



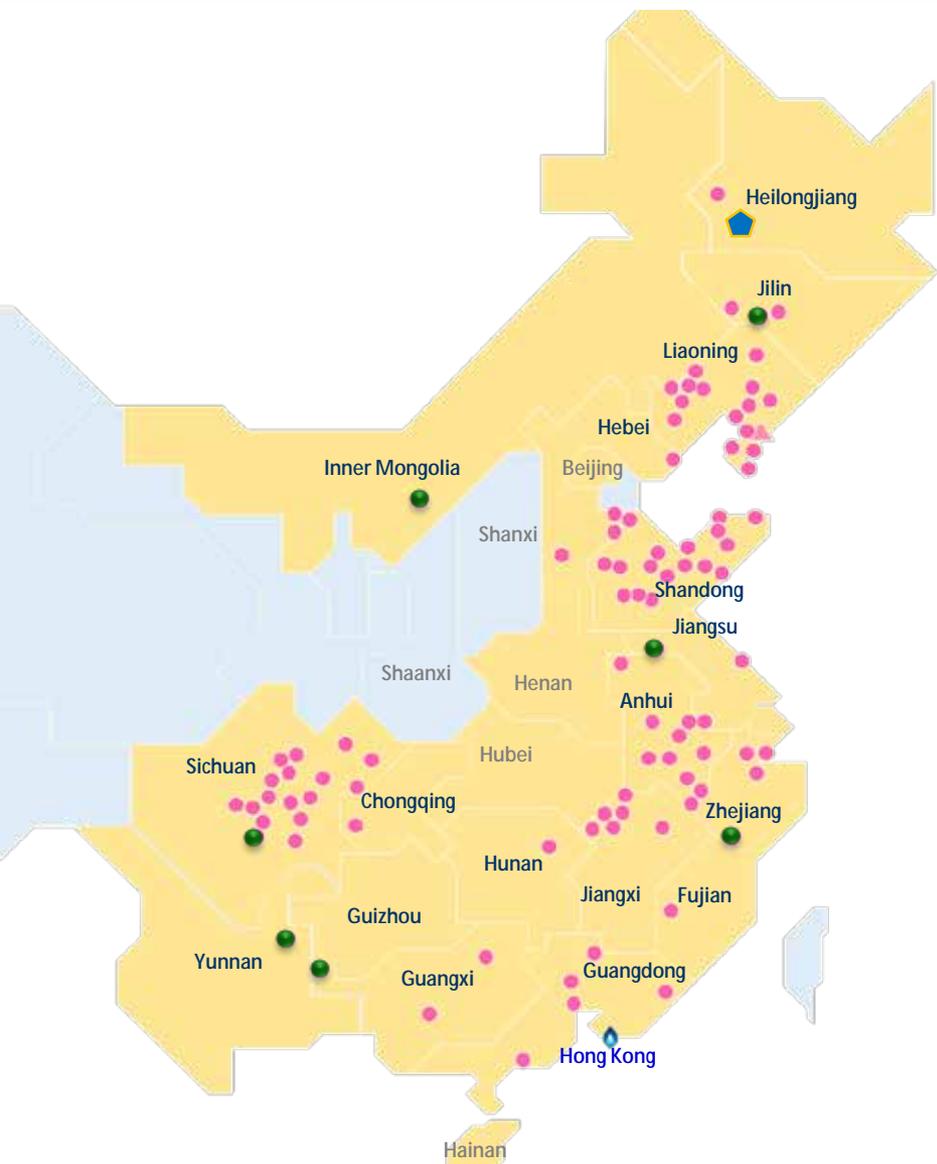
Towngas China (1083.hk)

2014 Interim Results Presentation

Disclaimer

This presentation and subsequent discussion may contain certain forward-looking statements. These forward-looking statements reflect the company's view on some future events and involve known and unknown risks and uncertainties and other factors which may cause actual performance and development differ materially. Past performance cannot be relied on as a guide for future performance.

Territorial Coverage As of Jul 31, 2014



8 projects added, total **95** projects
 in **18** provincial regions

Profile

- City-gas ●
- Midstream ▲
- 7 New City-gas ●
- 1 New Refilling station ⬠

2014 New Projects

7 City-gas & 1 Refilling Station projects

- 1 Leshan, Sichuan 四川乐山
- 2 Songyang, Lishui, Zhejiang 浙江松阳丽水
- 3 Siping, Jilin 吉林四平
- 4 Xingyi, Guizhou 贵州兴义
- 5 Guyang, Baotou, Inner Mongolia 内蒙古包头固阳
- 6 Tongshan, Jiangsu 江苏铜山
- 7 Luliang, Yunnan 云南陆良
- 8 Qiqihar, Heilongjiang (Refilling Station) 黑龙江齐齐哈尔

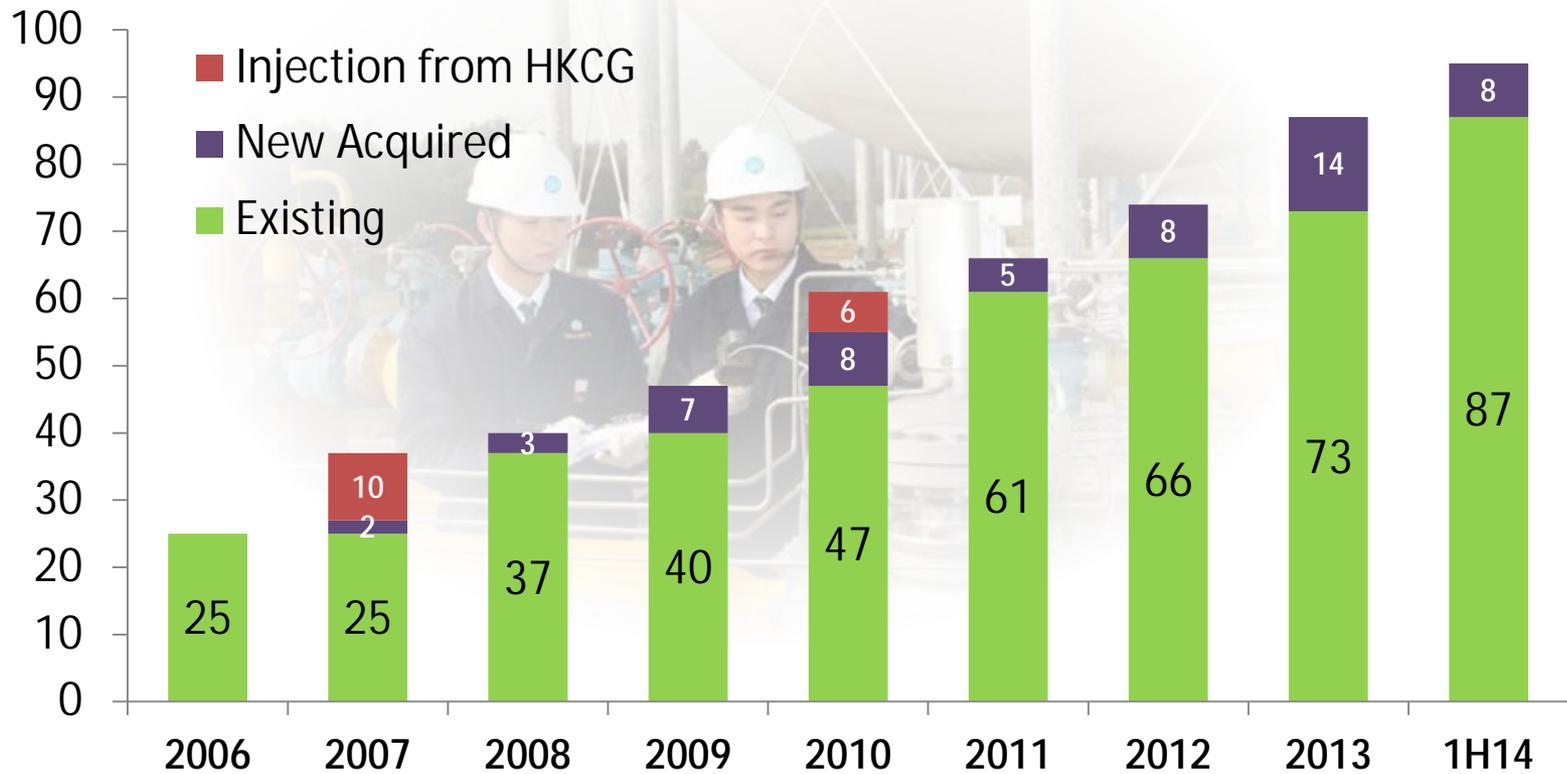
Gas consumption in 5 years: 680Mn m³

Total Investment: Rmb1.4Bn



Number of City-gas Projects

2006	2007	2008	2009	2010	2011	2012	2013	1H14
25	37	40	47	61	66	74	87	95





Financial and Operational Performance

First Half Highlights

Operating Profit After Tax **HK\$612Mn** **~33%**



Gas Sales
Volume

~13%

3.3Bn m³

Project Number

+8*

Total 95

Customer
Number

+418,300*

8.9Mn

* Compared with 2013 Year End

Results Highlights (Financial)

(HK\$Mn)	1H13	1H14	Change
Turnover			
Gas Sales	2,394	3,030	+27%
Connection Fees	568	644	+13%
	<u>2,962</u>	<u>3,674</u>	+24%
Operating Profit After Tax	459	612	+33%
Exchange Gain/(Loss)	74	(144)	
Profit attributable to shareholders	533	468	-12%
Basic EPS (HK cents per share)	20.51	17.90	-13%

Key Balance Sheet Items

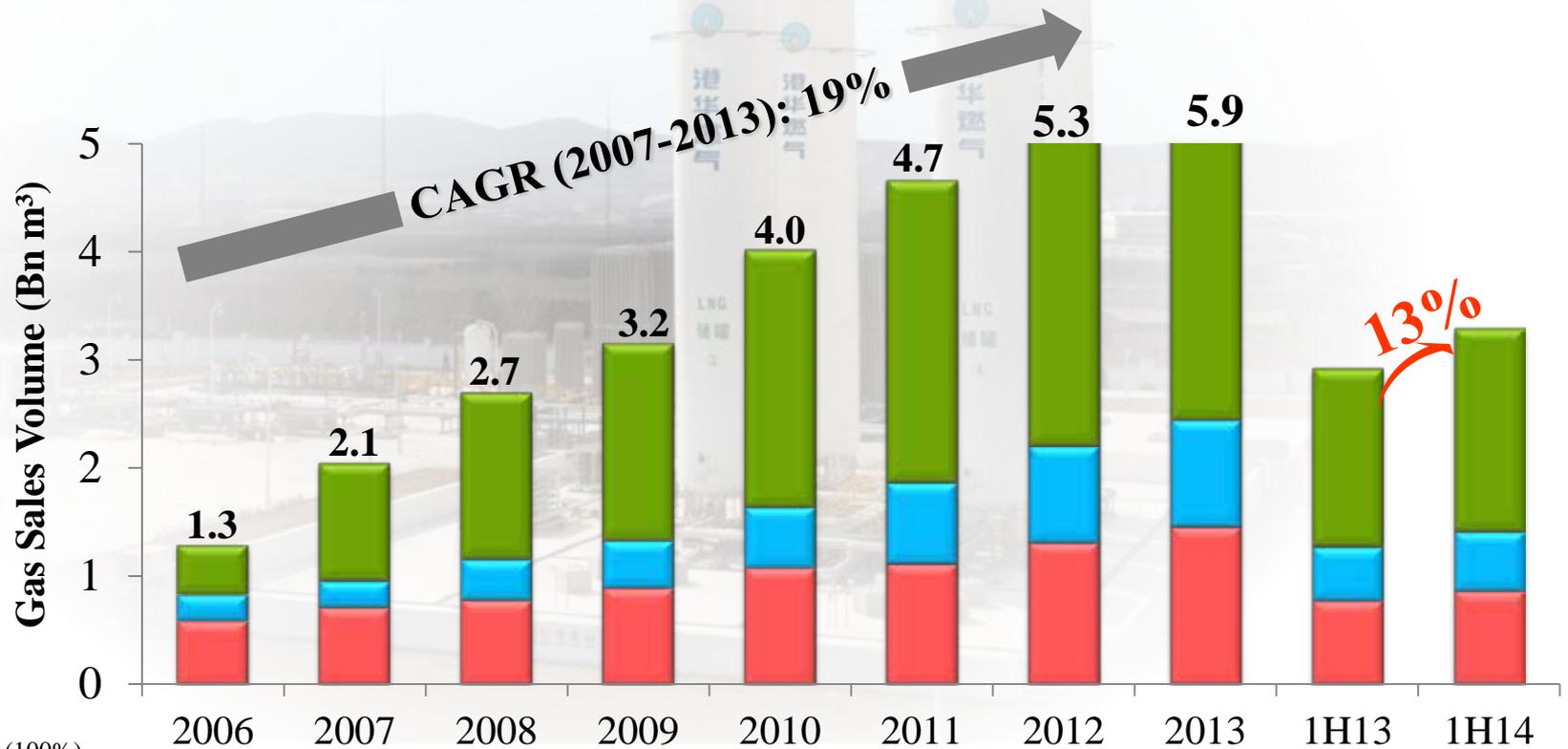
(HK\$Mn)	Y.E.2013	1H2014	Change
Total Assets	25,629	26,727	+4.3%
Total Liabilities	12,150	13,135	+8.1%
Total Equity	13,478	13,592	+0.8%
Gearing Ratio*	20.9%	24.2%	

Note:

* Definition of Gearing Ratio: Net Debt excluding HKCG loans (“ND”) to equity attributable to shareholders plus ND

Growing Gas Sales Volume

(Bn m ³)	1H13	1H14	Change
Industrial	1.65	1.88	+13%
Commercial	0.50	0.55	+10%
Residential	0.78	0.87	+12%
Total	2.93	3.30	+13%



*All JVs (100%)

Gas Sales Volume of JVs

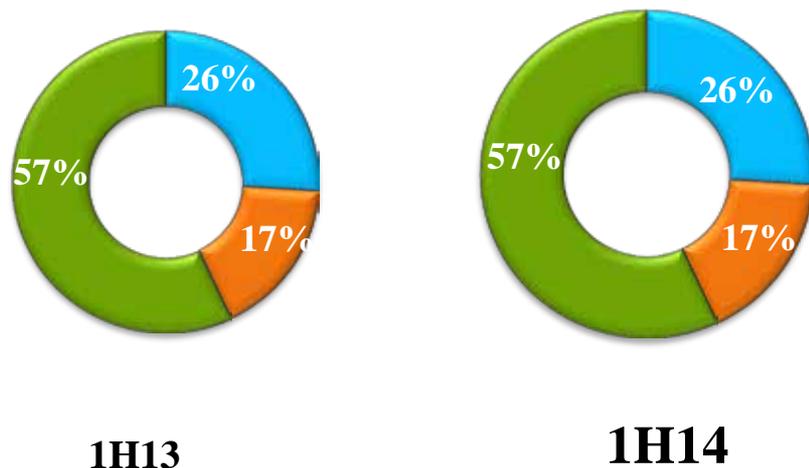
Volume (Mn m ³)	1H13	1H14	Change
Subsidiaries	766	867	+13%
JCEs & Associates	1,545	1,747	+13%
Chengdu JV	616	682	+11%
Total	2,928	3,296	+13%
Excluding Chengdu	2,311	2,614	+13%

Note: Chengdu JV with 13% shareholding is classified as financial investment

Operational Highlights

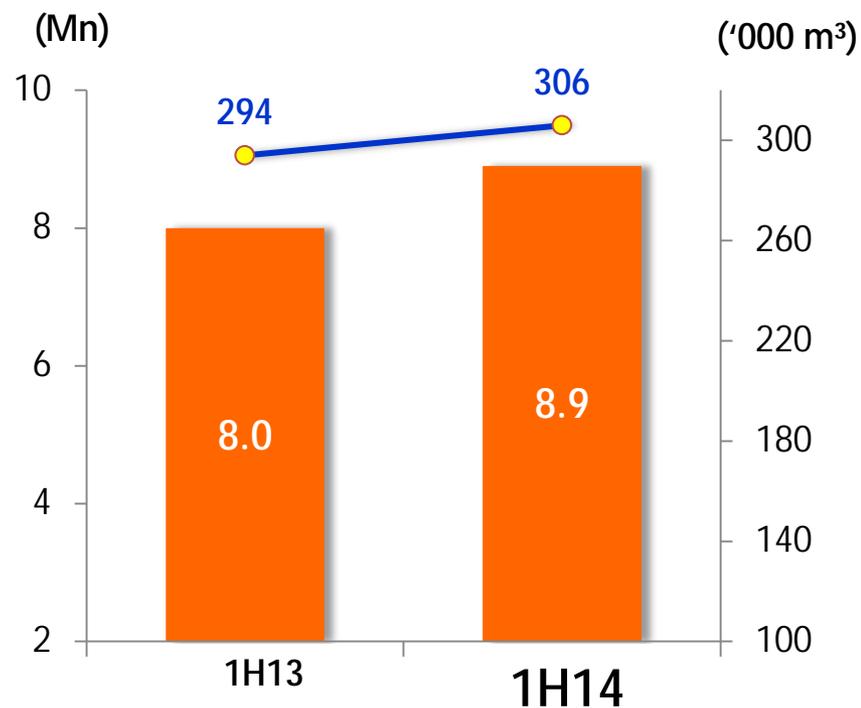
Gas Sales Volume Mix (%)

■ Residential
 ■ Commercial
 ■ Industrial



Productivity

■ Customers No. (LHS)
—●— Gas Volume/Employee (RHS)



* All JVs (100%)

2nd NG Gate-Price Adjustments

- Effective 1 September 2014
- Affect Non-residential customers
- Maximum Rmb0.4/m³ on Existing Gas Volume
- 52 JVs Affected out of 93
- Around 16% gas volume affected in 2014



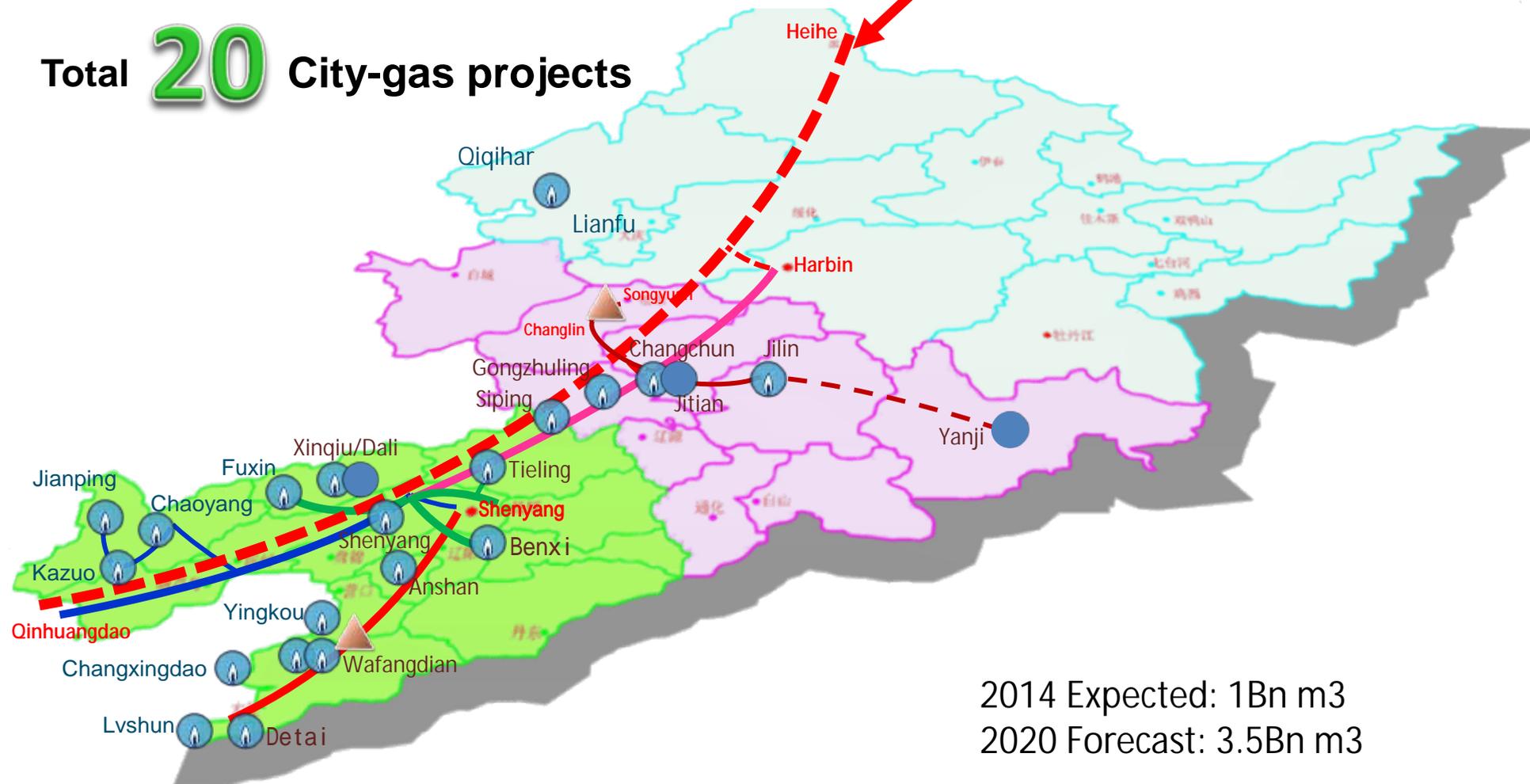
Sino-Russian Gas Supply

NE China Welcoming the Russian Gas

Russian Gas

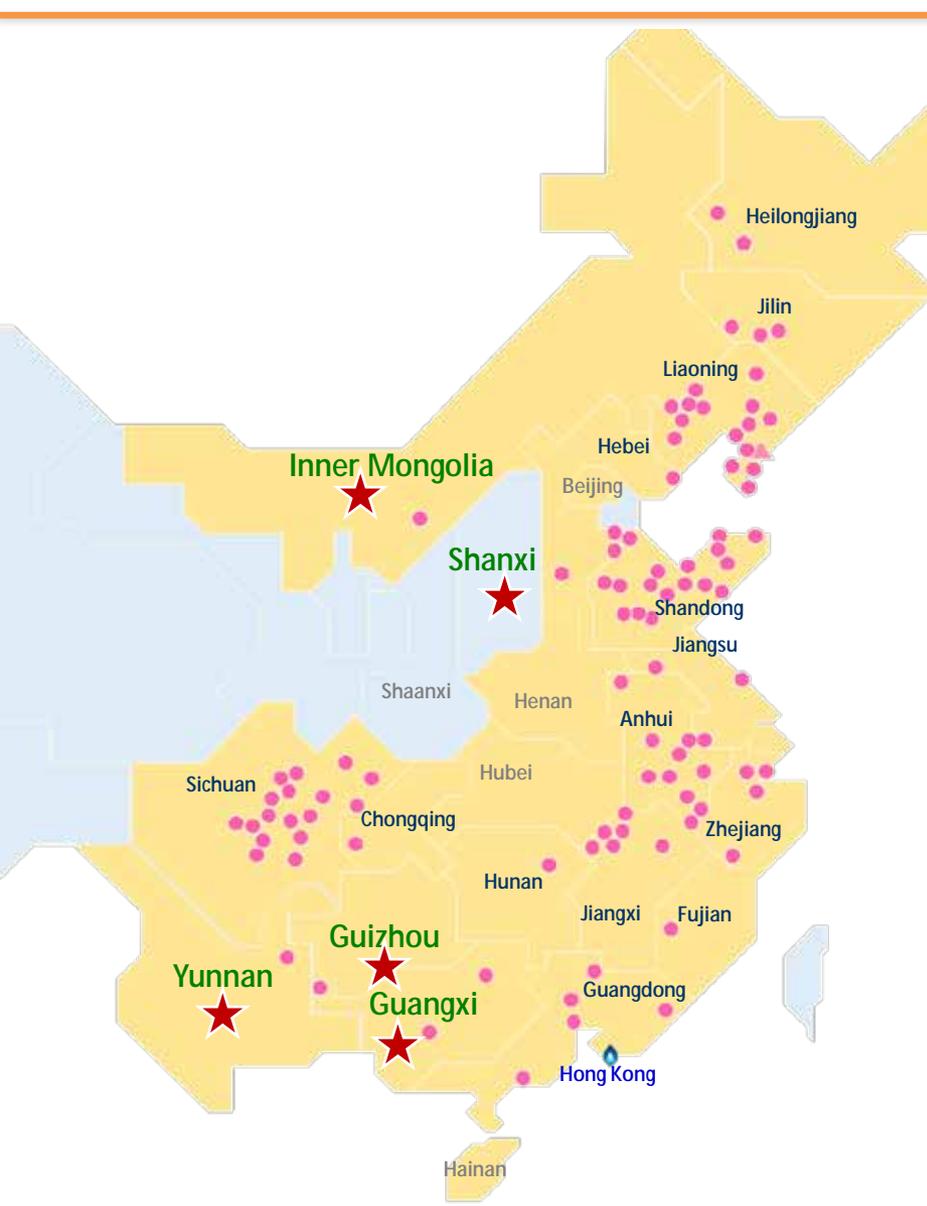
- Expected arrival in 2018
- Ramping up to 38bn m³ per year

Total **20** City-gas projects



2014 Expected: 1Bn m³
2020 Forecast: 3.5Bn m³

Our Business: Expanding Coverage



- Target: **10** new projects / year
- Penetration into neighboring cities
- Focusing in new territories:

- Inner Mongolia
- Shanxi
- Guizhou
- Guangxi
- Yunnan