蘇創燃氣
SUCHUANG GAS

SUCHUANG GAS CORPORATION LIMITED
蘇創燃氣股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1430)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Revenue for the Period was RMB644.0 million, representing an increase of 17.3% over the corresponding period of last year.
- Gross profit for the Period was RMB91.4 million, representing a decrease of 15.9% over the corresponding period of last year.
- Profit attributable to the owners of the Company for the Period was RMB36.6 million, representing an increase of 43.2% over the corresponding period of last year.
- Basic earnings per share for the Period amounted to RMB4.05 cents (the corresponding period of last year: RMB2.83 cents).
- The Board resolved not to declare an interim dividend for the Period.

INTERIM RESULTS

The board (the "Board") of Directors (the "Directors") of Suchuang Gas Corporation Limited (the "Company") is pleased to announce the unaudited interim financial results and financial position of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021 (the "Period") together with the comparative figures for the corresponding period of last year. These interim financial results have been reviewed by the Company's auditors, Ernst & Young, Certified Public Accountants and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June 2021 *RMB'000* (Unaudited)	2020 *RMB'000* (Unaudited)
REVENUE	*4*	**643,959**	549,024
Cost of sales		**(552,517)**	(440,354)
Gross profit		**91,442**	108,670
Other income and gains	*5*	**28,910**	13,376
Selling and distribution costs		**(10,894)**	(5,836)
Administrative expenses		**(39,286)**	(42,156)
Impairment losses on financial and contract assets, net		**(2,524)**	(1,530)
Other expenses		**(5,030)**	(14,018)
Finance costs		**(5,105)**	(5,117)
Share of losses of associates		**(1,099)**	(1,862)
PROFIT BEFORE TAX	*6*	**56,414**	51,527
Income tax expense	*7*	**(17,767)**	(25,626)
PROFIT FOR THE PERIOD		**38,647**	25,901
Attributable to:			
Owners of the parent		**36,570**	25,538
Non-controlling interests		**2,077**	363
		38,647	25,901
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(287)**	(171)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(287)**	(171)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
Attributable to:			
Owners of the parent		**36,283**	25,367
Non-controlling interests		**2,077**	363
		38,360	25,730
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the Period (RMB cents)	*9*	**4.05**	2.83
Diluted			
– For profit for the Period (RMB cents)	*9*	**4.05**	2.83

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**658,197**	669,991
Right-of-use assets		**87,152**	88,907
Goodwill		**98,782**	98,782
Intangible assets		**99,557**	104,591
Investments in associates		**119,959**	129,727
Equity investments at fair value through profit or loss		**19,504**	53,255
Debt investment at fair value through profit or loss		**94,239**	95,029
Deferred tax assets		**37,027**	40,388
Other non-current assets		**11,527**	12,344
Total non-current assets		**1,225,944**	1,293,014
CURRENT ASSETS			
Inventories		**13,287**	12,115
Trade and notes receivables	*10*	**161,495**	157,778
Contract assets		**13,947**	9,208
Prepayments, other receivables and other assets		**145,360**	174,548
Amounts due from related parties		**36,936**	34,281
Financial assets at fair value through profit or loss		**10,000**	55,000
Debt instruments at amortised cost		**47,873**	59,478
Restricted cash		**273,100**	259,300
Cash and cash equivalents		**286,815**	245,766
Total current assets		**988,813**	1,007,474
CURRENT LIABILITIES			
Trade payables	*11*	**67,873**	51,627
Other payables and accruals		**77,238**	73,258
Contract liabilities		**178,357**	144,495
Amounts due to related parties		**9,104**	5,555
Deferred revenue		**1,043**	1,043
Interest-bearing bank and other borrowings		**101,263**	237,152
Tax payable		**24,888**	28,132
Total current liabilities		**459,766**	541,262
NET CURRENT ASSETS		**529,047**	466,212
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,754,991**	1,759,226

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

	Notes	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Contract liabilities		**83,500**	89,412
Deferred revenue		**12,359**	12,880
Interest-bearing bank and other borrowings		**57,777**	72,898
Deferred tax liabilities		**26,142**	28,805
Total non-current liabilities		**179,778**	203,995
Net assets		**1,575,213**	1,555,231
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**7,215**	7,215
Reserves		**1,476,021**	1,458,666
		1,483,236	1,465,881
Non-controlling interests		**91,977**	89,350
TOTAL EQUITY		**1,575,213**	1,555,231

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2021

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 4 July 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands.

The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal activity of the Company is investment holding.

The principal business activities of the Group during the Period included the distribution and sale of piped natural gas, the operation of compressed natural gas ("CNG") and liquefied natural gas ("LNG") refuelling station business, the provision of natural gas transmission, and acting as the main contractor of construction and connection of gas pipelines in Mainland China.

In the opinion of the Directors of the Company, the ultimate controlling shareholders of the Company are Mr. Su Aping (蘇阿平) and Ms. Zhu Yaying (朱亞英) (together known as the "Controlling Shareholders").

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 March 2015.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use* (early adopted)

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 or IAS 39 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Euro based on the Euro Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendment had no impact on the Group's financial statements for the period ended 30 June 2021.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the revised IFRSs are described below: (continued)

(c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The Group early adopted the amendment from 1 January 2021, and recognised proceeds from selling items produced while bringing that asset to the condition necessary for it to be capable of operating with an amount of RMB8,246,000 in profit or loss, and the relevant cost was about RMB4,369,000.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is natural gas operation. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
China	**643,801**	548,817
Overseas	**158**	207
	643,959	549,024

The revenue geographical information above is based on the locations of customers.

Information about major customers

Revenue of approximately RMB75,890,000 (six months ended 30 June 2020: RMB56,001,000) was derived from sales by the natural gas segment to a single customer.

The directors have only little information about whether a group of entities are under common control; and therefore such assessment is made according to the directors' best knowledge. Especially, the assessment is not for those entities which might solely be under the ultimate common control of the government after taking into account the economic integration among such entities in the economic environment with a large number of state-owned entities in Mainland China.

4. REVENUE

An analysis of the revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**645,694**	550,108
Revenue from other sources	**1,340**	1,765
	647,034	551,873
Less: Government surcharges	**(3,075)**	(2,849)
	643,959	549,024
Revenue from contracts with customers		
Types of goods or services		
Sale of natural gas	**569,403**	474,636
Construction and connection of gas pipelines	**60,632**	67,972
Sale of industrial gas	**8,246**	–
Transmission of natural gas	**4,063**	5,111
Others	**3,350**	2,389
	645,694	550,108
Timing of revenue recognition		
Goods or services transferred at a point in time	**585,062**	482,136
Services transferred over time	**60,632**	67,972
	645,694	550,108
Revenue from other sources		
Gross rental income	**1,340**	1,765

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**4,899**	8,858
Government grants	**757**	1,304
Exchange gain	**372**	3,027
Others	**561**	81
	6,589	13,270
Gains		
Fair value gains, net:		
Equity investments at fair value through profit or loss	**18,270**	–
Financial assets at fair value through profit or loss	**3,897**	–
Debt investment at fair value through profit or loss	**154**	–
Gains on rent concessions as a result of the covid-19 pandemic	**–**	106
	22,321	106
	28,910	13,376

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**509,263**	409,148
Cost of services provided	**43,254**	31,206
Employee benefit expense:		
Wages and salaries	**21,795**	21,449
Equity-settled share option expenses	**936**	2,807
Pension scheme contributions	**1,140**	427
Social security contributions and accommodation benefits	**1,421**	1,229
Exchange gains	**(372)**	(3,027)
Depreciation of property, plant and equipment	**25,084**	21,037
Depreciation of right-of-use assets	**2,776**	2,907
Amortisation of intangible assets	**3,480**	3,207
Impairment of intangible assets	**2,024**	–
(Reversal)/Impairment loss of trade receivables, net	**(1,012)**	1,530
Impairment loss of investment in an associate	**1,858**	–
Impairment loss of amounts due from related parties	**3,535**	–
Fair value (gains)/losses:		
Equity investments at fair value through profit or loss	**(18,270)**	19,579
Financial assets at fair value through profit or loss	**(3,897)**	(5,583)
Debt investment at fair value through profit or loss	**(154)**	–
Interest income	**(4,899)**	(8,858)
Gains on rent concessions as a result of the covid-19 pandemic	**–**	(106)

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operate.

The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in Mainland China for the period	**17,069**	24,450
Deferred tax	**698**	1,176
Total tax charge for the period	**17,767**	25,626

The provision for Mainland China current income tax is based on the statutory rate of 25% (six months ended 30 June 2020: 25%) of the assessable profits for the six months ended 30 June 2021 of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%.

8. DIVIDENDS

The proposed final dividend of RMB0.022 per ordinary share for the year ended 31 December 2020 was declared payable and approved by the shareholders at the annual general meeting of the Company. The dividend amounting to RMB19,864,000 was distributed on 24 June 2021.

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 903,084,000 (six months ended 30 June 2020: 902,924,000) in issue during the Period.

The calculation of the diluted earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the share option scheme, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**36,570**	25,538

	Number of shares For the six months ended 30 June	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	**903,084,000**	902,924,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
	903,084,000	902,924,000

As the average market price of ordinary shares during the Period is lower than the exercise price of the share options, the share options have no dilutive effects.

10. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
0-90 days	**134,513**	124,164
91-180 days	**2,240**	2,956
181-360 days	**10,141**	13,984
Over 1 year	**14,601**	16,674
	161,495	157,778

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
0-90 days	**54,087**	39,490
91-180 days	**2,197**	325
181-360 days	**34**	7,856
1-2 years	**10,419**	2,720
Over 2 years	**1,136**	1,236
	67,873	51,627

12. EVENTS AFTER THE REPORTING PERIOD

On 25 August 2021, the Company jointly announced with China Resources Gas (Hong Kong) Investment Limited ("China Resources Gas") in relation to the proposed take-private of the Company, and the proposal will involve among other things (i) the Company will cancel and extinguish all of its issued share capital; (ii) the company will issue the same number of new shares to China Resources Gas and Changjiangwei Limited, a company owned by China Resources Gas, in proportion to the number of scheme shares (minus one), and (iii) the Company will withdrawal of the listing of the shares on the Hong Kong Stock Exchange Limited. The Group has also agreed with the Controlling Shareholders to dispose of certain subsidiaries of the Company and to settle certain intra-group loans. The above transactions are subject to shareholders' approval at the extraordinary general meeting.

MARKET OVERVIEW

Looking back on the first half of 2021, as more and more countries and regions launched vaccination plans, global business activities gradually returned to normal, laying the cornerstone for promoting economic recovery. Although the COVID-19 pandemic was still raging around the world, the Chinese economy took the lead in recovering from the shutdown of production and slow economic development last year and maintained steady growth. China's GDP grew by 12.7 percent year-on-year in the first half of the year to more than RMB53 trillion, with a continuous growing trend.

As a major manufacturing province in China, Jiangsu Province has made every effort to promote the resumption of work and production of enterprises and major engineering projects, involving many key areas such as automobiles, ships, industries, science and technology aviation, and medical and health care. Meanwhile, in the province's "14th Five-Year Plan" outline, clear arrangements have been made for "gathering efforts to build a strong manufacturing province" and "empowering development zones to innovate and enhance development", indicating that the construction of provincial-level characteristic innovation industrial demonstration parks will be accelerated to support the national-level development zones to build industrial benchmarks, provincial-level development zones to build industrial advantages, to ensure that the total number of nationally advanced manufacturing industrial clusters in Jiangsu Province leads other provinces across China.

China's economy continued to recover steadily with continuous growth in energy demand. According to National Energy Administration, consumption in the national natural gas market in the first half of this year increased by 21.2% year-on-year and by 23.5% as compared to the same period of 2019. Among them, industrial gas consumption maintained a rapid growth of 26.6% year-on-year, with a contribution rate of 44.7%; gas consumption for power generation increased by 15.2% year-on-year, and the role of gas-fired power in ensuring power supply was further highlighted. In terms of resource supply, according to the statistics from the Operational Bulletin published by the National Development and Reform Commission (the "NDRC"), domestic natural gas resources in the first half of this year totaled 185.1 billion cubic meters, representing an increase of 27.3 billion cubic meters year-on-year, among which, domestic resources accounted for 103.8 billion cubic meters, representing a year-on-year increase of 9.5%, and continued to maintain rapid growth; while imported resources accounted for 81.3 billion cubic meters, representing a year-on-year increase of 29.6%.

Along with the growing energy demand, President Xi Jinping last year set the goal of reaching a peak in carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060. According to calculations by research institutions, to achieve this goal, the proportion of China's non-fossil energy consumption needs to be increased from less than 16% at present to more than 80%, and non-fossil energy power generation needs to be increased from the current 34% to about 90%. Therefore, it is an inevitable that China's energy industry will experience clean and low-carbon transformation comprehensively, and natural gas remains one of the most ideal choices in the transition stage from fossil energy to non-fossil energy. Coupled with the increasing emphasis on environmental protection and sustainability concepts, ESG investment becomes popular, so the industry prospects are highly promising.

In the first year of the "14th Five-Year Plan", all provinces and municipalities conscientiously implemented the "dual control" goal, accelerated the low-carbon transformation of the energy structure, and strictly limited the growth of coal consumption. Natural gas has become a realistic energy choice for achieving the goal of hitting peak emissions. This provides strong support for the development of the Group and is conducive to the steady growth of the natural gas sales and transmission business.

MARKET OVERVIEW (CONTINUED)

In February 2021, Jiangsu Energy Regulatory Office formulated the *Implementation Rules for Supervision of Fair Access to LNG Receiving Terminals in Jiangsu* (《江蘇省液化天然氣接收站公平開放監管實施細則》), which stipulates that LNG receiving terminals in the province provide users with services such as unloading, storage, and outbound transportation. Applicable user access conditions requires: companies with LNG resources or annual gas consumption (sales volume) of not less than 50 million cubic meters (including but not limited to natural gas sales companies, urban gas operating companies, gas-fired power plants, natural gas decentralized energy and other independent legal person terminal users).

In May 2021, in order to implement the *Notice of the General Office of the National Development and Reform Commission and the General Administration Department of the National Energy Administration on Accelerating the Key Oil and Natural Gas Infrastructure Projects in 2021*(《國家發展改革委辦公廳國家能源局綜合司關於加快推進2021年石油天然氣基礎設施重點工程有關事項的通知》), Jiangsu Energy Regulatory Office issued the *Notice of the Jiangsu Energy Regulatory Office on Implementing Relevant Requirements for Accelerating the Supervision of Key Oil and Natural Gas Infrastructure Projects in 2021*(《江蘇能源監管辦關於落實加快推進2021年石油天然氣基礎設施重點工程監管工作有關要求的通知》), which clarified that there are 8 key oil and gas infrastructure projects in Jiangsu in 2021, including 3 natural gas pipeline projects, namely the China-Russian Eastern Route (Taian – Luzhi Section), Jiangsu Binhai LNG Pipeline, and Qingning Pipeline Terminal and West-East Gas Pipeline Qingshan Station Connection Project; 4 LNG receiving terminal projects, namely Jiangsu LNG Terminal Phase III, Jiangsu Rudong LNG Terminal Phase III Supporting Terminal Project, Jiangsu Binhai LNG Receiving Terminal Phase I, and Jiangsu Binhai LNG Receiving Terminal Phase I Expansion Project; 1 gas storage project, namely the Jintan Gas Storage Phase II Expansion Project.

The above policies have furthered the diversification of sources of gas, enriched the gas sources in the area where the Group is located, and provided further guarantee for the gas supply within the Group's business scope.

BUSINESS OVERVIEW

As a leading piped natural gas supplier and operator in Taicang City, Jiangsu Province, China, the Group, currently, is mainly engaged in: i) transmission and sale of pipeline natural gas business; ii) natural gas pipeline construction and connection business; and iii) comprehensive energy and environmental protection business.

During the Period, various economic indicators of Taicang City have increased significantly compared with the same period last year. In the first half of the year, Taicang's foreign trade import and export was RMB53.37 billion, representing a year-on-year increase of 28.9%, ranking first in Suzhou. According to the list of the Top 100 Counties released by the Mainland China's "CCID Consulting County Economic Research Center" in early August this year, Jiangsu Province monopolized half of the top 10 counties, and Taicang City ranked 7th, continuing to lead other counties' economies in China. According to the report of *Top 100 Counties in Terms of Economy in China in 2021*, the per capita GDP of the top 100 counties reached RMB112,000 in 2020, which has reached the level of high-income countries according to the World Bank's classification standards for low, middle and high-income countries.

BUSINESS OVERVIEW (CONTINUED)

Taicang Port, comprising the main container port, the transshipment hub for transport by river and sea, as well as the sole riverside natural harbour in Jiangsu, is an important part of Shanghai International Shipping Center as designated by the state. According to the latest port statistics released by the Ministry of Transport of the PRC for 2020, Taicang Port in Jiangsu Province has become the ninth largest container port in China with a container transport volume of 5.21 million TEUs, ranking first in Jiangsu Province for three consecutive years. In the first half of this year, Taicang Port completed 3.273 million TEUs of container transportation, representing an increase of 42.61% year-on-year, a record high for the first half of the year, and accounted for more than 30% of the province's container transportation volume. Taicang Port Container Terminal Phase IV was opened at the end of June this year into the first automated storage yard in the Yangtze River Basin, which is also a core cooperation project between Taicang Port and Shanghai Port to promote the process of "Shanghai-Suzhou One City, Shanghai-Taicang One Port".

In April 2021, Taicang's overall control plan was released, under which, Loujiang New Town, which is located to the east of Taicang's main city, with Su-Kun-Tai Expressway to the north, Shenyang-Haikou Expressway to the west, Shanghai to the south, and Shanghai-Suzhou-Nantong Railway to the east, covers an area of about 50 square kilometers and has a planned population of about 300,000 people. Loujiang New Town will be built as the eastern sub-center of the main city of Taicang, including four functional areas, namely Science & Education Innovation Zone (科教創新區), Intelligent Manufacturing Zone (智慧製造區), High-speed Rail Business Zone (高鐵商務區) and Lin Hu International Community (臨滬國際社區).

The development of Taicang Port and Loujiang New Town has enabled the Group to further penetrate the natural gas market in Taicang City, expand its market share, and help Taicang City achieve the goal of "carbon peak and carbon neutrality".

NATURAL GAS SALE AND TRANSMISSION BUSINESS

Since August 2013, the Group has been selling and transporting pipeline natural gas to users in the operating area under the exclusive right in Taicang City, with an initial term of 30 years ending on 31 August 2043. Through the pipeline network, the Group provides transportation services for customers who have direct natural gas purchase arrangements with PetroChina. Our customers include retail customers (by direct supply to end customers in Taicang or surrounding cities) and wholesale customers (by supply to other urban gas companies).

Taicang City, the Group's main operating area, and adjacent affluent cities in Eastern China, such as Suzhou, Kunshan, Changshu and Shanghai, with remarkable geographic advantages available, creates the Shanghai-Taicang One City effect together with Shanghai. The dynamic economic and industrial development has unceasingly brought increasing industrial and commercial users of natural gas to the Group. As of 30 June 2021, the Group had a natural gas pipeline network totaling 653 km covering all major regions in Taicang City and over 90% (in terms of length) of the natural gas pipeline network in Taicang City. As of 30 June 2021, the Group had 617 commercial and industrial users in Taicang City and approximately 267,900 residential users, representing an increase of 10 commercial and industrial users and approximately 7,400 residential users as compared to 31 December 2020, respectively.

BUSINESS OVERVIEW (CONTINUED)

NATURAL GAS SALE AND TRANSMISSION BUSINESS (CONTINUED)

During the Period, revenue of the Group generated from the sale and transmission of natural gas business was approximately RMB573.5 million, increasing by 19.6% compared with the corresponding period in 2020, accounting for 89.1% of the Group's total revenue. Such increase was primarily due to an increase in the volume of natural gas sold during the year.

As of 30 June 2021, the Group had a total of 5 CNG/LNG filling stations, including 3 stations in Guangyuan, Sichuan, 1 station in Taicang and 1 station in Suzhou. 1 LNG/CNG filling stations in Sichuan and Taicang has been completed and expected be put into operation by the end of 2021.

NATURAL GAS PIPELINE CONSTRUCTION AND CONNECTION BUSINESS

The Group's natural gas pipeline construction and connection business includes the construction and installation of urban gas pipeline networks, as well as the connection of the networks to the end-user pipelines for property developers and new industrial and commercial users. During the Period, revenue generated from natural gas pipeline construction amounted to RMB57.6 million, representing a decrease of 11.5% compared to RMB65.1 million for the corresponding period last year, which accounted for 8.9% of total revenue during the Period. The decrease was mainly due to the decrease in number of projects completed in the Period (mainly the construction projects completed during the Period).

DEVELOPING INTO A COMPREHENSIVE ENERGY AND ENVIRONMENTAL PROTECTION ENTERPRISE

The Group is committed to the strategic direction of expanding into a comprehensive energy and environmental protection enterprise. It currently owns 51% equity interest of Dunhua Gas Engineering Technology, which provides professional technical services on environmental protection, and 100% equity interest of Jiangsu Tengxu, which is engaged in the contracted energy management as well as the development and management of distributed energy system projects. At present, the Tahe refinery emission reduction project of Dunhua Gas has successfully completed the acceptance, and the businesses of carbon capture, storage and utilization have begun. As for the distributed energy project undertaken by Jiangsu Tengxu, it will be merged into the State Grid in the second half of the year.

DEVELOPING INTO A COMPREHENSIVE ENERGY AND ENVIRONMENTAL PROTECTION ENTERPRISE (CONTINUED)

According to the national development strategy, clean energy including LNG will be the major energy for use in the future. The continuous increase in the demand for natural gas consumption, the significant seasonal differences in consumption, short-term shortage of gas storage facilities in China and other factors lead to the current failure of LNG receiving terminals in operation and under construction in China to fully satisfy and adapt to the growth of natural gas consumption, and the market demand. In order to ensure the steady supply of gas in Suzhou and the Yangtze River Delta region, accelerate the upgrade of industrial structure and capitalize on the natural advantages of Taicang Port, the Group plans to cooperate with the world's leading LNG companies in different fields to find new gas sources to break through the current gas source restrictions.

In June 2020, the Group, through China Suchuang Energy Co., (Hong Kong) Ltd. ("Suchuang Energy"), a wholly-owned subsidiary of the Group, entered into a comprehensive strategic cooperation framework agreement with Bp (China) Holdings Limited ("BP"), in relation to the whole industry chain of natural gas and LNG, and gas-fired generation. Under the premise that BP can provide low-cost, long-term gas supply, the two parties will actively explore different forms of cooperation in the development of the LNG/natural gas market in China.

On 27 July 2020, the Company entered into a cooperation framework agreement with CNOOC Gas & Power Group Limited ("CNOOC Gas & Power Group") for a term of five years from the date of the agreement, for the purpose of the establishment of a cooperative relationship for the development of LNG businesses, construction of LNG receiving terminals, development and operation of LNG tank container businesses, and construction of LNG refueling stations for vehicles and vessels in Taicang Port. During the period, for the establishment of LNG receiving terminals, the Group carried out a series of basic work, including various project feasibility study reports, such as river bed evolution and hydrology survey, navigation impact and navigation safety assessment, tidal flow and sediment mathematical model report, market research.

FUTURE PROSPECTS AND CHALLENGES

Entering the "14th Five-Year Plan" period, although the development of natural gas may be affected by uncertain factors such as weather, pandemic, and policies, the market generally expects that China's natural gas consumption will maintain its growth momentum overall. There is a large space for urban gas development, and the international average gas-utilizing level of residents will be above 70%; there is still a lot of room for the use of coal-to-natural gas small industrial boilers and small furnaces in Jiangsu; natural gas prices may remain low for a long time in the future, which is also beneficial to the growth of gas-fired power generation.

In the natural gas sale and transmission business, the Group entered into 47 new industrial and commercial project contracts in the first half of the year, among which industrial users intend to newly increase gas consumption by approximately 105,000 cubic meters, and 6,204 residential users (including 2,600 in Loujiang New Town) and about 12 commercial and school users have been signed respectively. Upon completion of the project, the Group is expected to begin to supply of gas to new users in the second half of the year to increase the related revenue.

The changes in China's energy structure are basically in line with global trends, and natural gas will play an important role in future industrial adjustments. According to International Energy Agency (IEA), by 2024, international natural gas demand is expected to increase by 7% compared to that before the COVID-19 pandemic. An analysis by McKinsey shows that in the long run, by 2035, the demand for LNG is expected to grow at an annual rate of 3.4%, surpassing other fossil fuels. China Energy Research Society predicts that by 2030, the proportion of coal consumption will drop significantly to 49%, a decline of 15 percentage points from 2015; the proportion of oil consumption will drop slightly to 17%; the clean energy (including natural gas and non-fossil energy) will account for 34% in total, an increase of 16 percentage points from 2015. The total coal market in China is gradually declining, which is basically offset by the increase in renewable energy and natural gas.

FUTURE PROSPECTS AND CHALLENGES (CONTINUED)

In order to promote the high-quality development of the natural gas industry, the NDRC recently issued the *Interim Measures for the Management of Natural Gas Pipeline Transport Prices* (《天然氣管道運輸價格管理辦法(暫行)》) and the *Interim Measures for the Supervision and Examination of the Pricing Costs of Natural Gas Pipeline Transportation* (《天然氣管道運輸定價成本監審辦法(暫行)》) (hereinafter referred to as the *Price Management Measures and Cost Supervision and Examination Measures*) to further improve the price management system for natural gas pipeline transportation. The specific measures include: i) in 2022, the supervision and examination of the pricing cost of the first regulatory cycle after the introduction of the *Price Management Measures* and *Cost Supervision and Examination Measures* will be launched, the pricing cost will be strictly verified, and the inter-provincial natural gas pipeline transportation price will be set rationally; and ii) under the guidance, local governments will improve price mechanism of natural gas pipeline transportation in their provinces to effectively strengthen the supervision of transmission and distribution prices. The Group will pay close attention to the follow-up development of relevant policies and actively explore potential development opportunities in the natural gas sales and transportation business under the premise of complying with the requirements of the national policies.

Although the relevant natural gas price monitoring policies will bring pressure on the income and profits of various companies in the short term, the Group believes that a sound natural gas price management system will benefit long-term business development, including popularizing natural gas and opening larger markets, as well as stimulating the use of natural gas, which takes time for the positive effects to be manifested.

The natural gas consumption population, the total supply and consumption of natural gas in cities in China increase continuously, with the promotion of clean energy under the national policy and the improvement in urbanization. However, the insufficient construction of gas reserve peak shaving facilities, the less connectivity of the pipeline network and the smaller scale of construction, as well as the larger growth rate of the downstream demand lead to the failure of existing LNG receiving terminals under operation and construction in China to fully meet and adapt to the natural gas consumption growth and market demand, and therefore a supply gap in the natural gas market is inevitable. As the world's largest natural gas importer, China has always been in a dilemma that it has no pricing power and cannot reduce import costs. The NDRC expected that the gap between natural gas supply and demand in China will reach approximately 175 billion m^3 by 2023.

Jiangsu Province, a natural gas consumption powerhouse, and where the Group is located, has vigorously implemented the "coal-to-gas" policy and the gas power generation policy. For example, in 2021, the apparent consumption of natural gas in Jiangsu Province for the first six months was 13.76 billion cubic meters, representing a year-on-year increase of 13.2%. In the second half, the natural gas consumption in Jiangsu Province is estimated to exceed the level in the first half. Taking Southern Suzhou and Shanghai, both of which are the main natural gas consumption regions in coastal areas, as examples, it is expected that by 2025, the natural gas consumption will reach 43.3 billion m^3. Since there is no natural gas resource in Jiangsu Province, the main gas sources are west-to-east gas transmission, Sichuan to Eastern China gas transmission, Hebei Nanjing Pipeline and surrounding LNG receiving terminals. In 2020, the comprehensive gas supply capacity is 25.8 billion m^3, while the demand in Jiangsu Province is 35 billion m^3, with a gap of 9.2 billion m^3 which needs to be filled up by other gas resources. It is expected that the gap will further increase to 11.4 billion m^3 by 2025.

In the natural gas sale and transmission business, the Group entered into 47 new project contracts in the first half of the year, among which industrial users intend to newly increase gas consumption by approximately 105,000 cubic meters/day, and 6,204 residential users and about 12 commercial and school users have been signed. Upon completion of the project, the Group is expected to begin to supply of gas to new users in the second half of the year to increase the related revenue.

Considering the construction pace of natural gas supply infrastructure in and around Jiangsu Province being far lower than the growth rate of market demand, the Group will capitalize on the advantages of Taicang Port to construct LNG receiving and storage facilities, so as to acquire downstream users within the economic radius of 300 km which may be covered by the LNG tank container business. The Group has cooperated with large LNG trade distributors and engaged them to acquire downstream users. In the future, the Group can also supply gas directly to downstream users, so as to maintain and increase its share in the downstream market.

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Period amounted to RMB644.0 million, representing an increase of 17.3% compared to RMB549.0 million for the corresponding period of last year. The increase was mainly attributable to the increase in revenue from sale of natural gas as a result of an increase in sale volume during the Period due to the recovery of economy.

Gross profit

The Group's gross profit for the Period amounted to RMB91.4 million, representing a decrease of 15.9% compared to RMB108.7 million for the corresponding period of last year. The decrease was primarily due to the decrease in gross profit for revenue from sale of natural gas business as a result of decrease in selling price of sale of natural gas governed by local government.

Other income and gains

The Group's other income and gains for the Period amounted to RMB28.9 million, representing an increase of 116.1% compared to RMB13.4 million for the corresponding period of last year. The increase was primarily attributable to an increase in fair value gain as a result of the disposal of equity investments during the Period.

Other expenses

The Group's other expenses of RMB5.0 million for the Period (the corresponding period of last year: RMB14.0 million) mainly represented impairment of investment in an associate and an intangible asset. The expense occurred in the corresponding period of last year mainly represented non-recurring unrealised loss on equity investments.

Administrative expenses

The Group's administrative expenses amounted to RMB39.3 million, representing a decrease in 6.8% compared to RMB42.2 million for the corresponding period of last year. The decrease was mainly attributable to a decrease in professional service fee during the Period.

Income tax expense

The Group's income tax expense for the Period decreased by 30.7% from RMB25.6 million for the corresponding period of last year amounted to RMB17.8 million.

FINANCIAL OVERVIEW (CONTINUED)

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the Period amounted to RMB36.6 million, representing an increase of 43.2%, compared to RMB25.5 million for the corresponding period of last year.

Liquidity and Financial Resources

As at 30 June 2021, the Group had net current assets of RMB529.0 million (31 December 2020: RMB466.2 million) of which cash and cash equivalents were RMB286.8 million (31 December 2020: RMB245.8 million). Total borrowings were RMB159.0 million (31 December 2020: RMB310.1 million). The amount of bank and other borrowings as at 30 June 2021 were mainly denominated in RMB and EUR and bore interests ranging from 1.00%-6.08% per annum. Except for RMB101.3 million which are repayable within one year, the rest of balances are not repayable within one year.

As at 30 June 2021, the Group's current ratio (current assets/current liabilities) was 2.15 (31 December 2020: 1.86) and gearing ratio (total borrowings/total assets) was 7.2% (31 December 2020: 13.5%). The Group has sufficient cash to meet its commitments and working capital requirements. This strong cash position enables the Group to explore potential investment and potential business development opportunities to expand in China.

Exchange Rate Fluctuation Risk

As all of the Group's businesses were situated in the PRC, substantially all of its income and expenses were denominated in RMB, therefore, there was no significant risk relating to exchange rate fluctuation. The Group will closely monitor the interest rate and exchange rate of the market and make appropriate responses when necessary.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2021 (31 December 2020: nil).

Charge on Assets

As at 30 June 2021, none of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amounts of the assets of the Group pledged are as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Pledge of assets:		
Pledged deposits	**–**	36,200
Equity investments at fair value through profit or loss	**–**	33,382
	–	69,582

FINANCIAL OVERVIEW (CONTINUED)

Capital Commitments

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	**9,388**	16,961

Human Resources and Employees' Remuneration

As at 30 June 2021, the Group employed a total of 419 (30 June 2020: 415) staff members in the PRC, Hong Kong and the United States.

During the Period, the total cost of employees amounted to approximately RMB25.3 million. The Group sought to further strengthen staff training by offering focused training programmes and study tours to management and professional technical personnel, and disseminating the latest information of government policy on the distribution and sale of piped natural gas business to staff. The Group continued to strive for the enhancement of professional standards and overall qualities of its staff. The Group also provided competitive salary packages to its staff, encouraging them to be fully dedicated in their work and to leverage their capabilities in serving its customers.

PROPOSED TAKE-PRIVATE OF THE COMPANY BY WAY OF A SCHEME OF ARRANGEMENT

Reference is made to the announcement jointly issued by the Company and China Resources Gas (Hong Kong) Investment Limited (as the offeror) on 25 August 2021 in relation to, among others, the proposed take-private of the Company by way of a scheme of arrangement under section 86 of the Companies Act of the Cayman Islands and the proposed withdrawal of listing of the Shares from the Stock Exchange (the "Rule 3.5 Announcement"). Unless otherwise defined herein, capitalized terms used in this sub-section shall have the same meanings as those defined in the Rule 3.5 Announcement.

On 16 August 2021, the Offeror requested the board of the Company to put forward the Proposal for the take-private of the Company, which involve, among other things, (i) the cancellation and extinguishment of the Scheme Shares comprising all of the issued share capital of the Company; (ii) the increase of issued share capital to its former amount by the issuance to the Offeror and HoldCo in proportion to the number of Scheme Shares (minus one); and (iii) the withdrawal of the listing of shares in the Company on the Stock Exchange. The Group has also agreed with the Controlling Shareholders to dispose of certain subsidiaries of the Company and to settle certain intra-group loans. The scheme of arrangement is subject to the shareholders' approval at the Court Meeting, and the aforesaid transactions are subject to the shareholders' approval at the extraordinary general meeting of the Company.

FINANCIAL OVERVIEW (CONTINUED)

PROPOSED TAKE-PRIVATE OF THE COMPANY BY WAY OF A SCHEME OF ARRANGEMENT (CONTINUED)

The board of the Company has set up (i) the Listing Rules IBC, comprising all independent non-executive Directors, namely Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing, to advise the Independent Shareholders on the Special Deal Agreement and the transactions contemplated thereunder (other than Kunshan Transfer), and (ii) the Takeovers Code IBC, comprising the all the non-executive Directors and all the independent non-executive Directors, namely, Mr. Xu Lei, Mr. Jin Bo, Mr. Zhou Qingzu, Mr. Zhu Tong and Mr. Feng Yijing, who are not interested in the Proposal, to make a recommendation to the Disinterested Shareholders and the Optionsholders. The Company, with the approval of the Takeovers Code IBC and Listing Rules IBC, will appoint an Independent Financial Adviser to advise the Takeovers Code IBC in connection with the Proposal.

As at the date of this announcement, the Offeror and the Company are still in the process of preparing and finalising certain information in the Scheme Document. The Offeror and/or the Company will publish the Scheme Document and any further announcement(s) in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate. Please refer to the Rule 3.5 Announcement for further information on the Proposal.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance in the interests of the Shareholders. To the knowledge of the Board, the Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Directors. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The Company has established an Audit Committee. Its primary duties include, among other things, the review and supervision of the Group's financial reporting process and internal control system. The Audit Committee has four members, three of them are independent non-executive Directors, namely Mr. Zhou Qingzu, Mr. Feng Yijing and Mr. Zhu Tong, and one of them is a non-executive Director, namely Mr. Xu Lei. Mr. Feng Yijing possesses the appropriate professional qualifications required under the Listing Rules.

The Audit Committee has met and discussed with the external auditors of the Company, Ernst & Young, and has reviewed the accounting principles and practices adopted by the Group and the unaudited results of the Group for the six months ended 30 June 2021. The Audit Committee has reviewed and considered that the unaudited consolidated results of the Group for the six months ended 30 June 2021 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made in accordance with Appendix 16 to the Listing Rules in this interim results announcement.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period.

GENERAL INFORMATION

The Group's unaudited consolidated financial statements for the Period have been reviewed by the Company's auditors, Ernst & Young, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

USE OF PROCEEDS

The Company's shares were listed on the Main Board of the Stock Exchange on 11 March 2015. Net proceeds from the global offering (the "Global Offering") were approximately RMB347.5 million, after deducting the underwriting commission and relevant expenses. The net proceeds have been applied for the purpose in accordance with the future plans and use of proceeds as set out in the Company's prospectus dated 27 February 2015 (the "Prospectus"). As at 30 June 2021, the unutilised proceeds were deposited in licensed banks in Hong Kong and China.

		As at 30 June 2021		
Purpose	**Percentage of total amount**	**Net proceeds** *RMB'million*	**Utilised amount** *RMB'million*	**Unutilised amount** *RMB'million*
Acquiring and constructing CNG and LNG refuelling stations for the sale of CNG/LNG for vehicular use	25%	86.9	73.0	13.9
Expanding our pipeline network and sale of piped natural gas to customers in our existing market	35%	121.6	121.6	–
Acquiring controlling interests in natural gas operators outside Taicang	30%	104.2	104.2	–
Working capital and other general corporate purposes	10%	34.8	34.8	–
Total		347.5	333.6	13.9

In relation to the unutilised net proceeds raised from the Global Offering in an amount of approximately RMB13.9 million (the "Unutilised Proceeds") as at 30 June 2021, the Company intends to utilise all of the Unutilised Proceeds for acquiring and constructing CNG and LNG refuelling stations for the sale of CNG/LNG for vehicular use. The Company originally intended to apply the Unutilised Proceeds to acquire the CNG and LNG refuelling station business operated by Suzhou Suling Automobile Service Co., Ltd. (蘇州蘇菱汽車服務有限公司), details of which are set out in the Prospectus. The relevant permits or approvals have not been granted for the target business as a whole. The Company currently intends to apply the Unutilised Proceeds by the end of 2021 as follows:

(i) approximately RMB5.8 million will be used to construct a LNG refuelling station in Guangyuan, Sichuan Province, the PRC; and

(ii) approximately RMB8.1 million will be used to construct a LNG refuelling station at Taicang Port, a port located in Taicang City, Jiangsu Province, the PRC.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.suchuanggas.com), and the 2021 Interim Report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our Shareholders and the public for their continued support and to all staff for their hard work and commitment.

By Order of the Board
Suchuang Gas Corporation Limited
Su Yi
Chairman

Hong Kong, 31 August 2021

As at the date of this announcement, the Company's executive directors are Ms. Su Yi, Mr. Du Shaozhou, Mr. Li Jianyi and Ms. Su Wen; the non-executive directors are Mr. Xu Lei and Mr. Jin Bo; and the independent non-executive directors are Mr. Zhou Qingzu, Mr. Feng Yijing and Mr. Zhu Tong.

* *For identification purposes only*