

Review of Operations

Economic development and social activity in many countries around the world were severely hit by the spread of COVID-19 in 2020. Early in the year, the Chinese government adopted decisively a range of Pandemic prevention and control measures. Among other things, these measures required all trades and professions to suspend work and production. As such, the Pandemic was brought under control in China towards the end of first quarter of the year. The domestic economy began to pick up from the second quarter as businesses resumed work and production recommenced in an orderly manner across the country. Annual GDP increased 2.3% year-on-year by the end of 2020, making China the only nation among the world's major economies to record positive economic growth.

As a socially responsible public utility, Towngas China employees took a proactive approach during the Pandemic, upholding its corporate culture of "courtesy, craftsmanship and integrity" throughout operations. The Group is proud to report that professionalism was maintained and every effort was made to ensure safe and stable gas supply, allowing urban residents to maintain a normal life, while at the same time working within Pandemic prevention and control restrictions. Despite the many challenges to the Group's operations and activities, its overall business development remained stable with progress and breakthroughs being made in a number of areas.

Industrial and commercial enterprises were unable to operate as usual during some periods in the first half of the year due to the Pandemic. This dealt a blow to gas sales in the first quarter of the year. In spite of this, the Group managed to record an 8% increase in annual gas sales overall, in view of the subsequent resumption of work and production.

With the various measures devised by the NDRC and all levels of government to reduce pipeline network transmission fees, impose off-season prices in advance and require gas suppliers to lower sales prices, the Group launched an array of gas bill relief measures specifically for industrial and commercial customers. These included not suspending gas supply despite payments in arrears — if a company failed to pay their gas bills in time as a result of the Pandemic, the payment due date was postponed according to the situation. These temporary policies and factors have had a slight impact on our business.





Despite the Pandemic and the challenging situation, the Group managed to reach a new milestone in its business development. On 27 October, it signed an agreement with Shanghai Gas for our acquisition of a stake in the latter for RMB4.7 billion. The ultimate goal was to allow both parties to own a reciprocal 25% share in each other's company within one year. When the deal is completed, Towngas China can appoint members to the board of directors and supervisory board as well as to the senior management of Shanghai Gas, playing a more active role in its development decisions and daily operation.

This strategic investment will extend the Group's business to Shanghai, one of the most affluent cities in the mainland, with a population of over 24 million. Shanghai Gas has 6.3 million local customers in this city, where there is high spending power as well as increasing aspirations for quality lifestyle. This development thus offers tremendous market potential for the Group's high-end gas appliances and kitchen cabinets as well as gas insurance and other extended business initiatives. The collaboration will substantially increase Towngas China's customer base to more than 20 million client accounts.

This positive development serves as an excellent example of successful integrated development programme in the Yangtze River Delta region. It also breaks new ground as the first project collaboration in the gas industry following China's promulgation of the relevant guidelines. In addition to Shanghai, the Group will be extending its business to the vicinity, including the Lingang New Area, Qingpu New Area and the demonstration zone for integrated development in the Yangtze River Delta region.

Furthermore, Shanghai Gas and its parent company, Shenergy Group, own the LNG storage and peak-shaving base in Wuhaogou and LNG terminal in Yangshan Port respectively, with an annual processing capacity of 7.5 million tonnes as well as a gas storage capacity of more than 1.2 million cubic metres. Together with the underground salt cavern gas storage in Jintan of Changzhou city, Jiangsu province, owned by HKCG, the Group's parent company, it provides the opportunity to purchase and store gas when the gas price is relatively cheap in summer, and to supply it to project companies when demand is higher in winter. This creates more economic benefits for project companies and helps them cater for peak requirements when gas can sometimes be in short supply.





Review of Operations

Sales of Piped Gas

In 2020, the Group’s total piped gas sales volume rose 8% to 12,003 million cubic metres. Industrial gas sales increased by 12% to 7,581 million cubic metres, accounting for 63% of total gas sales; residential gas sales rose by 9% to 2,643 million cubic metres, accounting for 22% of total gas sales; and the equivalent of 264 million cubic metres of natural gas sales was recorded for the Group’s distributed energy system (“DES”) projects, accounting for 2% of total gas sales. Due to the Pandemic, commercial gas sales were seriously dampened during the year with a volume of 1,515 million cubic metres, accounting for 13% of total gas sales. The total number of Group customers reached 14.14 million, an increase of 704,000 customers year-on-year.

As at 31 December 2021, the Group’s business covered 21 provinces, municipalities and autonomous regions across the nation. The Group has all along been making every effort to encourage industrial and commercial customers to replace coal in production with natural gas, which is cleaner. In recent years, the Group has actively adopted various production capacity solutions with high energy efficiency, including increasing the market share of DES and exploring the use of renewable energy, so as to respond to the nation’s call for energy conservation and emission reduction to contribute to building a low-carbon eco-friendly community.



New Project Developments

During the year, the Group continued to push forward the development of its DES projects. It set up three additional DES projects — at the Eastern Park of Tongling Economic and Technological Development Zone in Anhui province, Fuxin Industrial Park in Liaoning province and Xiliu Textile Industrial Park in Haicheng, also in Liaoning province. Together with previous projects already in place, the Group holds 21 DES projects in total. The Tongling Economic and Technological Development Zone is a development zone at national level, with huge potential in the heating market. Fuxin Industrial Park is located in Fuxin city, where pipelines for piped natural gas have not yet been connected. As such, the cost of steam for businesses in the park is extremely high. The heating project, together with the Group’s local city-gas enterprise Fuxin Hongkong and China Gas Company Limited, will provide customers in the park with low-cost heating, to become the only heating and steam pipeline operator in the park. The heating project in Xiliu Textile Industrial Park will align itself with the local government’s initiatives to improve the energy mix by phasing out existing coal-fired boilers. The three projects will reach a capacity equivalent to 100 million cubic metres of natural gas in five years.

At the same time, Towngas China, together with 12 Group companies in the southwest region, jointly launched the Towngas Sichuan United Energy project to build a shale gas liquefaction plant and gas storage facilities. Upon completion, the project will be able to cater for peak requirements for gas storage in the southwestern region. Going forward, the Group will achieve its goals to interconnect company pipeline networks in the region and provide direct supplies of regular gas from gas source locations to businesses in the vicinity.

Further serving customers in the southwestern region, the Group established Towngas Cosy Home (Chengdu) Technological Services Co., Ltd. (“Towngas Cosy Home”), an extended business platform project, during the year. With an expanding middle-class customer base and increasing consumption in the mainland, Towngas Cosy Home will consolidate enterprise resources in the region, aligning itself with the change and increase in market consumption with the launch of extended business services to provide a “cosy lifestyle”. This will drive regional businesses to grow their business in the residential market and boost overall regional profit. The initiative is expected to accelerate the development of the Group’s extended business.



Industrial and Commercial Markets

In early 2020, the COVID-19 outbreak hit the world. To effectively control the virus, the Chinese government suspended production, closing all business premises early in the year. With the resumption of work not taking place until after the Chinese New Year holiday, there was a remarkable impact on both production and general consumption in the first quarter of the year. The Group's industrial and commercial market segments were similarly affected.

As the Chinese government introduced a series of lockdown measures in the early stages of the COVID-19 outbreak, to restrict people from being out and about, as well as to reduce human contact to fight the epidemic, most frontline industries, such as catering, tourism and hospitality industries, were virtually shut down. This therefore affected the gas sales volumes in our commercial segment, which amounted to 1,515 million cubic metres, down 14% from the same period in the previous year. Faced with this difficult business environment, the Group took a proactive stand — we contacted commercial customers to better understand their needs, in addition to introducing brand-new gas equipment to help them update their facilities for future development. This move was well received. The Group added approximately 9,900 new customers to our commercial portfolio in 2020.

The impact of COVID-19 on the industrial segment was relatively small and concentrated in the first quarter of 2020, despite the fact that work resumption after the Chinese New Year was delayed due to the virus. However, with many industries across the country resuming work and production in the second quarter, a number of manufacturers saw their output going up, recording year-on-year growth for the second half of the year. As such, throughout the year, the gas sales volumes in our industrial segment increased 12% over the same period in the previous year.

At the 75th United Nations General Assembly held during the year, the Chinese government announced that China would continue to make greater contributions to mitigate the impact of climate change through low-carbon transition. To this end, the country had set emission reduction targets, with the aim of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060. This move demonstrates the determination of the Chinese government to promote energy conservation and emission reduction. The adoption of clean energy thus has a pivotal role to play in the country's future development. Riding this trend, we have made every effort to promote "coal-to-gas" conversions among our customers, in addition to working tirelessly to expand the application of DES in China. These national strategies will bring both new and more business opportunities for the Group.





Review of Operations

Coal-to-Gas Conversion for Boilers and Furnaces

The Group encourages customers to use natural gas as production fuel in place of highly polluting coal by different means. As greenhouse gas emissions from natural gas are some 50% lower than from coal, the increasing use of gas will help China achieve its carbon neutrality goal.

In addition to helping customers replace old equipment with natural gas-fuelled boilers and furnaces, we advise new customers on the setting up of relevant equipment in their plants to catch up with the “coal-to-gas” policy and reap the benefits of natural gas-fuelled equipment.

During the year, the Group’s “coal-to-gas” projects for boilers and furnaces contributed 1,890 million cubic metres to our total gas sales volumes.



Distributed Energy Systems

In view of the ever-increasing demand for energy, driven by China’s rapid urbanisation, coupled with the government’s long-term emission reduction targets set during the year, increasing the use of efficient and low-pollution energy has become an important aspect of China’s energy development strategy. Our DES projects actively developed in recent years effectively meet the requirements of such a strategy.

In 2020, we added three DES projects, located in Tongling city, Anhui province and Fuxin city and Haicheng city, Liaoning Province. Together with our previously established developments, we currently hold a total of 21 DES projects.

Additionally, Towngas China Energy Investment Limited (“TCEI”), a Group subsidiary, has actively developed three clearly established business lines — regional heat supply, energy interconnection and smart energy for industrial and commercial customers, as well as breakthrough distributed photovoltaic applications. TCEI is establishing extensive cooperations with professional associations and businesses in the industry while enhancing expertise and technical capabilities, in an effort to create a sound ecosystem for energy business development.



C-Tech Laundry

In 2019, Towngas China established the laundry service brand C-Tech Laundry to tap existing customer resources and explore business opportunities. The brand uses advanced natural gas-fuelled equipment to provide professional laundry services for commercial customers, and targets customers in service industries, such as the hospitality industry, in affluent areas.

C-Tech Laundry set up a new laundry plant in Hangzhou city during the year. Together with the plants established in the cities of Chengdu, Guilin and Shaoguan last year, it had four laundry plants in operation in 2020.



As the Pandemic retreats, we expect the economy and tourist visits to pick up across the country. This will create greater market demand for laundry services.



Commercial Hot Water Systems

Apart from supplying customers with safe and reliable natural gas, we provide energy-efficient hot water systems for commercial customers in the mainland. These systems have been well received since their launch in 2017. In 2020, we sold approximately 2,000 sets of commercial hot water systems, hitting a new high and creating an increase of 11% in the same period over the previous year.

The water heaters in our commercial natural gas water heating system can be connected in parallel with one another to

allow some or all of the water heaters to be turned on, based on the amount of hot water needed. Our systems thus provide more flexible solutions for customers. Furthermore, the systems can produce hot water instantly, thereby enhancing heating efficiency.

These commercial hot water systems are widely used in places ranging from beauty salons and saunas to hotels and showers, among many others. Going forward, we believe that the applications of such systems are set to grow continuously.

Review of Operations

Residential Market

Fighting the COVID-19 Pandemic, the Chinese government imposed a series of lockdown measures which required virtually all large events and social gatherings to be shelved or deferred. As a result, residents stayed at home much more than usual. Gas sales volumes in our residential market segment were thus significantly boosted. In 2020, the Group's residential gas sales volume increased year on year by 9% and accounted for 22% of our total gas sales volume. The number of our residential customers also increased to reach 14.14 million households, a year-on-year increase of 5%.

Customer Services

Towngas China is committed to providing customers with high-quality services. At our customer centres, our customer service personnel provides one-stop solutions. These include appointments for stove installation, safety inspections and payment services. During the year, we set up a further three new customer centres, bringing the total number across the country to 163.

We attach tremendous importance to our culture of service excellence. To this end, we have established a company-wide service culture advocating for "Three Courtesies" where every frontline employee is required to serve customers with manners, etiquette and politeness. Making sure that our staff are able to meet these exacting standards, we provide professional training on a regular basis. In view of the COVID-19 restrictions, our relevant "Flying Dandelion Programme" could not be held in a physical classroom and thus was conducted online. We also made short videos of excellent customer service examples, uploading them onto our intranet as training material. This initiative allows our staff to log onto the learning platform on their mobile phones at anytime and anywhere.



Smart Homes and Gas Appliances

Seeking to enrich the lives of our very large customer base, we continue to broaden Bauhinia's many product categories. Since launching the brand in 2005, we have provided our customers with both the most up-to-date and top quality appliances, and seen Bauhinia's sales volumes increase year on year. Thanks to the brand's exceptional quality and excellent product design, coupled with our continuous efforts to improve product functions, the total sales volume of Bauhinia products continued to grow, exceeding 360,000 units for the year.





With growing digitalisation and ever-increasing Internet connection speeds, artificial intelligence (AI) and Internet of Things (IoT) technologies have become more and more mature. Embracing the trend, we are applying the emerging technologies to the research and development of household products, as we move ever closer towards the concept of “smart homes”. In 2020, we launched an anti-scorch cooking stove equipped with an intelligent temperature sensor, which can detect the temperature at the bottom of the pot during cooking, to lower the risk of accidents caused by forgetting to turn off the appliance. During cooking, if the water in the pot reaches boiling point and evaporates completely, the temperature in the pot would jump. Upon detection of this abnormal temperature rise, the appliance will automatically turn itself off, thus ensuring the safety of both customers and their homes.



During the year, Bauhinia sold about 140,000 gas cooking stoves, an increase of approximately 23% in the same period over the previous year.



Bauhinia also incorporated intelligent features and remote control functions into existing kitchenware products, including gas stoves, range hoods, water heaters and dual-purpose stoves. After connecting their appliances to the Bauhinia mobile app, customers can control them through mobile devices, such as mobile phones or tablets. If a customer forgets to turn off an appliance before leaving home, the app’s built-in reminder function will send a notification so that the user can turn it off remotely via the app. This provides customers with better protection and a very positive user experience.



Gas Clothes Dryers

To address the problem of drying clothes in humid or rainy weather, the Group introduced gas clothes dryers in Hong Kong in 2016. Since then the value and usefulness of such products have been well recognised. Riding on this positive trend, we launched large-scale marketing campaigns for gas clothes dryers last year in three key regions, East China, South China and Southwest China. These efforts have borne fruit and during the year, the Group’s gas dryer sales increased to approximately 15,000 units.

Apart from selling gas clothes dryers through retail channels, we adopted a brand-new service model in 2020, where we set up self-service drying stations in communities where we operate to provide 24-hour clothes drying services for residents in the vicinity. Every dryer at these stations is equipped with a QR code, which customers can scan to pay with their mobile phones and enjoy this convenient drying service.



Review of Operations

Extended Services

With the rise of mobile Internet technology, there is growing demand for service convenience and product comfort. Keeping pace with the times, we created our Towngas Lifestyle brand to deliver a diversified range of extended Towngas services.

Our Towngas Lifestyle philosophy is to bring added convenience and provide one-stop service to our customers. A major initiative in this direction is our Virtual Customer Centre (VCC) platform which is constantly being upgraded to enable our customers to conveniently access a series of gas services online. Currently, 74 Towngas China project companies have joined the VCC platform as service providers.

Seizing opportunities arising from the development of “Internet Plus” in mainland China, we have set up online channels which enable the public to buy food and enjoy extended services anytime, anywhere. Towngas Lifestyle also combines technology and innovation to introduce a host of new applications such as gas cloud, smart IoT and home lifestyle services, providing an integrated service platform for our customers’ needs.

Towngas Lifestyle

In 2017, we introduced a membership system, the Towngas Lifestyle Membership Scheme, for customers who as members can not only access online customer services, but also enjoy a variety of special offers, such as discounts on extended services, including health foods, kitchenware, home services, gas insurance and kitchen cabinets, as well as services and information provided by third parties in collaboration with Towngas China. In 2020, Towngas Lifestyle launched a mobile app in addition to our WeChat Mini Programme. As at the end of the year, the number of members exceeded 6 million.

Given the boom in online shopping and the growing demand for quality ingredients from the Chinese market, our project companies took advantage of the Group’s Taste Bauhinia brand and the business concept of “one city, three specialities” to source quality agricultural products in their areas of operation. Customers can thus buy local foods from various provinces and municipalities through the Towngas Lifestyle platform without leaving their homes.





Going forward, Towngas Lifestyle will consolidate its position as a health, food and general service provider integrated into the daily lives of our customers as their home lifestyle managers.



Towngas China Home Lifestyle Services

Building on Towngas Lifestyle's large and loyal customer base, we launched our new Towngas China Home Lifestyle brand in June 2020, broadening the scope of services even further, with options such as home cleaning and home cooking available through the Towngas Lifestyle app.

We provide professional training for every team member of Towngas China Home Lifestyle, making every effort to ensure that the service team practise and promote our "customer-oriented" service concept. To this end, we also conduct a customer satisfaction survey after each service session. As at the end of the year, the survey results show that customer satisfaction levels were well over 90%.



Further improving the services of Towngas China Home Lifestyle, we will be opening "Moment+" Towngas China Home Lifestyle Centres in our many areas of operation throughout the country. Going forward, the plan is to provide a full range of domestic services such as elderly care to create synergy with our existing gas services.

Mia Cucina

With improving living standards in mainland China, people are increasingly focused on enjoying a quality lifestyle. In particular, the demand for well-decorated homes keeps escalating. Our high-end kitchen cabinet brand, Mia Cucina, fulfils this need. The brand features quality materials and fashionable design, whilst also providing the best storage capacity in a limited space. It has thus enjoyed great popularity with both major developers and residential customers.

In future, Mia Cucina will extend its services beyond the kitchen. We plan to provide services such as customising and installing wardrobes and bathroom cabinets for instance. Customers will be able to enjoy a one-stop service package with better and more comprehensive home design, offering more cohesive and integrated functions and aesthetics.

Review of Operations

Safety and Risk Management

It is our mission to provide customers with efficient and safe energy. We thus do our utmost to achieve this end. Even when COVID-19 raged in early 2020, all our frontline employees remained steadfast to their responsibilities, with many of them increasing their service hours as needed. Towngas China also required all general managers of project companies to strengthen safety inspections and added “Special Inspection for the Prevention and Control of COVID-19” item to ensure the safety and stability of the Group’s gas supply during the difficult Pandemic period.

Safety Inspections

To improve safety levels, we introduced more stringent requirements during the year in our monthly general manager safety inspections, and also increased inspection frequency from once to twice a month. Public health items, as needed, were added to the checklist to normalise Pandemic prevention and control. Meanwhile, our corporate Safety and Risk Management Department set specific themes and focus areas for monthly inspections, with a view to eliminating hidden dangers in every aspect.

Further to our regular safety inspections, the Group’s Safety Committee also organised unplanned inspections from time to time to keep project companies on the alert with regard to safety management. During the year, Safety Committee members conducted unplanned inspections on project companies in the northeastern region, visiting their business premises including natural gas gate stations and customer centres without prior notice. This initiative ensures that project companies continuously comply with and make improvements to our stringent safety standards.





Underground Pipe Network Safety

The underground pipe network is the lifeblood of a gas company as it undertakes the important task of safely transmitting natural gas. In recent years, we have been replacing the grey cast iron pipes laid in the early days with high-strength, anti-corrosion steel and polyethylene (PE) pipes, and renovating older pipes that do not meet current standards as well as pipes with safety hazards, to further guarantee gas supply safety.

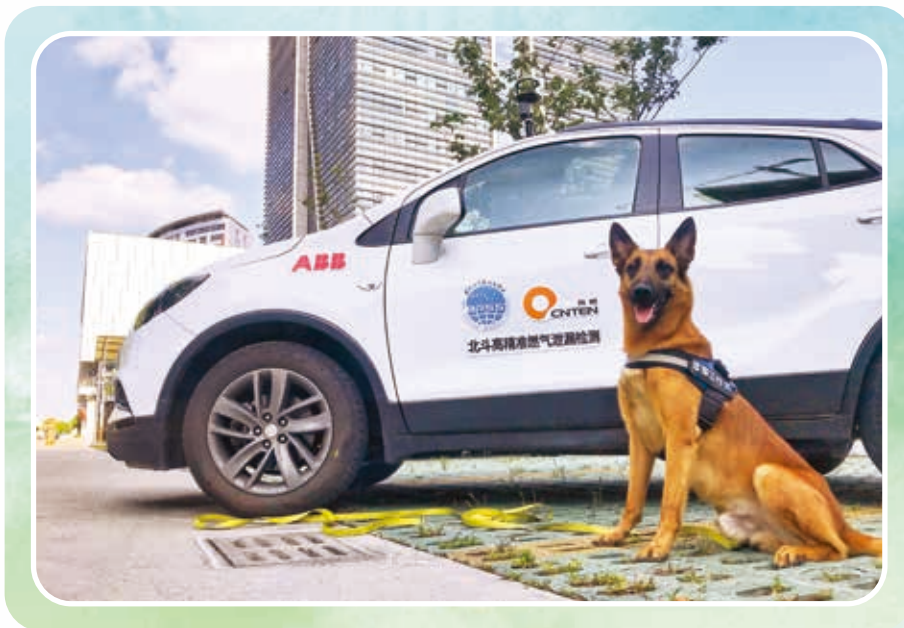
In 2020, engineering staff continued to carry out the relevant replacement work. To date, most of the grey cast iron pipes have been replaced, with about 30 kilometres of pipelines remaining for work.

Innovative R&D and Construction Safety

In recent years, many innovative initiatives developed by Towngas China employees have been completed and applied to our engineering projects. These activities not only improve efficiency but also help ensure the safety of construction workers.

In 2020, employees proposed improvements to the traditional hanging basket for high-altitude operation, including adopting a seat-type basket that is convenient for pipeline construction operations, together with accessories which can improve safety. These include a suction cup that helps with positioning, reliable suspension equipment as well as automatic control and remote monitoring systems, allowing employees to work more comfortably and safely. The innovative initiative met national safety standards and won the first prize for safety innovation at the “2020 Gas Safety Seminar cum Gas Safety Innovation Achievement Exhibition” held by the China Gas Association.

The Group has recently introduced sniffer dogs for gas leak detection. Sniffer dogs are able to recognise the unique smell of natural gas odorants in the air and give early warning. During the year, we paired the dogs with high-precision leak detection vehicles. The sniffer dog carefully inspects the areas with suspected gas leaks identified by the leak detection vehicle to pin down the exact location of the leak. This innovative combination and application of two leak detection methods have greatly improved the efficiency of leak detection.



Review of Operations

Human Resources

At Towngas China, we are committed to upholding our people-oriented operations strategy. In addition to caring for the occupational safety and health of our employees, we seek to create an ideal work environment for our staff. We thus invest heavily in our manpower and resources, providing professional training for employees, so that they enjoy every opportunity to further their career development. During the year, offline training could not be carried out as usual due to the Pandemic. Accordingly, we strengthened the use of Towngas China Mobile Academy, our distance learning platform. Employees could log on to attend training sessions at their own pace, anytime and anywhere. As of 31 December 2020, the Group had a total of 22,506 employees.

In line with anti-COVID-19 requirements, offices were regularly disinfected. We also provided sufficient infection prevention supplies for employees. For example, surgical masks and alcohol disinfectant were provided to employees free of charge. Additionally, frontline employees were provided with professional protective clothing, goggles and alcohol disinfection pads, to ensure that employees can rest assured of their own safety when performing their duties and customers can enjoy peace of mind.

To ensure that the Group has a sufficient talent pool, our Human Resources and Administration Department tailor-makes appropriate training programmes based on seniority, rank and job nature. In 2020, we organised our first “Corporate Executives Talent Training Programme” for senior managers, enabling a deeper understanding of the operations and culture of the Group through the 18-month programme. Under the programme, the general manager and department heads of respective regional subsidiaries served as mentors, and training plans were customised suit to the work requirements of each participant, preparing them to take up decision-making positions within the Group in the future.

The Group also operates the Talent Ladder Scheme and Superior Quality Service Training Programme for mid-level managers and frontline employees respectively. Under the former, middle managers are assigned to different positions to enhance their understanding of different functional departments, with a view to providing support for their further promotion and development. And through the latter, frontline employees are taught to apply thought processes and tools for business process optimisation. Case studies within our operations are used to enhance participants’ problem-solving skills and inspire innovative thinking.





Corporate Social Responsibility

As a leading public utility, Towngas China upholds the principles of “benefitting society through active participation in social services; contributing to the community through dedicated efforts in environmental protection”. As such, the Group makes every effort to set an example in its business operations, as it works to safeguard the health and safety of its stakeholders, protect the environment and serve the community.

The Board places great emphasis on investing resources in environmental protection, social welfare and corporate governance. To this end, an Environmental, Social and Governance Committee, consisting of senior management members, has been established. Their responsibilities are to regularly report to the Board the implementation of various projects. A department is dedicated to the coordination of community initiatives and environmental protection activities. This department is in turn supported by the Towngas China Volunteer Team consisting of employees from all of the Group’s project companies. The Towngas China Volunteer Team now has more than 6,700 members. During the year, the Group’s staff contributed more than 570,000 hours of public service.

Pandemic Relief Support

In its efforts to help companies resume work and production as soon as possible and protect the health of the community, the Group took the initiative to channel both manpower and resources whenever and wherever possible. For example, when protective supplies were in short supply, the Group mobilised staff to source protective equipment such as surgical masks, protective clothing, gloves, goggles and alcohol disinfectant from around the world. These supplies were then donated to organisations in need and vulnerable groups.

Towngas China sought to pay the highest possible tribute to frontline medical workers who served the community tirelessly during the Pandemic. In addition to donating protective equipment, the Group leveraged its business strengths to donate and install gas stoves, water heaters and gas clothes dryers for medical institutions for free, seeking to support and better cater for the health workers’ basic needs by providing a full range of facilities.



Gentle Breeze Movement

Gentle Breeze Movement is one of Towngas China’s iconic community initiatives. Since 2013, the movement sought to improve the quality of life of underprivileged families as well as the teaching environment by providing support for schools with limited resources. To this end, it participates in school renovation projects in addition to donating books and school supplies. Since the start of the initiative to the end of 2020, Towngas China has donated more than RMB3.15 million to over 30 schools.

Review of Operations

In 2020, through this movement, the Group carried out educational support activities in Chongqing and Qingyuan city, Guangdong province. Xinmin Primary School is located in a remote area with poor facilities in Qijiang district, Chongqing city. In addition to donating books and school supplies, the Group volunteers provided scholarships for teachers and students who won prizes in the "Little Yue Fei" writing competition. The aim is to support the next generation to carry forward the spirit of loyalty and patriotism. At the same time, the Group also donated two tonnes of northeast rice produced by Bauhinia Farm to 22 schools in Qijiang district in support of the country's education initiatives.

A further educational support activity was the renovation of Dongmang Primary School in Qingyuan city, Guangdong province. In addition to repairing outdoor facilities such as the school gate and flag-raising platform, volunteers set up a "Towngas China Charity Library" for the school and donated a range of school equipment, including a campus broadcasting system, computers as well as desks and chairs, among others.



Rice Dumplings for the Community

During the Dragon Boat Festival, the Group once again hosted its annual social welfare campaign, "Rice Dumplings for the Community". Over 1,000 corporate volunteers as well as their relatives and friends got together with local educational institutions and charities to source ingredients and make rice dumplings. More than 20,000 rice dumplings were made and donated to the underprivileged in celebration of the festival.





Long-term Development Strategy

The year 2020 was without doubt a year full of challenges. The Pandemic and the Sino-US trade war posed serious challenges to China's macro-economy. However, this also demonstrated the strong commitment of the Chinese government to bringing the country's businesses and people together. This has enabled China's rapid economic recovery as everyone worked together in concert to overcome the year's many difficulties.

The year 2021 saw the introduction of China's 14th Five-year Plan, promoting energy transition and green development as inevitable steps to building an ecological civilisation. Additionally, the Chinese government is aiming to achieve carbon neutrality by 2060. Thus, China's energy consumption will become increasingly green. In this context, the business of natural gas, which is regarded as a clean energy source, will see growing opportunities. With its ongoing commitment to providing clean energy, Towngas China will continue to deepen its involvement in the country's city-gas markets. Furthermore, in addition to the hundred strong city-gas projects currently held by the Group in China, it has also been engaging in the DES market in recent years to increase its market share in the energy field. The Group believes that DES has the advantage of discharging less carbon dioxide emissions while at the same time providing higher energy efficiency. As such, it will be one of the main development directions of the Group.

To seize the opportunities presented by the 14th Five-year Plan and follow the smart transformation megatrend, Towngas China has launched a number of products with a brand-new "smart stoves" concept. In 2021, the Group will be promoting smart energy and extended services even further. It will also be building an integrated Internet platform comprising the gas cloud, smart Internet of Things ("IoT"), e-commerce and home lifestyle services. This will help drive the development of the Group's extended business services and provide lifestyle services for our customers. In terms of industrial development, the 14th Five-year Plan is greatly relevant to Towngas China's key business areas. Under this trend for green development, it is expected that natural gas and smart energy will present huge development opportunities, which in turn brings better and brighter prospects for the Group's business.

