The Hong Kong and China Gas Co., Ltd. (3 HK)
Incorporating
Towngas China Co., Ltd. (1083 HK)

2015 Interim Results Presentation
13 August 2015
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.
1H 2015

Full of Challenges
Agenda

- Corporate & Results Overview
- New Energy
- Utilities
- Group Financials Review
- Conclusions & Outlook
Corporate
Results
Overview

Expanding New Horizon
Three Business Drivers

HK Core (HC)
- City-gas
- Bandwidth + Data Centre

Mainland Utilities (MU)
- City-gas (0003.hk + 1083.hk)
- Mid Stream
- Gas Storage
- Clean Transportation Fuels
- Water Supply/Sewage

New Energy (NE)
- Energy Infrastructure
- Renewables/Recycling
- Unconventional Fuels
- Transportation Fuels
Utilities Business – 1H 2015

Hong Kong (HC)

- Warmer weather
- Weaker retail sales
- Lower hotel occupancy rate
- Slower new housing intakes
Utilities Business – 1H 2015

Hong Kong (HC) – Con’t

- Reduced FCVC
- Tariff increase on 1 August (+4.4%)
- Town gas remains competitive
- Side businesses doing well (appliances & kitchen cabinets)
- Penetrated into gas cooling
- Expand LFG utilization (SENT)
- Cost improvements
Utilities Business – 1H 2015

Mainland (MU)

- Collapsed commodity prices
- Sluggish economy
- Weak energy demand
- Weak export businesses
- Stagnant industrial activities
- Cooled-off property market
- Austerity policy
- Ripple-effect of the 2014 gas price hike
- Cheap LNG imports
Mainland (MU) – Con’t

- Gas price reductions in 2015
- Smog issue persists
- Cost of capital lowered
- Construction costs have come down
- Property transaction freeze lifted
- Surplus of international LNG supply
- Natural gas supply reform
New Energy Business – 1H 2015

New Energy (NE)

- Depressed oil prices made the major impact
- Aviation fuel facility continues to provide steady income: HK$143Mn (+5%)
- Thailand Oil E/P output doubles to 1Mn barrels
- R&D achievement
  - Methanol to gasoline
  - Agricultural waste to methane (NG equivalent)
  - More are under final stage of testing
New Energy Business – 1H 2015

New Energy (NE) – Con’t

- Several new projects in progress
  - Coke-oven-gas to methane
- Methanol to gasoline plant in IM commissioned
- Continues to expand the NG refilling business
- Divestment on coal mine assets achieved
## 0003.HK Hong Kong & China Gas Co., Ltd.

<table>
<thead>
<tr>
<th>(HK$ Bn)</th>
<th>1H15</th>
<th>1H14</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Excluding FCVC in HK)</td>
<td>14.52</td>
<td>14.83</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Operating Profit After Tax</td>
<td>3.69</td>
<td>3.51</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Net Financial Income</td>
<td>0.33</td>
<td>-0.04</td>
<td>N.A.</td>
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<tr>
<td>Property Revaluation Gain</td>
<td>0.18</td>
<td>0.26</td>
<td>N.A.</td>
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<tr>
<td>Profit Attributable to Shareholders</td>
<td>4.20</td>
<td>3.73</td>
<td>+12.6%</td>
</tr>
<tr>
<td>Earnings Per Share (HK cents)</td>
<td>36.3</td>
<td>32.2</td>
<td>+12.7%</td>
</tr>
<tr>
<td>Interim Dividend Per Share (HK cents)</td>
<td>12.0</td>
<td>12.0</td>
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</tbody>
</table>
## Operating Profit After Tax By Businesses

<table>
<thead>
<tr>
<th>(HK$ Bn)</th>
<th>1H15</th>
<th>1H14</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hong Kong (HC)</strong></td>
<td>1.50</td>
<td>1.57</td>
<td>-4.2%</td>
</tr>
<tr>
<td><strong>Mainland Utilities (MU)</strong></td>
<td>1.98</td>
<td>1.72</td>
<td>+15.0%</td>
</tr>
<tr>
<td><strong>New Energy (NE)</strong></td>
<td>0.21</td>
<td>0.22</td>
<td>-5.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.69</td>
<td>3.51</td>
<td>+5.1%</td>
</tr>
<tr>
<td>(HK$ Bn)</td>
<td>1H15</td>
<td>1H14</td>
<td>Change</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------</td>
<td>------</td>
<td>--------</td>
</tr>
<tr>
<td>Revenue</td>
<td>3.93</td>
<td>3.67</td>
<td>+7%</td>
</tr>
<tr>
<td>Operating Profit After Tax</td>
<td>0.64</td>
<td>0.47</td>
<td>+37%</td>
</tr>
<tr>
<td>Profit Attributable to Shareholders</td>
<td>0.64</td>
<td>0.47</td>
<td>+37%</td>
</tr>
<tr>
<td>Earnings Per Share (HK cents)</td>
<td>24.24</td>
<td>17.90</td>
<td>+35%</td>
</tr>
</tbody>
</table>
Business Profile

10 projects added, total 214 projects

Utilities

City-gas
- 128
  - HKCG: 33
  - TCCL: 95
Midstream
- 8
Water & Sewage
- 6
Refilling stations
- 2

New Energy

Gas-based
- 5
Coal-based
- 5
Oil E&P
- 2
Refilling stations
- 33
Others
- 3

Telecommunications
- 12

Others
- 10

as of Jul 2015
Utilities:
Hong Kong & Mainland China
Hong Kong Business Performance

► Unregulated stable business
► Fuel cost pass-through, price competitive
► Residential gas sales dropped by 3.2% due to higher temperature (+1°C)
► Gas sales volume: -1.7%
► Raise basic tariff by 1 HK cent per MJ from 1 August 2015
## Hong Kong Business Performance

### Profit After Tax

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town Gas Sales</td>
<td>15,765TJ Ú1.7%</td>
</tr>
<tr>
<td>Total Customers</td>
<td>1.83Mn Ò17,686</td>
</tr>
<tr>
<td>Household Penetration</td>
<td>74%</td>
</tr>
<tr>
<td>Coverage</td>
<td>86%</td>
</tr>
</tbody>
</table>

Vs June 2014

Profit After Tax: HK$1.5Bn Ú4.2%
## Mainland Utilities Performance
*(Towngas China inclusive)*

### Operating Profit After Tax

<table>
<thead>
<tr>
<th></th>
<th>HKCG Group</th>
<th>TCCL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City-gas</td>
<td>Ò3.5% 7.94Bn m³</td>
<td>Ò3% 3.39Bn m³</td>
</tr>
<tr>
<td>City-water</td>
<td>Ò3% 201Mn ton</td>
<td></td>
</tr>
<tr>
<td>Midstream-gas</td>
<td>Ù5% 1.6Bn m³</td>
<td></td>
</tr>
<tr>
<td><strong>Total Projects:</strong></td>
<td>128 (+1)</td>
<td>95 (+1)</td>
</tr>
<tr>
<td><strong>Total Customers:</strong></td>
<td>Ò0.93Mn 19.9Mn</td>
<td>Ò0.38Mn 9.6Mn</td>
</tr>
<tr>
<td><strong>New Connections:</strong></td>
<td>Ò13% 933,000</td>
<td>Ò12% 406,742</td>
</tr>
<tr>
<td><strong>Refilling Station Volume:</strong></td>
<td>Ò15% 151Mn m³</td>
<td>Ò29% 101Mn m³</td>
</tr>
<tr>
<td><strong>Operating Profit After Tax:</strong></td>
<td>HK$2.0Bn Ò15%</td>
<td>HK$0.4Bn Ò37%</td>
</tr>
<tr>
<td>HKCG Group</td>
<td>TCCL</td>
<td></td>
</tr>
<tr>
<td>HKCG Group HKCG Group</td>
<td>TCCL TCCL</td>
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<td>HKCG Group HKCG Group</td>
<td>TCCL TCCL</td>
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<tr>
<td>HKCG Group HKCG Group</td>
<td>TCCL TCCL</td>
<td></td>
</tr>
</tbody>
</table>

- **City-gas**
  - Volume: Ò3.5% 7.94Bn m³
  - Total Projects: 128 (+1)
  - Total Customers: Ò0.93Mn 19.9Mn
  - New Connections: Ò13% 933,000
  - Refiling Station Volume: Ò15% 151Mn m³
- **City-water**
  - Volume: Ò3% 3.39Bn m³
  - Total Projects: 95 (+1)
  - Total Customers: Ò0.38Mn 9.6Mn
  - New Connections: Ò12% 406,742
  - Refilling Station Volume: Ò29% 101Mn m³
- **Midstream-gas**
  - Volume: Ù5% 1.6Bn m³
  - Total Projects: 6
  - Total Customers: Ò44,256 1.1Mn
  - New Connections: 8 (+2)
  - Refilling Station Volume:
Territorial Coverage

Up to 31 July 2015
3 projects added, total 149 projects in 23 provincial regions

Utilities

- City-gas: 128 projects (HKCG: 33 + TCCL: 95)
- Midstream: 8 projects
- Water & Sewage: 6 projects
- Refilling stations: 2 projects
- Others: 5 projects

New Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Stack</th>
<th>Investment</th>
<th>Volume in 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wulian</td>
<td>70%</td>
<td>Rmb202Mn</td>
<td>103Mn m³</td>
</tr>
<tr>
<td>Huangshan Xuncheng</td>
<td>49%</td>
<td>Rmb170Mn</td>
<td>307Mn m³</td>
</tr>
<tr>
<td>Taian Taigang</td>
<td>49%</td>
<td>Rmb96Mn</td>
<td>504Mn m³</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rmb468Mn</td>
<td>914Mn m³</td>
</tr>
</tbody>
</table>
City-gas Business
Growing Gas Sales Volume

Gas Sales Volume (Bn m³)

CAGR (2001-2014): 67%

1H15 vs 1H14 +3.5%

0.02 0.08 0.3 0.8 1.4 2.1 4.6 5.8 6.9 8.5 10.3 11.9 13.4 15.2 7.7 7.9
City-gas Business
Operational Highlights

Turnover Mix (All JVs 100%)

MU

(PHK$ Bn)

1H14
1H15

Piped-gas
Connection Fees
Others

11%
3%
11%
3%

Industrial
Commercial
Residential

Sales Volume Mix (%)

(Bn m³)

1H14
1H15

53%
22%
23%

49%
25%
28%

(TCCL)

(PHK$ Bn)

1H14
1H15

84%
85%

12%
12%

4%
3%

57%
55%

17%
17%

26%
28%
Mainland Utilities Segment Results

**Total Turnover**: 4.8%  
**HK$ 38.9Bn**

**1H15**

**Shared Profit**: 15%  
**HK$ 2.0Bn**

**Turnover Mix**
- City-gas: 87%
- Water: 10%
- Midstream: 3%

**Profit Mix**
- City-gas: 88%
- Water: 4%
- Midstream: 8%

* Turnover: All JVs (100%)
Water Business

- 6 projects
  - all projects in cities with city-gas business
- Fresh water supply & waste water treatment
- 201Mn tons (0.3%) of water sales in 1H15
- A strategic business
- Synergy with city-gas business
- Policy support from government for clean water resources
3rd NG Gate-Price Adjustment and Unification

- Effective 1 April 2015
- Affect non-residential customers
- Unified ‘Additional’ and ‘Existing’ gas volume prices
  - Additional gas volume: -Rmb0.44/m³
  - Existing gas volume: +Rmb0.04/m³
- Expecting Group’s average incoming price decrease Rmb0.1/m³
- More conducive to conversion to natural gas
- Reference to oil product prices in 2H2014
High Speed Development of Supply Infrastructure
An Immense National Grid

<table>
<thead>
<tr>
<th>NG Source</th>
<th>Commissioning Year</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>West to East 1</td>
<td>2004</td>
<td>18Bn m³</td>
</tr>
<tr>
<td>West to East 2</td>
<td>2011</td>
<td>30Bn m³</td>
</tr>
<tr>
<td>Central Asia</td>
<td>2010</td>
<td>55Bn m³</td>
</tr>
<tr>
<td>Sichuan to East</td>
<td>2010</td>
<td>12Bn m³</td>
</tr>
<tr>
<td>Myanmar to China</td>
<td>2013</td>
<td>12Bn m³</td>
</tr>
<tr>
<td>Russia to China (East)</td>
<td>2018 (expected)</td>
<td>38Bn m³</td>
</tr>
<tr>
<td>HKCG Shanxi LCBM</td>
<td>2009</td>
<td>-</td>
</tr>
<tr>
<td>West to East 3</td>
<td>2016 (whole)</td>
<td>30Bn m³</td>
</tr>
</tbody>
</table>

Existing LNG Terminal
58M tonnes
Outlook: Utilities

- Gas sales volume with mid growth in the medium term
- Development focus
  - Water heating and space heating potential, in particular in Northern China
  - Boilers & kilns in industrial application
  - Restaurants
  - Gas refilling stations
- Price reforms help NG remain competitive
- Environmental pressure helps NG replace dirty fuels
- Increasing urbanization strengthen steady connection fees and customer gains
- Capitalize 20 million plus households customers with business opportunities
Corporate Financial Overview

Sustainable Growth
## CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30TH JUNE

<table>
<thead>
<tr>
<th>(HK$ Mn)</th>
<th>2015</th>
<th>2014</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>15,083.1</td>
<td>15,808.0</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(11,283.4)</td>
<td>(11,851.9)</td>
<td>-4.8%</td>
</tr>
<tr>
<td></td>
<td>3,799.7</td>
<td>3,956.1</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Other gains/(losses), net</td>
<td>598.3</td>
<td>(30.5)</td>
<td>n/a</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(490.6)</td>
<td>(497.6)</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>831.4</td>
<td>948.1</td>
<td>-12.3%</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>938.7</td>
<td>783.3</td>
<td>19.8%</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>5,677.5</td>
<td>5,159.4</td>
<td>10.0%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(952.9)</td>
<td>(963.2)</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,724.6</td>
<td>4,196.2</td>
<td>12.6%</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Company</td>
<td>4,197.1</td>
<td>3,726.6</td>
<td>12.6%</td>
</tr>
<tr>
<td>Holders of perpetual capital securities</td>
<td>55.2</td>
<td>47.3</td>
<td>16.7%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>472.3</td>
<td>422.3</td>
<td>11.8%</td>
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<tr>
<td></td>
<td>4,724.6</td>
<td>4,196.2</td>
<td>12.6%</td>
</tr>
<tr>
<td>Dividends</td>
<td>1,387.6</td>
<td>1,261.9</td>
<td>10.0%</td>
</tr>
<tr>
<td>Earnings per share – basic and diluted, HK cents</td>
<td>[36.3]</td>
<td>32.2 *</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

*Adjusted for the bonus issue in 2015
## Consolidated Income Statement (Unaudited)

**For the six months ended 30th June**

<table>
<thead>
<tr>
<th></th>
<th>2015 (HK$ '000)</th>
<th>2014 (HK$ '000)</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>(11,283.4)</td>
<td>(11,851.9)</td>
<td>7.0%</td>
</tr>
<tr>
<td>Operating profit before returns on investments</td>
<td>521,518</td>
<td>495,996</td>
<td>5.1%</td>
</tr>
<tr>
<td>Other gains (losses), net</td>
<td>106,195</td>
<td>(42,407)</td>
<td>n/a</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>174,994</td>
<td>183,477</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>152,591</td>
<td>138,361</td>
<td>10.3%</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(82,903)</td>
<td>(82,289)</td>
<td>0.7%</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>872,395</td>
<td>693,138</td>
<td>25.9%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(178,957)</td>
<td>(171,485)</td>
<td>4.4%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>693,438</td>
<td>521,653</td>
<td>32.9%</td>
</tr>
<tr>
<td>Profit for the period attributable to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Company</td>
<td>639,166</td>
<td>467,968</td>
<td>36.6%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>54,272</td>
<td>53,685</td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td>693,438</td>
<td>521,653</td>
<td>32.9%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Basic, HK cents</td>
<td>24.24</td>
<td>17.90</td>
<td>35.4%</td>
</tr>
<tr>
<td>– Diluted, HK cents</td>
<td>24.21</td>
<td>17.85</td>
<td>35.6%</td>
</tr>
</tbody>
</table>
## EBITDA Return on Revenue

<table>
<thead>
<tr>
<th></th>
<th>Hong Kong Core</th>
<th>Mainland Utilities</th>
<th>New Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H15 EBITDA</td>
<td>2.4 (HK$Bn)</td>
<td>2.2 (HK$Bn)</td>
<td>0.4 (HK$Bn)</td>
</tr>
<tr>
<td>1H14 EBITDA</td>
<td>2.4 (HK$Bn)</td>
<td>2.2 (HK$Bn)</td>
<td>0.5 (HK$Bn)</td>
</tr>
<tr>
<td>Revenue (%)</td>
<td>49.1%</td>
<td>25.1%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Revenue (HK$Bn)</td>
<td>4.8</td>
<td>8.9</td>
<td>1.1</td>
</tr>
<tr>
<td>EBITDA Revenue</td>
<td>46.7%</td>
<td>24.1%</td>
<td>34.5%</td>
</tr>
<tr>
<td>EBITDA Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note 5</td>
<td>Other Gains / (Losses) Net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note 11</td>
<td>Major Non-cash Transaction / Disposal of Subsidiaries</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CNY 5 Years Trend

PBOC weakened the fixing rate by 1.9 %, 1.6 % and 1.1 % on 11 Aug, 12 Aug and 13 Aug

CNYUSD: 6.4083 as at 13 Aug a.m.
RMB: Deposit Rate & Exchange Rates

RMB Deposit Rates in Hong Kong

- 2011: 1.3%
- 2012: 3.2%
- 2013: 3.0%
- 2014: 3.4%
- 2015YTD: 4.1%

HKD/RMB Exchange Rates Movement

- Appreciation
  - 2011: 3.7%
  - 2012: 1.7%
  - 2013: 2.8%
  - 2014: -2.6%
  - 2015YTD: -3.5%

- Depreciation
Towngas China:
Borrowing Rates & Exchange Rates

HKD Borrowing Rates
- 2011: 2.7%
- 2012: 1.5%
- 2013: 1.4%
- 2014: 1.5%
- 2015YTD: 1.3%

RMB Benchmark Lending Rates (3 year)
- 2011: 6.7%
- 2012: 6.6%
- 2013: 6.4%
- 2014: 6.4%
- 2015YTD: 5.7%

HKD/RMB Exchange Rates Movement
- 2011: 3.7%
- 2012: 1.7%
- 2013: 2.8%
- 2014: -2.6%
- 2015YTD: -3.5%

Appreciation: Increase in HKD value relative to RMB
Depreciation: Decrease in HKD value relative to RMB
**Group Financial Position Remains Strong**

As at 30 June 2015,

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash On Hand</td>
<td>HK$14.2Bn</td>
<td>(+$1.0Bn)</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>109%</td>
<td></td>
</tr>
<tr>
<td>Net Asset Value</td>
<td>HK$63.6 Bn</td>
<td>(+$1.4Bn)</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>7.9%</td>
<td>(for half-year)</td>
</tr>
</tbody>
</table>
Leverage

Interest Coverage

- **HKCG(0003.HK)**: 11.3x
- **TCCL(1083.HK)**: 13.7x

Gearing

- **HKCG(0003.HK)**: 25.0%
- **TCCL(1083.HK)**: 27.5%

Consolidated Debt:

- **HK33.0Bn**
  - **Long Term**: 27%
  - **Medium Term**: 39%
  - **Short Term**: 18%
  - **PRC**: 16%

Avg. Maturity: **5.2 years**

Avg. Interest: **3.6% p.a.**
Strong Dividend from Offshore Projects

(HK$ Bn)


0.0 0.1 0.2 0.3 1.0 1.1 1.2 1.6 2.0 2.2 2.4
Rolling 3-Year Cashflow Projection
Healthy Cashflow

Inflow

Group Operation 13
PRC Dividends Distribution 7

20

Outflow

Dividend 12
Cash on Hand 14

8

Fund Available for Investment 22
Outlook

Expanding New Horizon
Looking Forward

2015 will be a challenging year, characterized by Mainland China’s

- Sluggish economy
- Weak export
- Depressed oil price
- Feeble industrial activities
- Stagnant domestic spending
Mid-Long term is promising

- China’s commitment to carbon emission reduction target 2020 and capping in 2030 is real
- NG shall remain the key player in energy growth
- Abundant NG supply
- Strengthening transportation/storage infrastructure
- Lower NG supply prices effective 2Q15 shall encourage consumption
- Further cuts in NG supply prices now in planning
- Urbanization & urban renewal policies shall continue
Looking Forward (con’t)

- Mid-Long term is promising
  - NG reforms should benefit downstream players
    - Integrated pipelines infrastructure
    - 3rd party access
    - NG trading platform
  - NG refilling (automobile/marine) business shall have a prosperous growth
  - China’s plan is to double NG consumption to 360Bcm by **2020**
Looking Forward (con’t)

Mid-Long term is promising

- Thailand Oil field is producing 6,000 barrels/day (4x original output)
- Major coal asset (XiaoYuGuo, IM) has been successfully divested
- Expanding investment in NG refilling stations
  - Operating + under construction > 140 stations
- R&D in number of world class technologies
  - Methanol to gasoline
  - Coke-oven-gas to NG
  - Biomass to NG
  - Biomass to chemicals
  - Etc.
- Technologies developed have a cash-flow break-even at around USD40/barrel Brent
# Brent Crude Oil Price Prediction

<table>
<thead>
<tr>
<th>(USD/bbl)</th>
<th>Energy Information Administration (EIA)</th>
<th>International Monetary Fund (IMF)</th>
<th>Economist Intelligence Unit (EIU)</th>
<th>Organization for Economic Co-operation and Development (OECD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>60.2</td>
<td>56.2</td>
<td>54.4</td>
<td>62.0</td>
</tr>
<tr>
<td>2016</td>
<td>67.0</td>
<td>59.6</td>
<td>71.4</td>
<td>65.0</td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>63.3</td>
<td>86.1</td>
<td>-</td>
</tr>
</tbody>
</table>
Looking Forward (con’t)

v In short:

- Our plans, actions and investments are overall in line with China’s environmental objectives:
  - PM2.5 (Smog)
  - CO₂ (Carbon emission)
  - SOx, NOx (Health)

- Reduce

- Develop alternatives of crude

- Renewable/Recycling/Carbon Footprint shall remain our going concern

- Lower construction costs benefit our investments

- Be more conservative in economic evaluation of projects
Some Side Businesses

- **Telecom (Data centres + Bandwidth)**
  - Hong Kong
    - 2x data centres + 500km U/G fibre
    - Interlink between HK & Mainland
  - Mainland
    - 4x data centres
  - Co-location, cloud computing, IT solutions

- **Smart Meters**
  - New generation of metering and payment systems

- **Gas & Water pipes and fitting**
  - A quality supplier
Some Side Businesses (Con’t)

- Kitchen cabinets
  - Medium to high end markets
  - For housing projects and retails

- Capitalizing on 20Mn households
  - Bottled water
  - Insurance policies
  - Household products
  - Home safety products/services
## Looking Forward (con’t)

### Our Views and Objectives

<table>
<thead>
<tr>
<th>HK Gas Business:</th>
<th>Remains as a stable, <strong>low growth</strong> cash generating operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland Utilities Business:</td>
<td>Continue to be a <strong>mid-growth</strong> locomotive having market share and organic volume expansion while capturing the environment and urbanization opportunities</td>
</tr>
<tr>
<td>New Energy Business:</td>
<td>Position to be a <strong>high-growth</strong> driver focusing on renewable/recycling &amp; clean fuels, while developing proprietary technologies, at the same time establishing long-term energy infrastructures</td>
</tr>
</tbody>
</table>
Sustaining Growth

- OPAT
- 1862-2005: Hong Kong Core
- 1994: + Mainland Utilities
- 2008: + New Energy
- 2014: New Energy
- Mainland Utilities
- Hong Kong Core
- 132 yrs
Expanding New Horizon