

The Hong Kong and China Gas Company Limited (0003.HK)

FY2024 Annual Results





19 March 2025



Macro Environment

EXTERNAL







-  Geopolitics affecting supply chains & tariffs
-  Sluggish macroeconomy
-  High interest rates affecting financial costs
-  Global warming affecting gas sales volume

Operating Environment

INTERNAL



-  Hong Kong tariff increased by 4.8% & Monthly maintenance charge increased by 5.3%
-  Growing gas demand & improving dollar margin on Chinese Mainland; Ongoing effort to cultivate customer relationships, expand Gas+ and integrate Extended Business
-  Enhanced capital return, strengthened cost management and improved employee structure
-  Expanded Renewable Energy Business & diversity of Green Fuels



Peter Wong Wai-yee



Edmund Yeung Lui-ming



Alan Chan Ying-lung

01 Renewable Energy
Business profits grew **544%**

02 Tariffs successfully increased in Hong Kong and Chinese Mainland

03 Boost production capacity & efficiency of Green Energy

04 Bring in partners to enhance and strengthen all businesses

05 Promote intellectualised & digitalised operation; Cost reduction & efficiency improvement

06 Group enterprises advance consolidation under “One City, One Enterprise” policy

Hong Kong Gas

Stable gas sales volume
Completed tariff increase

Mainland Gas

Gas sales volume: **+5%**
Dollar margin: **0.52 RMB/m³**
Customers: **+2.3 million**

Renewable Energy

Accumulated PV grid-connected: **2.3GW**
Profit: **+544%**

Extended Business

Customer coverage: **44 million+**
Revenue: **HK\$4 billion+**

Green Energy

Green Methanol

Production in 2028: **0.5 million tonnes**

EcoCeres

SAF production in 2027: **0.6 million tonnes**

Utility Business



Hong Kong Utility Business

Don Cheng Hill-kwong

- Tariff increased by 4.8%, monthly maintenance charge increased by 5.3%, first adjustment in 26 years
- Gas consumption remained stable
- Confirmed green hydrogen production, and launched a public hydrogen charging station



Mainland Utility Business

Martin Kee Wai-ngai

- Gas sales volume increased by 5%; speed up cost pass-through; diversified gas sources; dollar margin increased to 0.52 RMB/m³
- Several enterprises led the consolidation under the “One City, One Enterprise” policy



Gas Supply Chain

Zhou Heng-xiang

- Collaborated LTA with “Three Majors”
- Established a pool of diversified gas resources
- Optimised usage amongst LNG import and domestic unconventional gas and other local resources, etc.

Growth Business



Renewable Energy

John Qiu Jian-hang

- Net profit increased by 544%
- Achieved a breakthrough in AuM financing
- Energy & carbon business embarking on a rapid growth path



Extended Business (Towngas Lifestyle)

Yang Jun

- Integration accomplished
- Seized “trade-in” opportunity to promote retail business growth
- Accelerated revenue and profit growth



Green Fuels and Chemicals

Sham Man-fai

- Accelerated the development of green methanol
- Deepened upstream & downstream cooperation to promote markets and secure resources
- Secured cooperation with Foran Energy, capturing first-mover advantage

Utility Business

Hong Kong

Gas Sales Volume (TJ)

27,159 **+0.1%**

(Equivalent to
780 Million m³ of Natural Gas)

Customers (million)

2.04 **+0.02**

Tariff Adjusted from August 2024

- Basic Tariff: **+4.8%**

- Monthly Maintenance

Charge: **+5.3%**

Mainland

Gas Sales Volume (billion m³)

36.4 **+5%**

Customers (million):

42.49 **+2.30**

Dollar Margin (RMB/m³):

0.52 **+0.05**

Water Business (billion tonnes)

1.65 **+3%**

Environment (Solid Waste)

(million tonnes)

1.61 **+10%**

Growth Business

Renewable Energy

Accumulated PV

Grid-connected (GW)

2.3 **+0.5**

PV Generation

Volume (billion kWh)

1.83 **+95%**

Electricity Trading

Volume (billion kWh)

8.4 **+200%**

Extended Business

Customer Coverage (million)

44.53 **+2.32**

Kitchen Appliance

Sales Volume (thousand units)

- Hong Kong: **263** **+4**

- Mainland: **670** **+40**

Green Energy

EcoCeres (million tonnes)

Production Volume: **0.30**

- SAF: **0.18**

- HVO: **0.12**

Green Methanol

(million tonnes)

Production Capacity: **0.12**

2024

Agenda

Financial Highlights

Business Review

■ Utility Business

- Hong Kong Gas Business
- Mainland Gas Business
- Mainland Water and Environment

■ Growth Business

- Renewable Energy
- Extended Business
- Green Energy

ESG

Group Business Guidance

P. 7

P. 12

P. 16

P. 24

P. 26

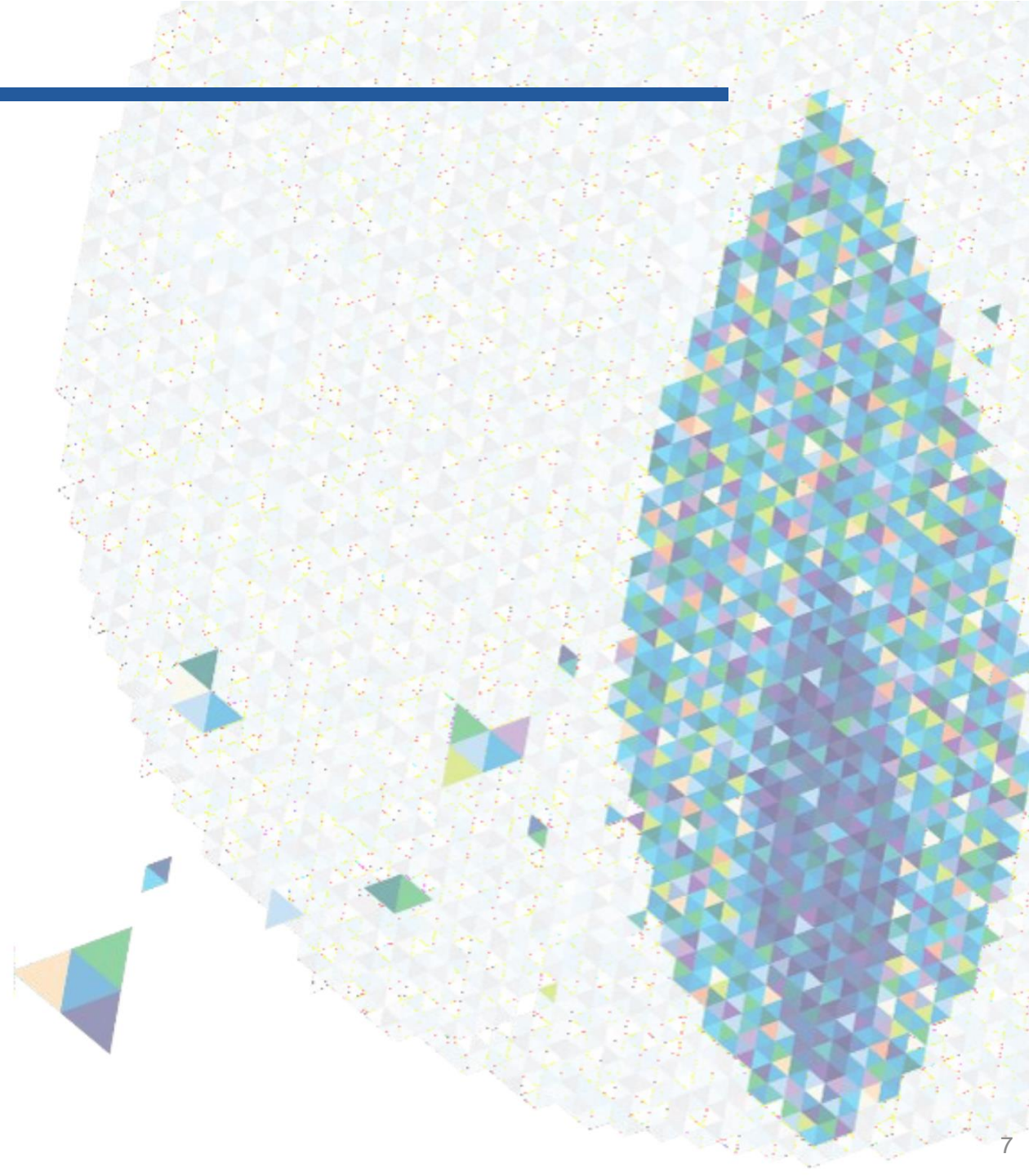
P. 32

P. 35

P. 43

P. 45

Financial Highlights



Utility Business		Growth Business			Others
Hong Kong	Mainland	Renewable Energy	Extended Business	Green Energy (EcoCeres)	Mainly Eco
3.97 billion	3.1 billion	0.32 billion (1083: 0.48 billion)	0.47 billion	0.08 billion	-0.44 billion
-0.7%	+5% (In RMB: +7%)	Profit: +544%	+8%	-87%	Loss reduced by: 53%

Profit from Operations: 7.5 billion +5%

RMB depreciated by approximately 2% YoY

(Unit: HK\$)

(Unit: HK\$ million)	2023	2024	Changes (%)
Revenue	56,971	55,473	-3
Profit from Operations	7,123	7,499	+5
Corporate Financial Expenses	(1,459)	(1,544)	-6
Core Operating Profit	5,664	5,955	+5
Fair Value Changes	36	49	-
Business Restructuring and Impairment	(469)	(176)	-
Acquisition Premium Amortisation	(120)	(160)	-
Net Gain from Exit of Shanghai Gas	454	-	-
Profit before Property Revaluation	5,565	5,668	+2
Property Revaluation Change	505	44	-
Profit Attributable to Shareholders	6,070	5,712	-6
Basic Earnings per Share (HK Cents)	32.5	30.6	-6

(Unit: HK\$ billion)	2023	2024
Total Assets	162.0	158.3
Net Assets	71.0	68.3
Cash	9.0	6.4
Borrowings	57.8	57.4
Net Gearing Ratio*	40.7%	42.8%

*Note: Net Debt / (Net Debt + Equity)

Credit Rating:  **A-**  **A1**

Capital Expenditure

(Unit: HK\$ billion)	2023	2024
0003.HK	10.2	6.0
1083.HK	6.6	3.3

Efficiency Management

Key Priorities	Achievements
Cost reduction & Efficiency improvement	<ul style="list-style-type: none"> Integrated management, reduced administrative costs and optimised human capital Intellectualised and digitalised operations to enhance management efficiency
Equity funding	<ul style="list-style-type: none"> Accomplished Extended Business integration and explored working with private equity funds Revitalised Inner Mongolia factory, secured a strategic partner to expand capacity
Disposal of non-core businesses	<ul style="list-style-type: none"> TGT restructuring commenced, brought in a strategic partner Final phase of Eco restructuring and disposal of remaining assets
Optimise CapEx	<ul style="list-style-type: none"> Reduced CapEx Completed quasi-REITs offering in Shenzhen, the first of its kind by HK Corp and raised RMB515 million Initiated “asset-light” business model through introduced capital using AuM structure
Reduction in interest expenses	<ul style="list-style-type: none"> Replace high-interest and short-term borrowings

Utility Business

——Hong Kong Gas Business



Profit increases by **HK\$0.36 billion/year**



1. Basic Tariff (Unit: HK\$/MJ)

+1.3 cents

+4.8%



2. Monthly Maintenance Charge (Unit: HK\$)

10

**+0.5
+5.3%**

**First adjustment
in 26 years**

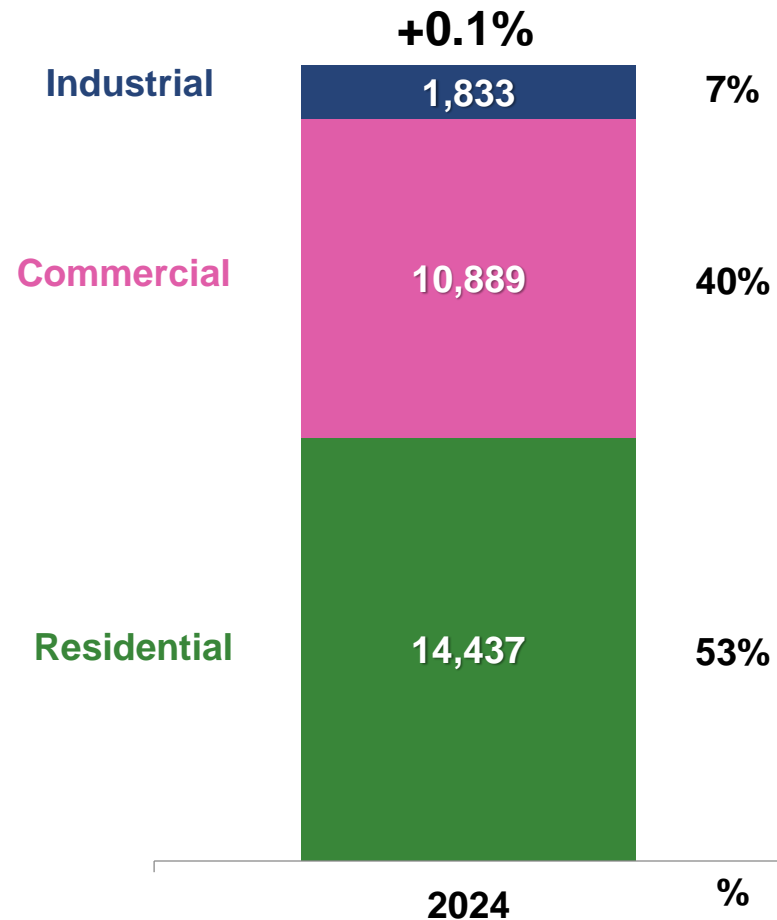
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Gas Sales Volume

(Unit: TJ)

27,159

(equivalent to 780 million m³ of natural gas)



Increase in Gas Sales Volume

(Unit: TJ)



Stable Gas Business

- Stable gas volume
 - Northbound consumption trends towards stability
 - Recovery of tourism and commercial customers
- Adjust basic tariff on a regular basis

Established Hydrogen Energy Business

- Collaborating with the HKSAR Government to promulgate a development blueprint for green energy
- Develop commercial applications for hydrogen energy
 - Construction site power generation
 - Hydrogen power vehicle
 - EV charging station

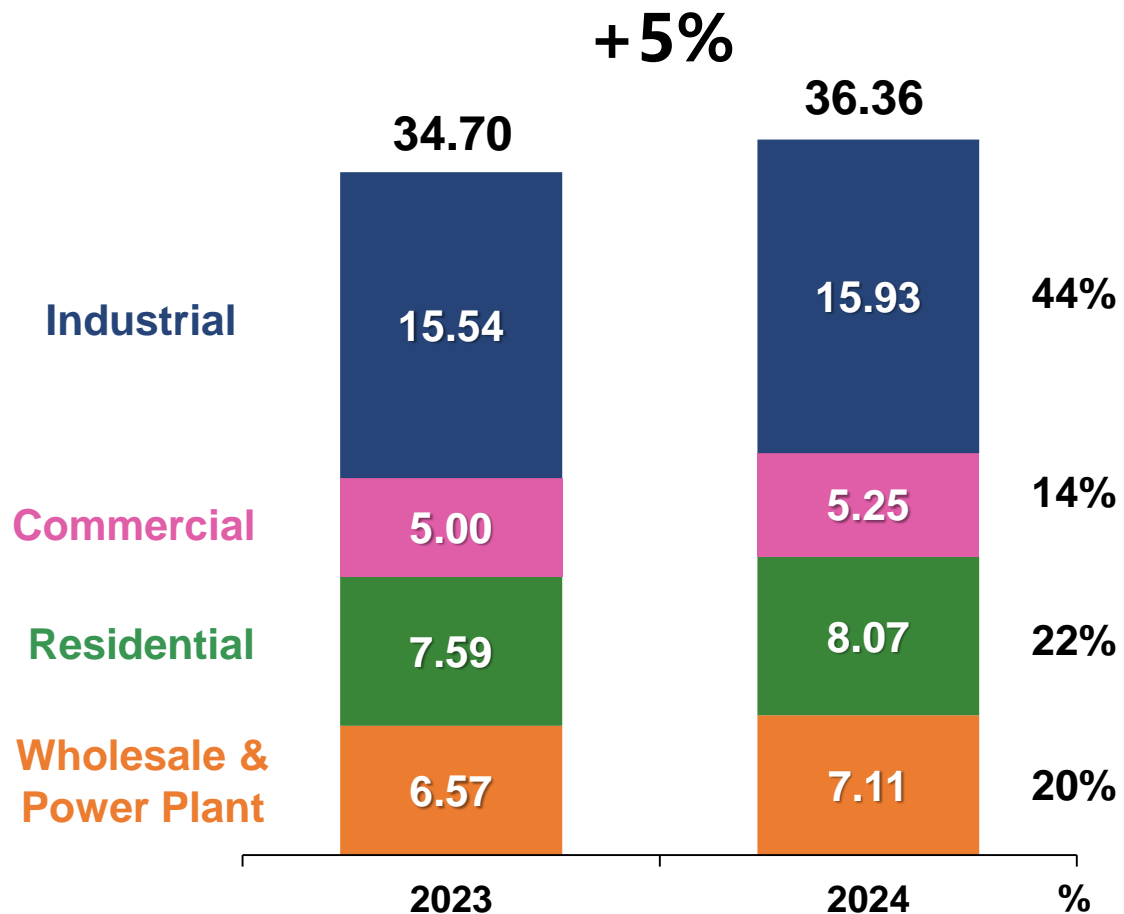
Utility Business

——Mainland Gas Business



Gas Sales Volume

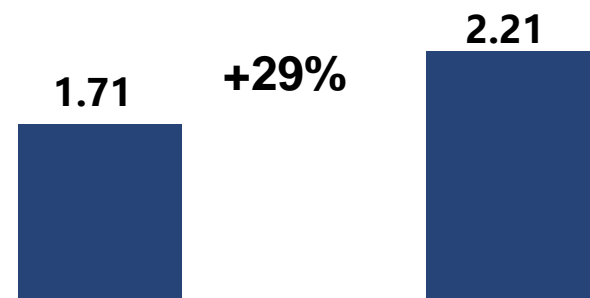
(Unit: billion m³)



- Continuous growth in residential customers drove an increase in gas volume
- Promoted “cylinder-to-pipeline” and Gas+ business to increase commercial gas volume
- The “New Trio” and high-tech industries are driving industrial gas volume growth
- The slowdown in traditional industries’ volume growth such as ceramics, glass, steel, and related industries
- Warmer winter affected gas consumption for heating

Energy Sales Volume

(Unit: billion kWh)



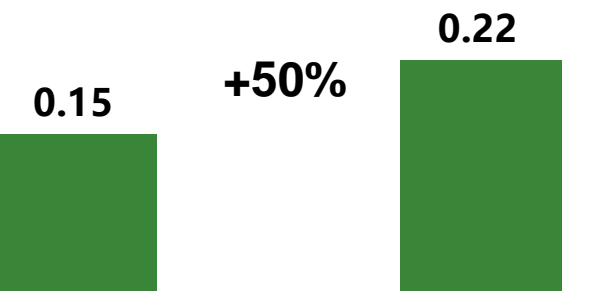
Natural Gas Equivalent

(Unit: billion m³)



Gross Profit

(Unit: RMB billion)



Business Strategy

Focus on energy management outsourcing services for public institutions; and expand asset-light energy services

The state is promoting industrial equipment upgrades, supporting the development of energy conservation business

Proven Cases:

300 Energy Management Contracts Signed with Public Organisations in Yixing and Zhangjiagang



Providing Regional Multi-energy Cogeneration Solution to Suzhou-Xiangcheng Cooperation Zone



Steadily Rising Dollar Margin

Average Selling Price, Gas Cost and Dollar Margin

(Unit: RMB/m ³)		2023	2024	Changes
Selling Price	Residential	2.75	2.82	+0.07
	Commercial	3.56	3.61	+0.05
	Industrial	3.56	3.48	-0.08
Selling Price		3.36	3.33	-0.03
Gas Cost		2.89	2.81	-0.08
Dollar Margin		0.47	0.52	+0.05

- Cost pass-through is basically completed for non-residential
- 75% of the enterprises completed residential cost pass-through
- Cities that completed residential cost pass-through included Shenzhen and Shaoguan in Guangdong, Danyang in Jiangsu, Wuhu in Anhui, and Weihai, Tai'an, Longkou in Shandong, etc.

The national real estate market remained weak, new connections under pressure

The number of household connections decreased YoY
(Unit: thousands)

User Type	2023	2024	Changes (%)
Residential	1,759	1,679	-5
Industrial & Commercial	27	28	+3

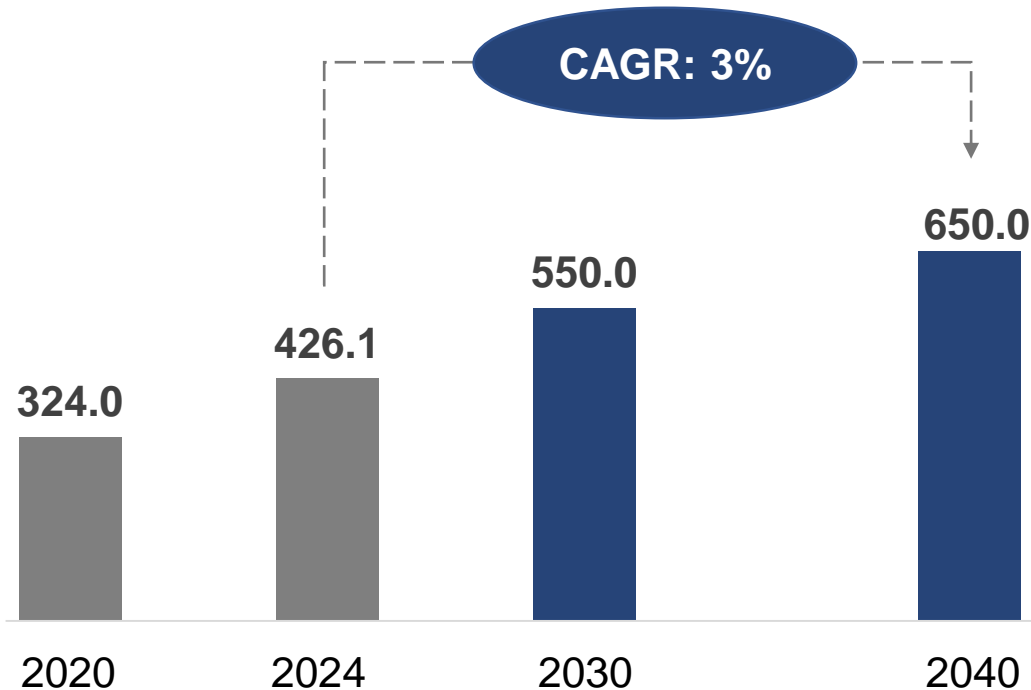
Unit residential connection fee increased steadily
(Unit: RMB/household)

	2023	2024	Changes (%)
Residential Connection Fee	3,006	3,048	+1

- The “cylinder-to-pipeline” for commercial customers and the development of industrial customers have driven an increased in connections
- Affected by the weak real estate market, connections business revenue has declined
- Renovation of old urban residential communities created a new growth engine for connection business
- Stringent cost management and improvement of gross margin

Market Size Expected to Expand Continuously

(Unit: billion m³)



Seizing Development Opportunities

- The state **encourages natural gas** to play an active role in the development of a new energy ecosystem; with a priority of integrating its application with renewable energy
- The global gas market maintains a sustained supply-demand surplus, driving prices toward rational levels; supported by the state's ongoing reforms in pricing mechanisms, resulting in an improvement of dollar margin
- The group is **promoting the low-carbon transition of natural gas**, thereby supporting the state in achieving its dual-carbon goals:
 - Promoting the development of biomass natural gas, targeting nine projects with a combined volume of 30 million m³ for blending into the national gas pipeline
 - Consistent with state policy, enabling the blending of hydrogen into the natural gas pipeline

Gas Supply Chain - Assurance of Gas Supply

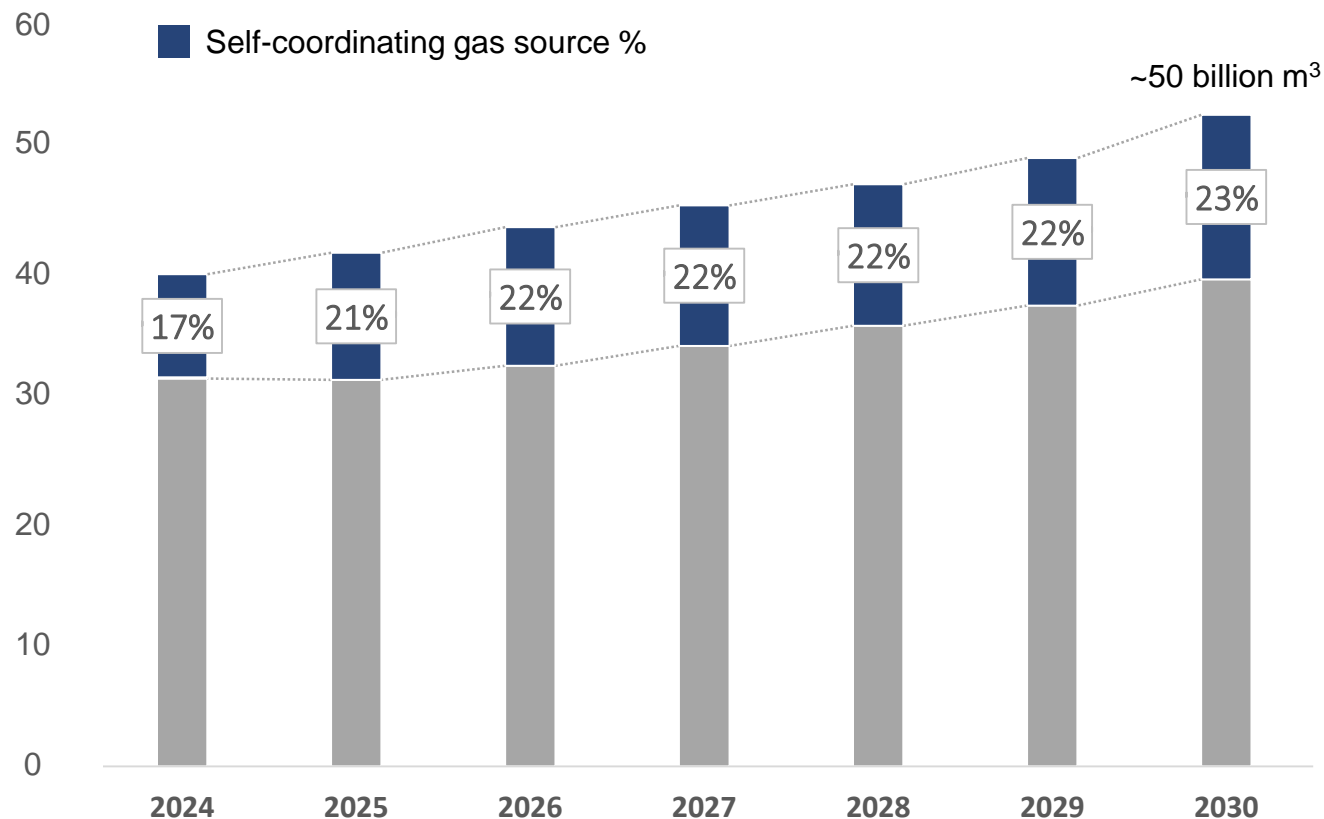
- Stringent gas supply assurance & cost reduction management are the primary objectives to help sustain business growth and stay competitive



- LTA for pipeline gas with a total gas volume of 15 billion m³ collaborating with the “Three Majors”
- LTA for import LNG with 1.5 million tonnes secured, enough to meet ten years demand
- Coordinating an aggregate gas volume of 4.4 billion m³ with supply chain integration (asset pool includes gas storage facilities, LNG terminals, and unconventional gas supply)

Steady Growth of Self-coordinating Gas Source Volume

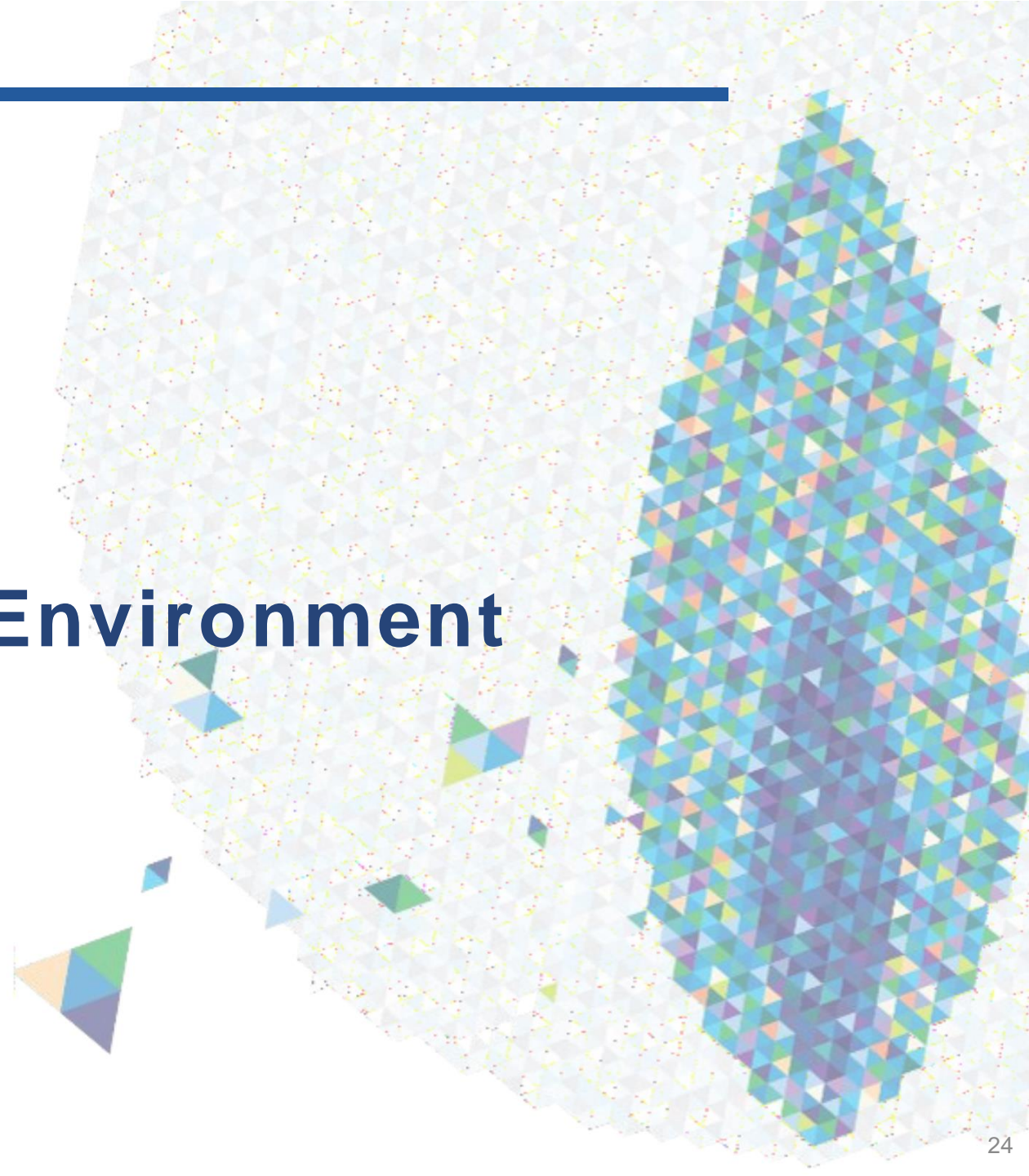
(Unit: billion m³)



- Group coordination target:
 - 2025: ~6 billion m³
 - 2030: ~10 billion m³
- Import LNG:
 - From 2030: 1.5 million tonnes/year
- Domestic gas sales volume will increase from 2.2 billion m³ in 2025 to 4.0 billion m³ by 2030

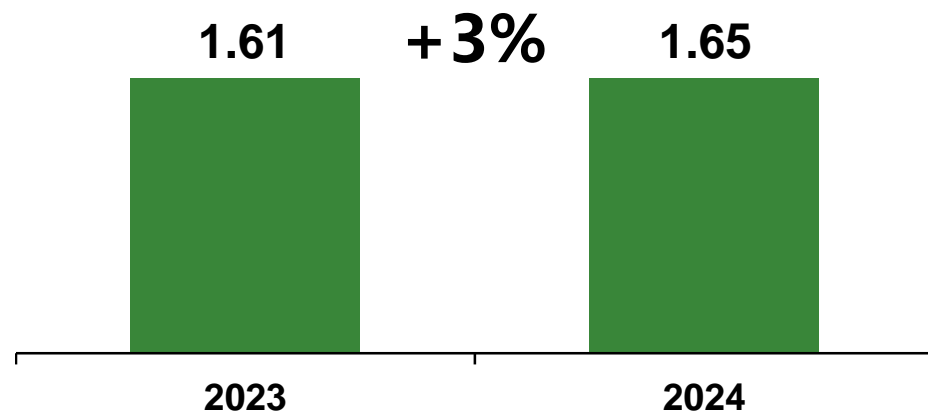
Utility Business

——Mainland Water & Environment



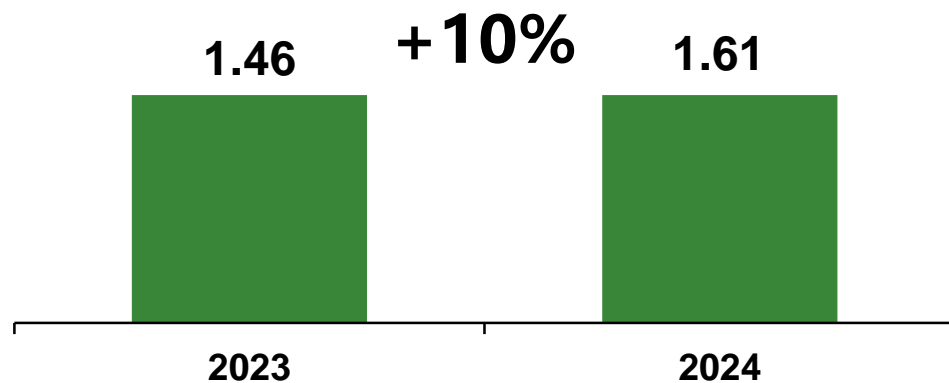
Water

(Unit: billion tonnes)



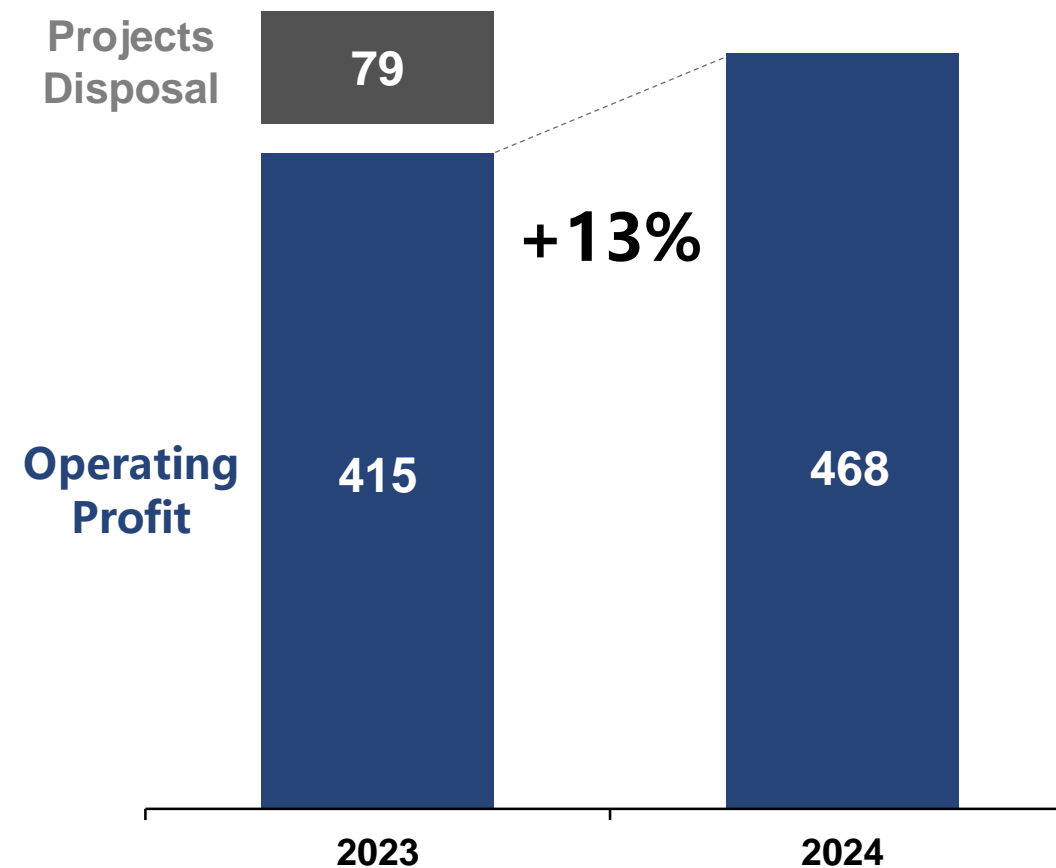
Environment (Solid Waste)

(Unit: million tonnes)



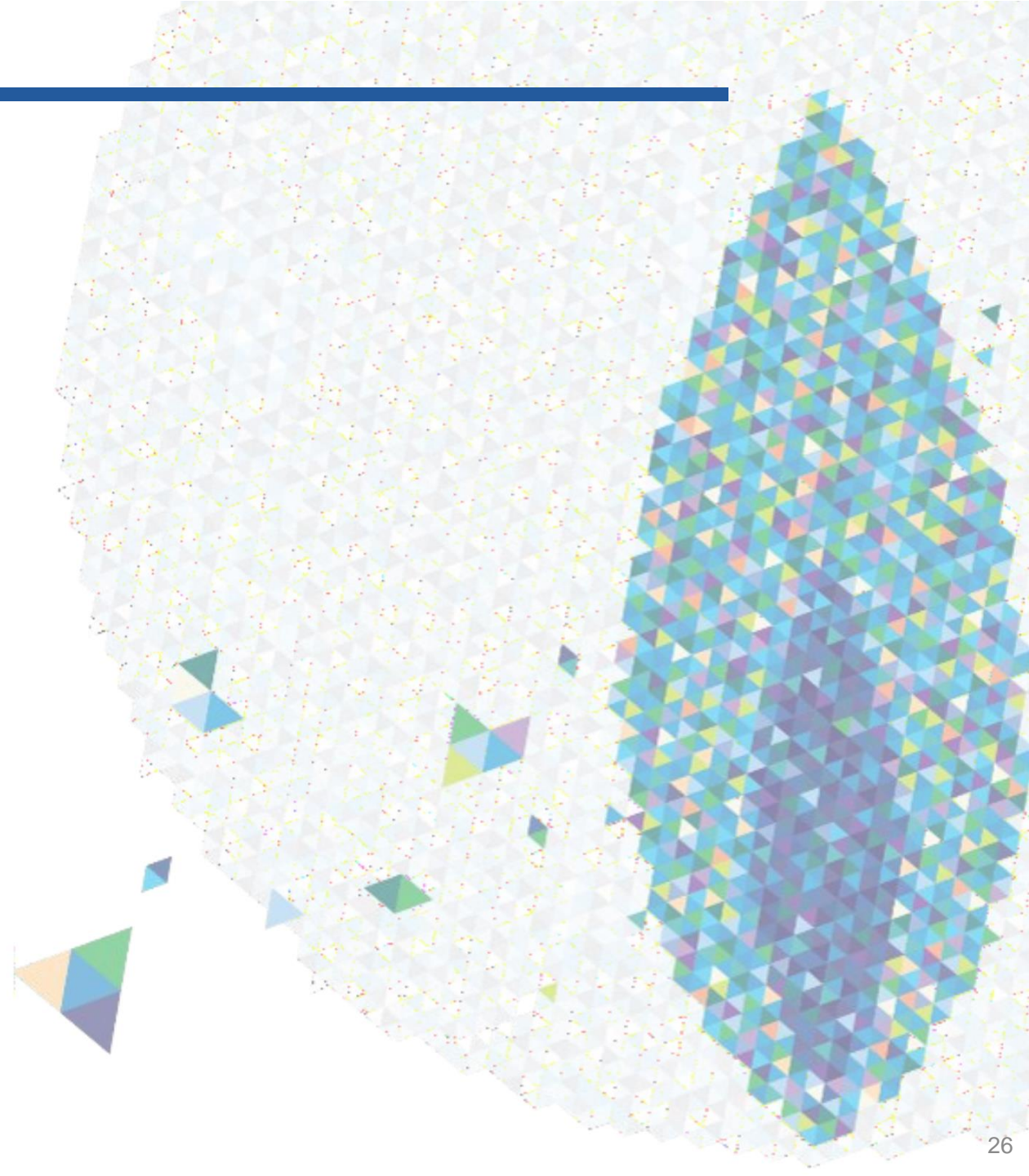
Net Profit

(Unit: RMB million)



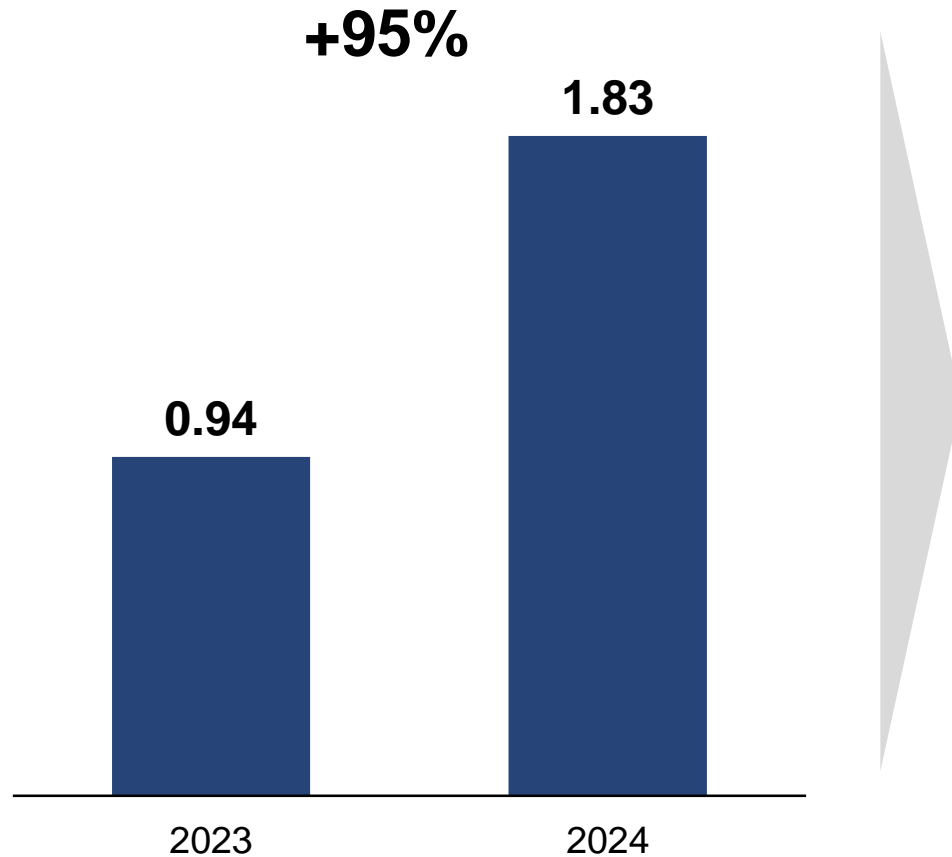
Growth Business

——Renewable Energy



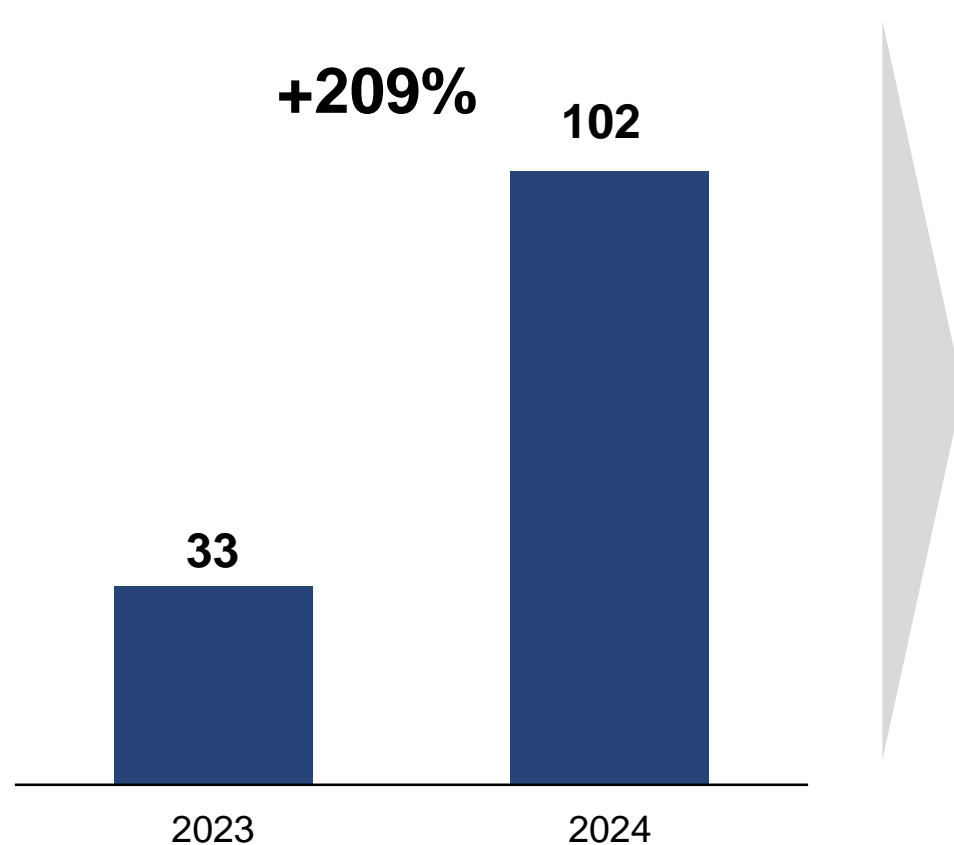
Operational Data	2023	2024	Changes
Grid-connected (GW)	1.8	2.3	+0.5
Power Generation Volume (billion kWh)	0.94	1.83	+95%
Gross Margin per kWh (RMB)	0.346	0.294	-0.052
Financial Data (RMB million)			
BU Profit Contribution	198	589	+197%
PV Business Net Profit	165	353	+114%
AuM Disposal Gain	-	134	+134
Energy & Carbon Management Services Net Profit	33	102	+209%
Net Profit (RMB million)	71	441	+521%
(HK\$ million)	78	479	
0003 Shared Profit (HK\$ million)	50	322	

(Unit: billion kWh)



- 1** Industry-leading grid-connected scale and growth rate
- 2** The grid-connection completed in 2023 laid down a strong foundation and help contributing to rapid power generation growth in 2024
- 3** Decreased sunlight hours led to a 5% decrease in power generation, dragging down the gross margin

(Unit: RMB million)



- 1** Electricity trading volume surged to 8.4 billion kWh, contributing a profit of RMB77 million
- 2** Over 400 MWh of C&I energy storage contracts signed, contributing a technical service fee of RMB21 million
- 3** Steady advancement of carbon asset management and services

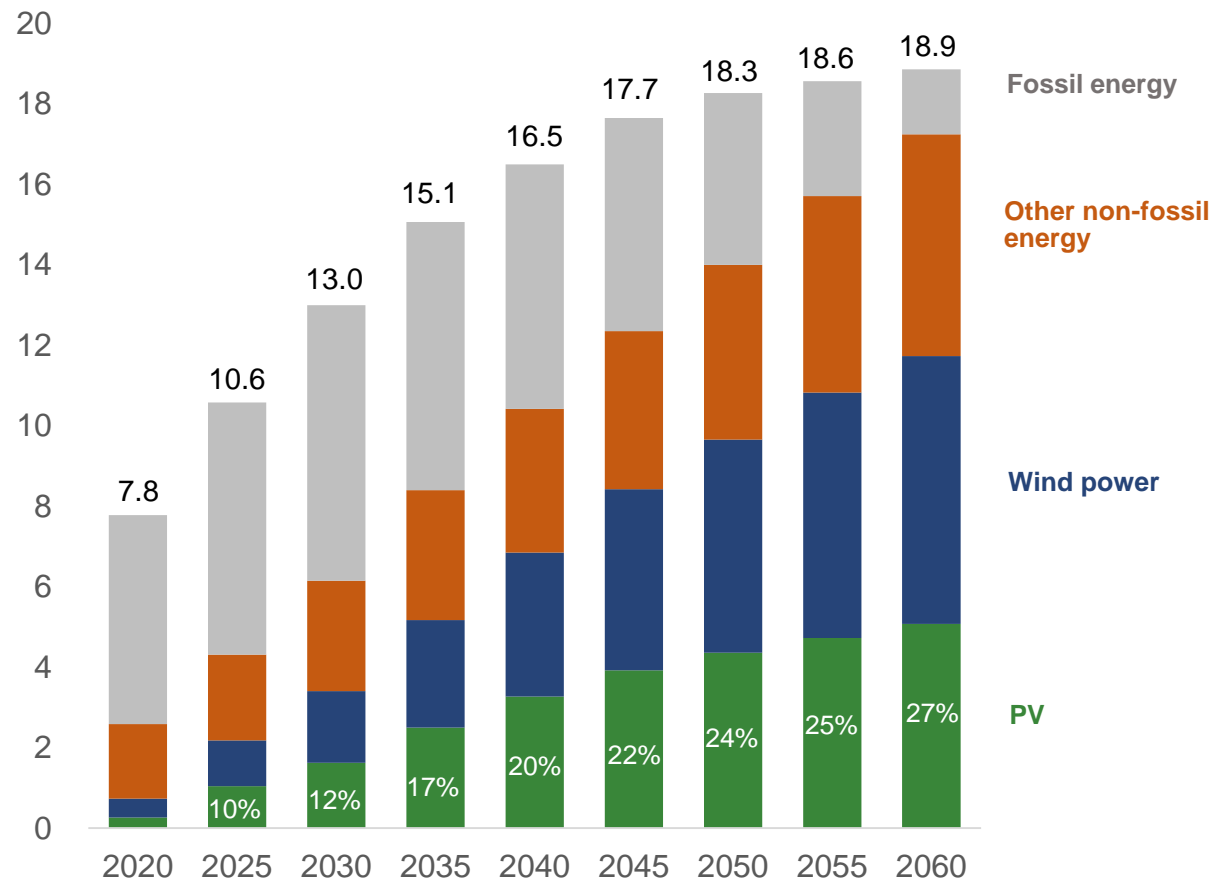


- Successfully issued the first tranche of RMB515 million with an interest rate of 2.3%, below the Towngas Smart Energy's average borrowing rate of 3.7%
- First quasi-REITs targeting PV and energy storage
- The strong market interest was reflected in the program's oversubscription of 2.5 times
- Plan to issue additional RMB500 million this year

Renewable Energy Becoming Main Source of Power Generation

Power Generation Structure Forecast

(Unit: trillion kWh)



Address Challenges & Seize Opportunities

- 1. Maintain High Returns through “Cost Reduction & Efficiency Improvement”**
 - Cultivate the “Zero-carbon Industrial Parks” to reduce costs
 - 2. Raising Capital through AuM to Manage Risks**
 - Utilise multi-channel funding such as quasi-REITs
 - 3. Promote “Investment + Service”**
 - Expand scale and overseas market of “PV + Power trading + Energy storage (EaaS)”
- ▼
- 2030: A World-leading Provider of Smart Energy Aggregation Services**
- **PV grid-connected target: 6GW**
 - **Manage assets target: 12GW**
or market shares: **2%**
 - AI algorithms support robust business growth

Growth Business

——Extended Business



Revenue: **4.07 billion**

Net Profit: **0.47 billion**



Hong Kong

Revenue: **1.89 billion**

Net Profit: **0.42 billion +8%**



Mainland

Revenue: **2.18 billion**

Net Profit: **0.05 billion +6%**

Customer Services	Customer Coverage	2.04 million	42.49 million
	Active Users	0.34 million	3.22 million
Smart Kitchen	Kitchen Appliances	263,000 units	670,000 units
	Kitchen Cabinets	2,629 sets	2,500 sets
Insurance Business	Insurance Promotion	/	+7%
Home Safety	Products & Services Revenue	/	+5%

(Unit: HK\$)



Smart Kitchen

Take advantage of trade-in opportunities



Insurance Business

Expand integrated home and property insurance



Home Safety

Establish one-stop solution: Equipment + Platform + Services



2030 Target

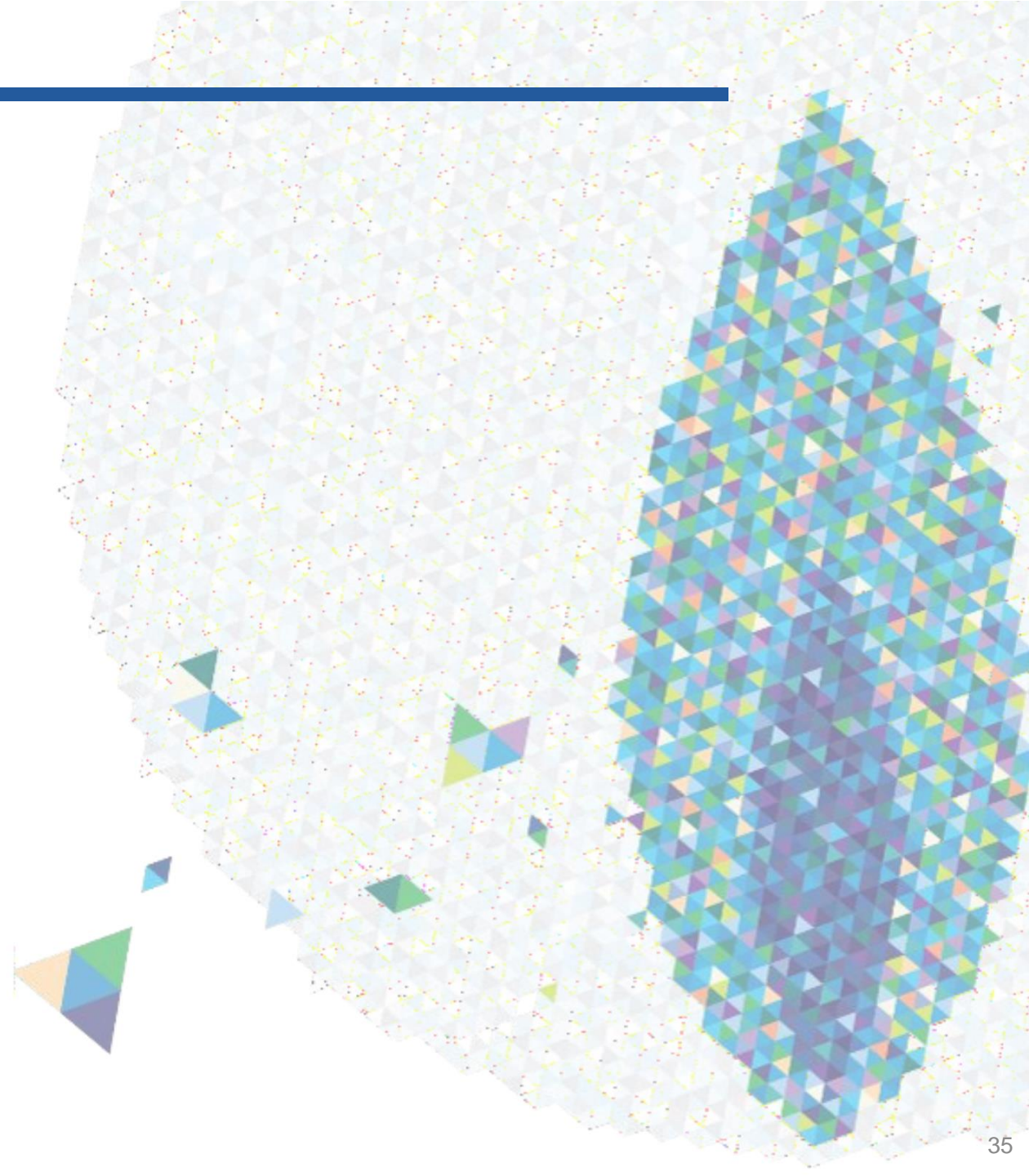
Revenue: ~HK\$8.0 billion

Become A Reliable Lifestyle Service Solution Provider

*Note: average revenue per customer

Growth Business

——Green Energy



Marine

Green Methanol



Land

Hydrogen



Air

SAF





Current Production Capacity

Inner Mongolia's production plant upgrade to produce green methanol

- Target production capacity: 0.3 million tonnes (2028)
- The leading edge in technology & international certification (currently one of the few entities in mainland to have obtained EU ISCC certification and begun commercial production)

Confirmed Partnership

Cooperation with Foran Energy

- "Cooperation Framework Agreement on Green Fuel and Chemical Projects" signed
- Target production capacity: 0.2 million tonnes (2028)
- Established a new JV: inject Inner Mongolia Plant into JV with a total production capacity of 0.5 million tonnes

Expanding Cooperation

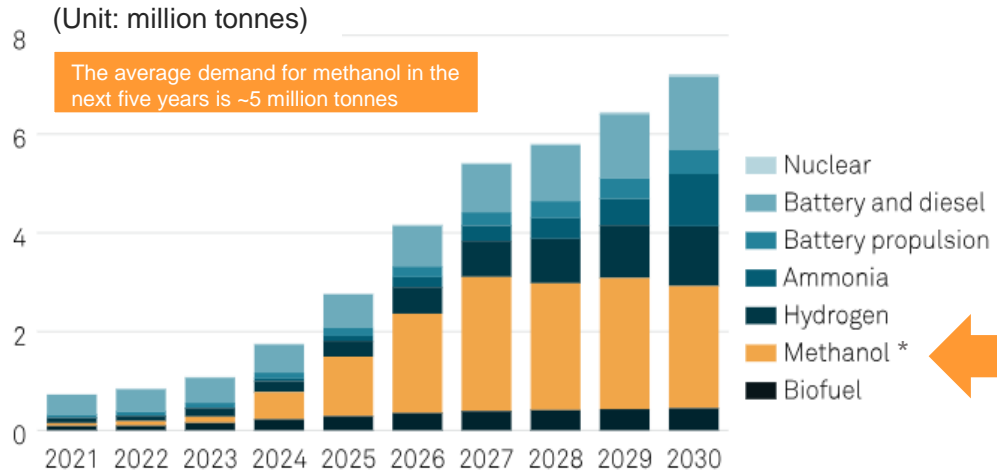
Cooperation with Shanghai Shenergy

- MOU signed; details under negotiation
- Meet recent demand in ports surrounding Shanghai: 0.3 million tonnes

Hainan Production Line

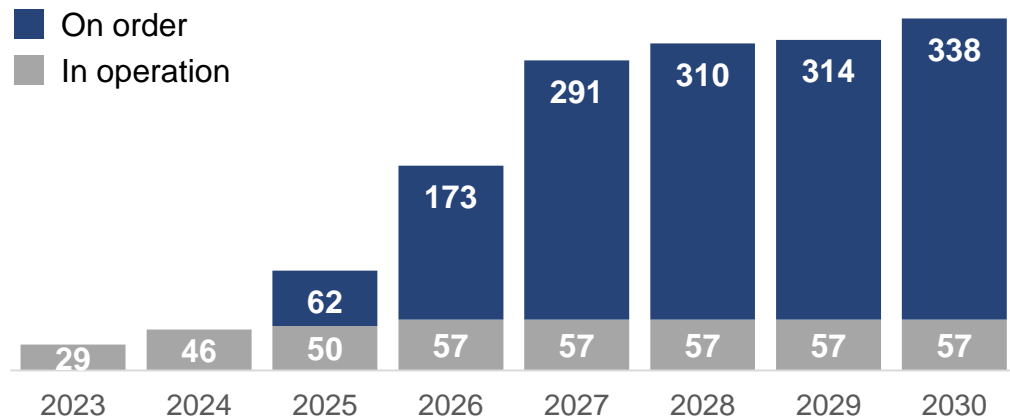
- Partner: the offtaker
- Estimated production capacity: 0.2 million tonnes

Green Methanol Will Become The Primary Low-carbon Marine Fuel



Source: S&P Global Commodity Insights *Methanol's energy density is half that of traditional fuels

Growth of Methanol Fueled Fleet



International Marine Transportation Emissions Reduction is Beneficial to The Green Methanol Market

- The European Union (EU) and the International Maritime Organisation (IMO) will adopt mandatory measures to reduce emissions of greenhouse gases in 2026
- The annual bunkering volume of green methanol at major Asian ports is projected to grow over 1.4 million tonnes in the next five years
- The risks can be mitigated without dependence on EU and American markets

Established Hydrogen Energy Business in Hong Kong

Commercialisation of Hydrogen Energy

Sai Kung Hydrogen Fueling Charging Station Pilot Project



Hydrogen Supply for Public Buses under Preparation



Green Construction Site

Hydrogen-powered construction site adopted by customers



Hydrogen Charging Station

Public Hydrogen Station in Science Park



Indoor hydrogen charging station for parking lots



Conversion of Waste to Hydrogen

Production of Green Hydrogen from Biogas Landfill in Tseung Kwan O



Hydrogen Production from Solid Waste at Hong Kong Airport



The construction progress of the Malaysian plant is on track, targeting commissioning by the end of 2025



Successfully acquired and integrated two existing catalyst manufacturers



Both production and sales volume have increased

The proportion of SAF production for the entire year has increased to **60%**, amounting to 0.18 million tonnes

2024 Total Production: **0.30** million tonnes **+11%**

— SAF Production: **0.18** million tonnes **+83%**

— HVO Production: **0.12** million tonnes **-30%**

SAF%: **60%** **+24%**

Mr. Matti Lievonen



2008-2018

NESTE Former President & CEO

Led the energy transition of NESTE, a Finnish energy company, and created NESTE's global markets for SAF & HVO

**Named by
McKinsey**

**As One of Best 200 CEOs of
The 21st Century Worldwide**

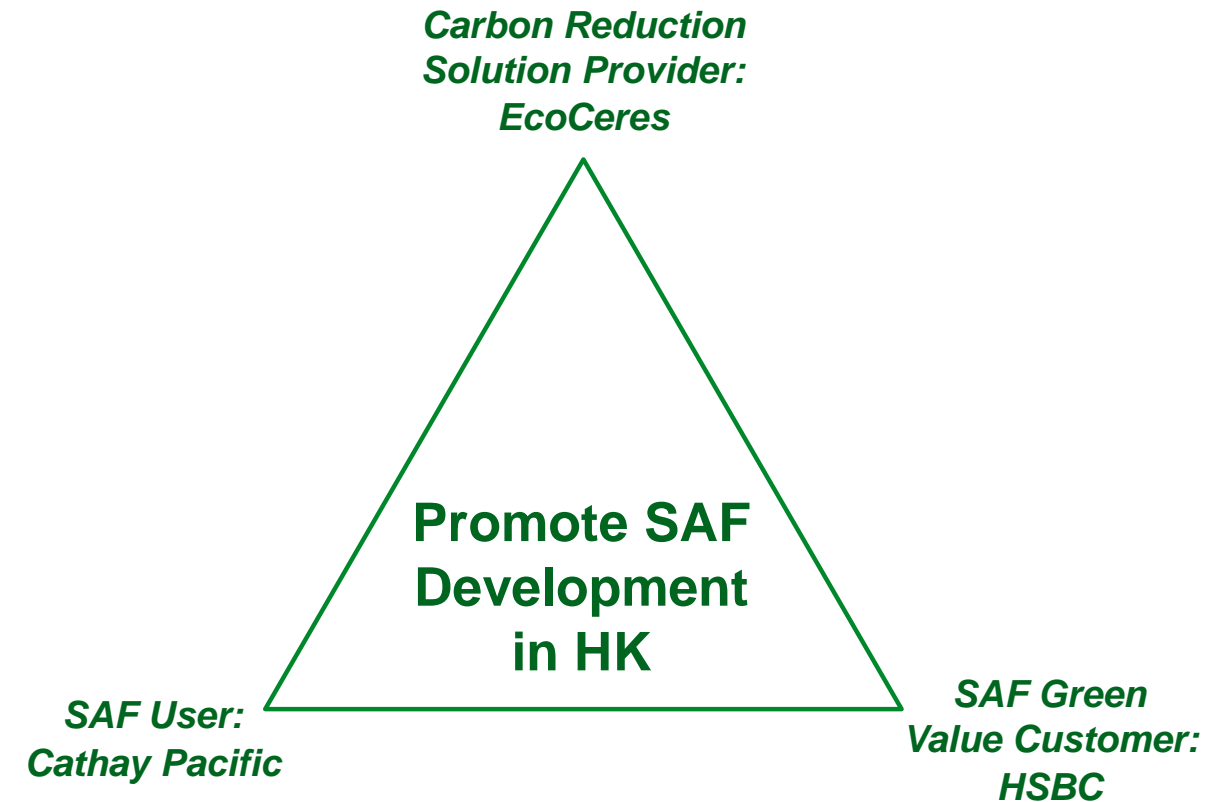
**Jan 2025
to present**

EcoCeres CEO

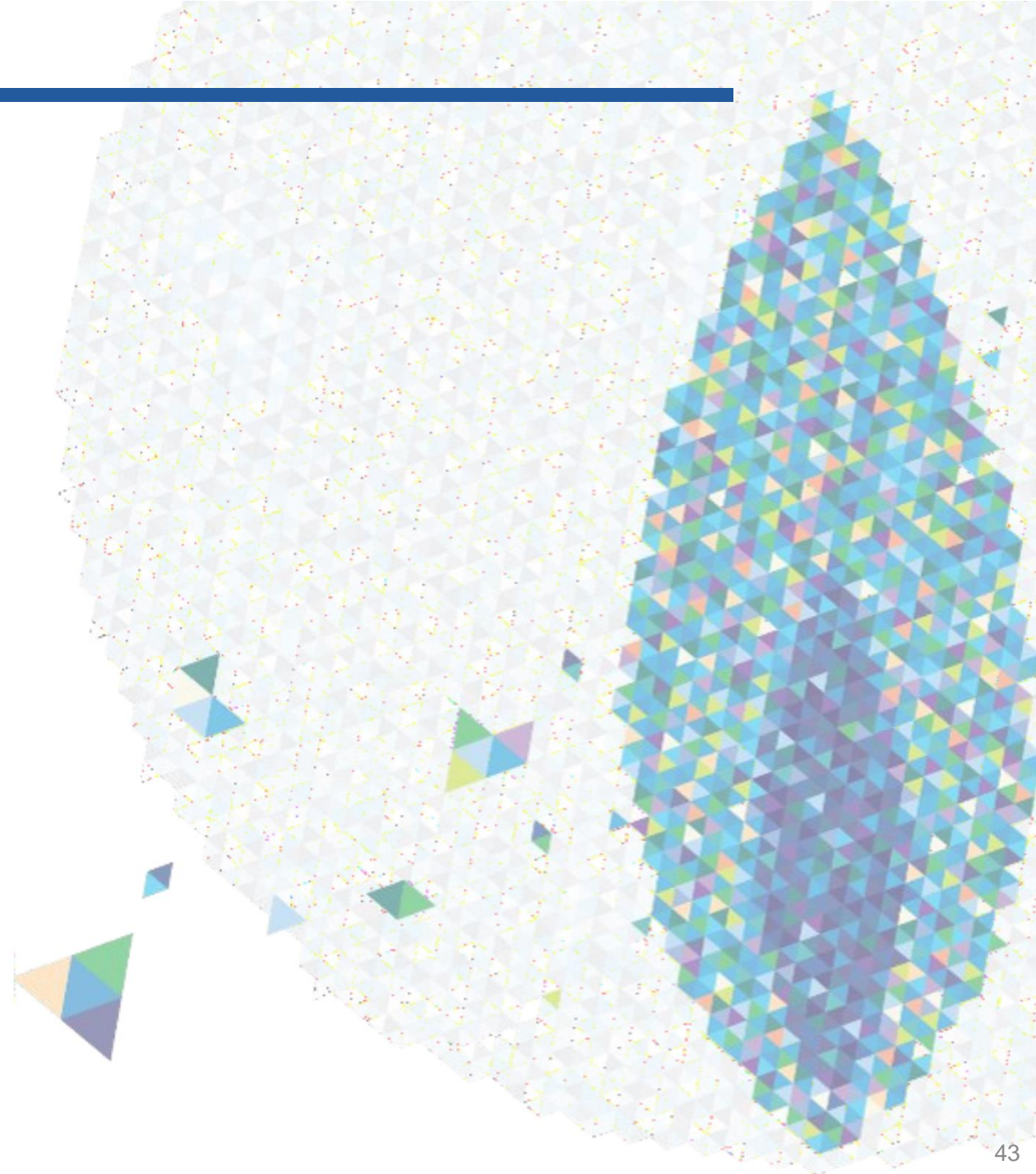
Further strengthened the executive management team, and appointed the role of CEO since January 2025



HSBC, Cathay Pacific, and EcoCeres have reached a significant collaboration to promote SAF in Hong Kong



ESG





Industry Award

- HKCG (stock code: 0003) is one of the **longest-standing** HSI constituents and has been awarded the “55 Years in Hang Seng Index Award”



- At the inaugural “Climate Governance Awards” by The Hong Kong Institute of Directors, HKCG is the only enterprise to receive **dual honours** in the field of climate governance

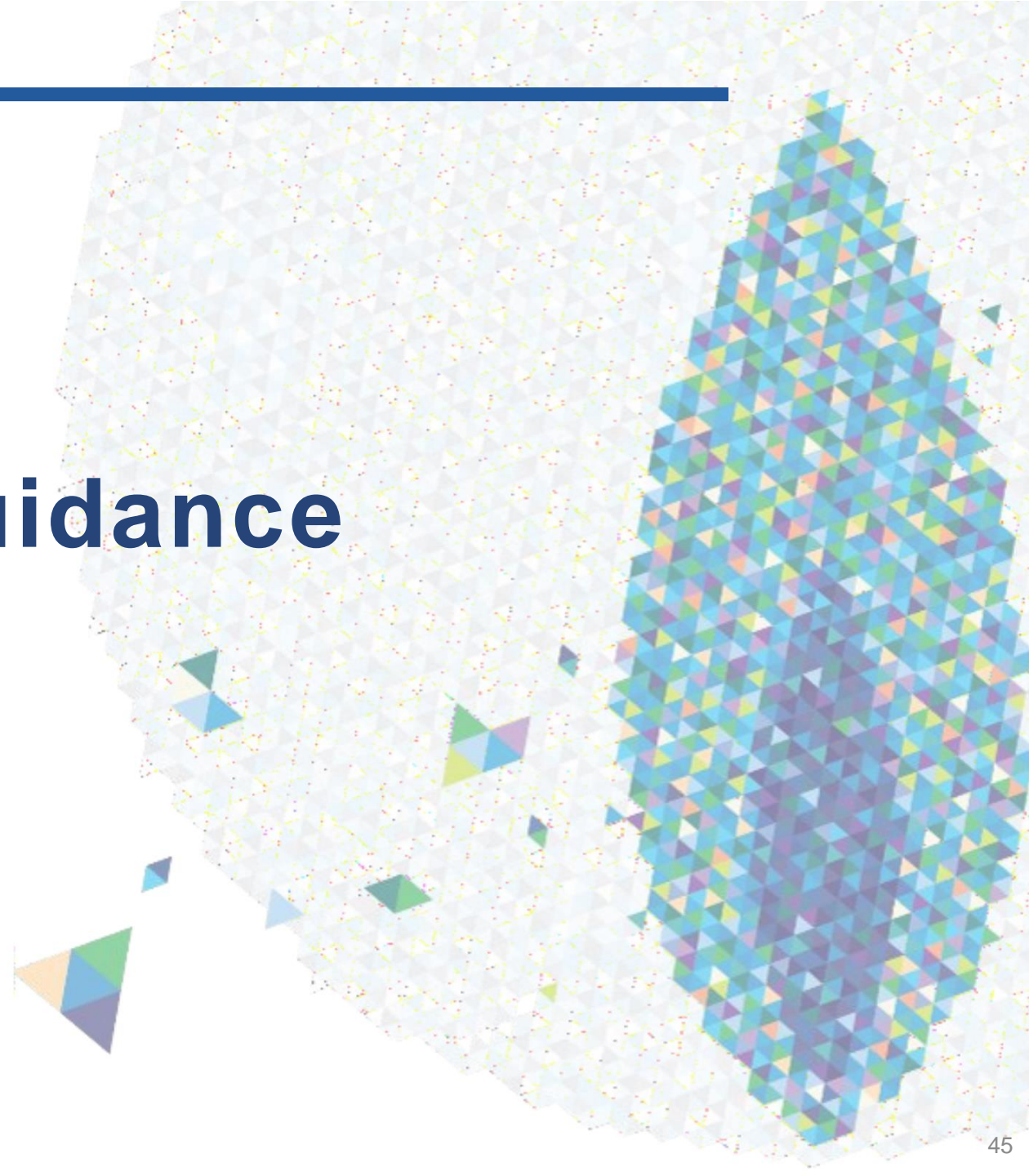


ESG Rating

- HKCG attained the **highest score among Chinese enterprises in the gas industry** in the S&P Global Corporate Sustainability Assessment
- HKCG has been **included** in the FTSE4Good Index Series for the **first time**, recognising its commitment to social responsibility

	2023	2024
S&P Global	65	71 ▲
FTSE Russell	2.9	3.4 ▲
MSCI ESG RATINGS	A	A
Hang Seng Corporate Sustainability Index Series	AA+	AA+

Group Business Guidance



Utility Business

Hong Kong

Gas Sales Volume (TJ)

27,200 Remains Unchanged

Customers (million)

2.06 **+0.02**

Mainland

Gas Sales Volume (billion m³)

38.0 **+4% - 5%**

Customers (million)

44.19 **+1.70**

Dollar Margin (RMB/m³)

0.54 **+0.02**

Growth Business

Renewable Energy

Accumulated PV Grid-connected (GW)

2.9 **+0.6**

PV Generation Volume (billion kWh)

2.58 **+40%**

Electricity Trading Volume (billion kWh)

8.8 **+5%**

Extended Business

Customer Coverage (million)

46.25 **+1.72**

Kitchen Appliance Sales Volume (thousand units)

Hong Kong: **274** **+10**

Mainland: **690** **+20**

Green Energy

EcoCeres (million tonnes)

Production Volume: **0.30**
- Malaysia Plant under Construction

Green Methanol (million tonnes)

Production Capacity: **0.15**
- Sales Target: at least **0.012**

2025

THANK YOU

This presentation and corresponding discussion may contain certain forward-looking statements, including statements regarding our intent, belief or current expectations with respect to The Hong Kong and China Gas's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward-looking statements in relation to holding, purchasing or selling securities or other financial products or instruments. The Hong Kong and China Gas does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or the occurrence of unanticipated events. Past performance cannot be relied on as a guide for future performance.

In this presentation and corresponding discussion, "Hong Kong" refers to the Hong Kong Special Administrative Region of China.