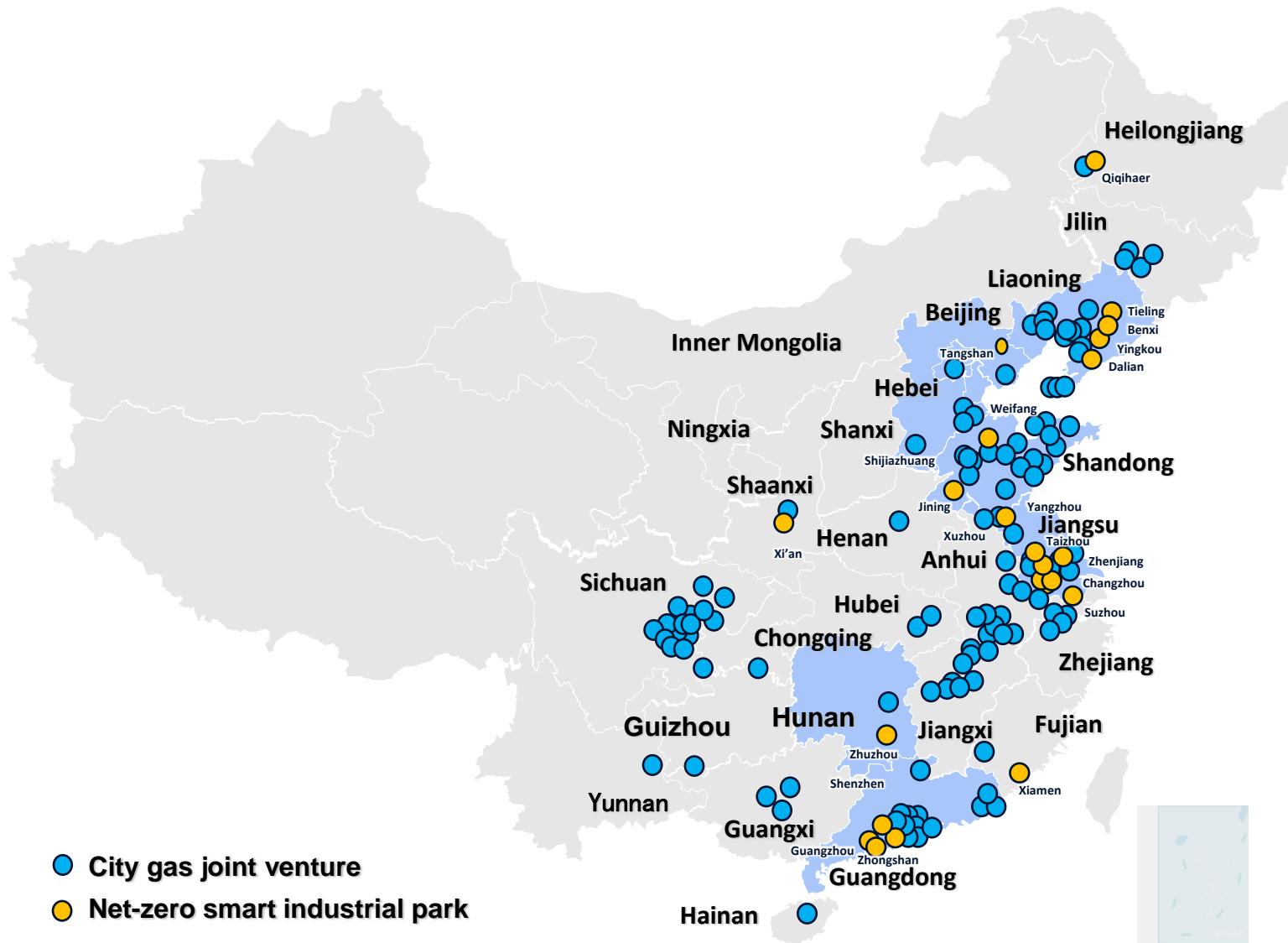
Focusing on industrial parks:

- Attractive margins from industrial rooftop PV
- Rapid expansion synergies with city-gas operations
- Lower customer acquisition and EPC costs
- Smart maintenance achieving higher power efficiency

Distributed PV Offers a Strong Entry Point for Net Zero Smart Industrial Parks



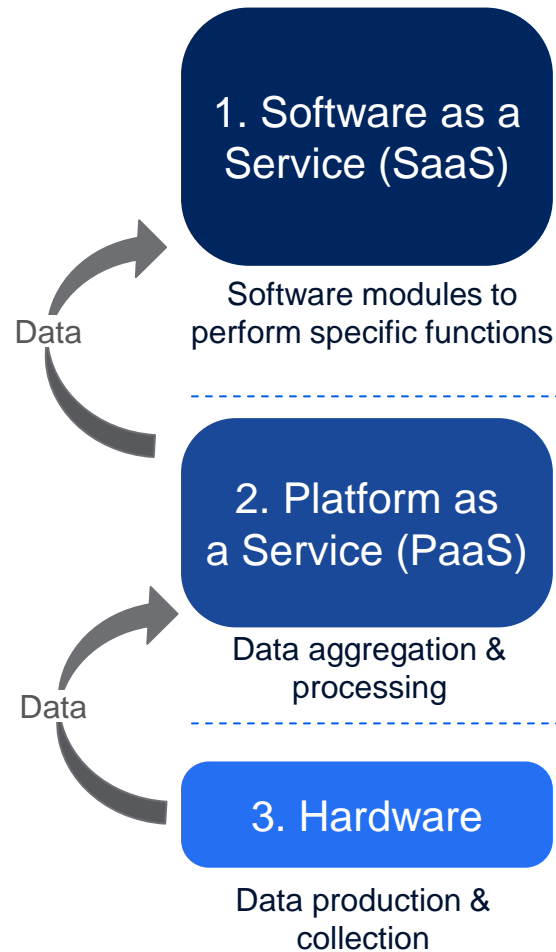
Uniquely Positioned to Capture Smart Energy Growth



- In 2018, formed joint R&D center with Tsinghua University on integrated energy management platform
- In 2020, started renewable business, producing 500 MW rooftop PV pilot projects
- In 2021, started “net-zero smart industrial park” business with total number of 27 parks secured
- Forming strategic partnerships with leaders in the industry
- 300 professional and experienced team members

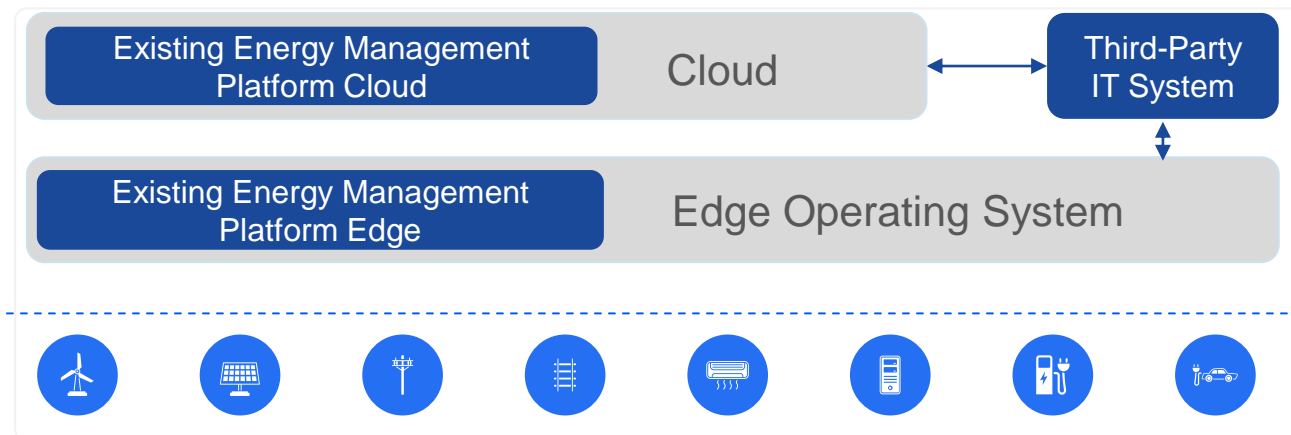
Digital Platform in Place, Further Upgrades to Help Customers Manage Energy and Carbon Emissions

Key layers of the system



Key components in the system

Various software functions to be offered based on customer needs



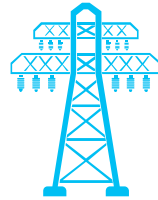
Partnerships: Our Strategic Competitive Advantage

POWER SUPPLY



Joint development
of smart energy projects

POWER DEMAND



国家电网
STATE GRID

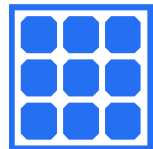
Integrating gas and
power grid solutions

TECHNOLOGY



Tencent
Cloud

Cloud computing services
powering our integrated
smart energy platform



Shared development and
technical research of solar PV



Cooperation in advanced
energy storage system



清华大学
Tsinghua University

Joint R&D center on new energy
technology applications

Our Experienced, Committed and Innovative Team



Dr. John Qiu Jian-hang
COO – Renewable Business
Founding member
of Towngas Energy



Liu Yanfang
GM Northern Region



Wu Gang
GM Eastern Region



Du Ye
GM Southern Region



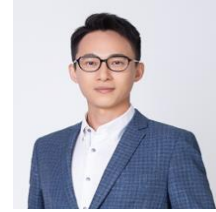
Zhang Jing
Vice President
Strategy



Wu Yukeng
Vice President
Technology



Dr. Zhang Jingbai
Vice President
Investment &
Carbon Management



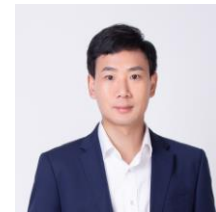
Dr. Hu Wuhua
Vice President
Platform



Zhao Jie
Assistant
Vice President
Engineering



Deng Tao
Vice President
Finance



Feng Zehao
Assistant
Vice President
Human Resources

300+
employees
across

Solar PV

Power Storage

Digitalisation

Carbon Management

Our Renewable Business Development Strategy

2021

2022

2025

Established Our Differentiated Model




30 2GW 7bn

Park Establishment & Client Development

PV Investment, Construction & Operation

Energy Storage System Integration

Key Technological Investment

Targeted Growth of the Smart Energy Business




60 4GW 14bn

Source-Grid-Load-Storage System Demonstration Parks

Smart Energy Ecology Platform

Carbon Asset Management

Becoming The Industry Leader







200 15GW 58bn

Market Scale of Industrial Parks

Targeting 5% of China's carbon management market

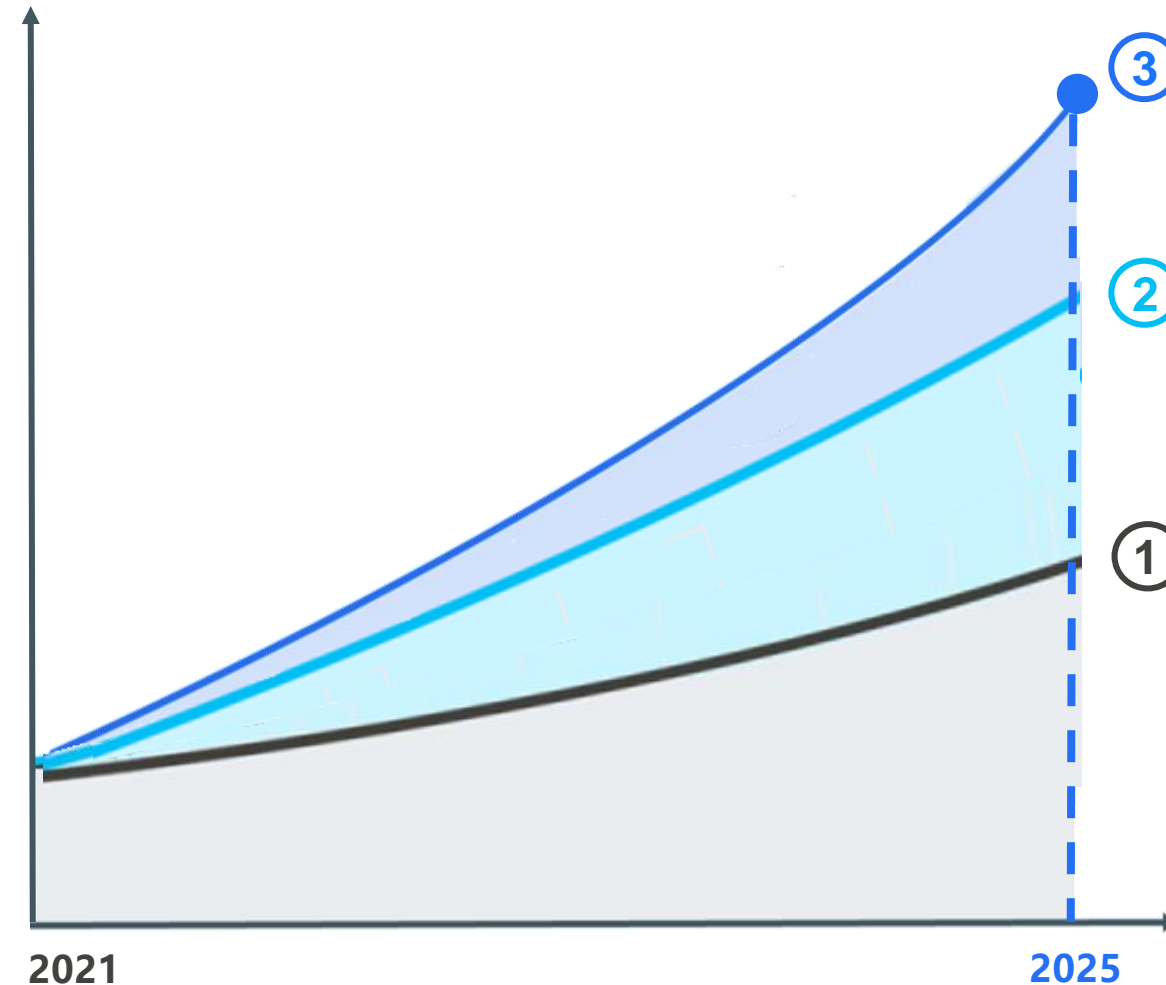
Power Ancillary Services & Trading

Carbon Asset Management & Trading

 # of Industrial Park
 Planned PV (GW)
 Planned investment (billion RMB)

Returns: Leveraging our Competitive Strengths and Focusing on Carbon Management

PAT



Revenue and profit from digitalisation & technology

- Upside from carbon management
- Upside from power ancillary services & trading

Revenue and profit from renewable business

- Leverage long-term industrial customer relationships
- Partner with customers to install rooftop PV

Towngas China's city-gas business performance

The city-gas business sets the strong foundation for our smart energy business growth

THANK YOU!

