JiaXing Gas Group Co., Ltd.*
嘉興市燃氣集團股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 9908)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Highlights

- Revenue for the Year was RMB1,273.7 million, representing a decrease of 4.25% over last year.
- Gross profit for the Year was RMB223.6 million, representing an increase of 13.44% over last year.
- Profit attributable to the owners of the Company for the Year was RMB92.5 million, representing an increase of 6.44% over last year.
- Basic and diluted earnings per share for the Year amounted to RMB0.79 (last year: RMB0.87).
- The Board has proposed a final dividend of RMB0.25 per share (tax inclusive) for the year ended 31 December 2020.

The board (the "**Board**") of directors (the "**Directors**") of JiaXing Gas Group Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**" or the "**Year**"), together with comparative figures for the corresponding year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
REVENUE	*5*	**1,273,713**	1,330,332
Cost of sales		**(1,050,141)**	(1,133,267)
Gross profit		**223,572**	197,065
Other income and gains	*6*	**4,682**	1,298
Selling and distribution costs		**(22,269)**	(21,878)
Administrative expenses		**(47,010)**	(43,097)
Impairment losses on financial and contract assets, net		**(239)**	60
Other expenses		**(24,944)**	(3,898)
Finance costs	*8*	**(11,713)**	(19,261)
Share of profits and loss of:			
Joint Ventures		**(5,228)**	(3,110)
Associates		**8,611**	10,163
PROFIT BEFORE TAX	*7*	**125,462**	117,342
Income tax expense	*9*	**(29,980)**	(27,976)
PROFIT FOR THE YEAR		**95,482**	89,366
Attributable to:			
Owners of the parent		**92,520**	86,898
Non-controlling interests		**2,962**	2,468
		95,482	89,366
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**95,482**	89,366
Attributable to:			
Owners of the parent		**92,520**	86,898
Non-controlling interests		**2,962**	2,468
		95,482	89,366
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	*11*	**0.79**	0.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**470,953**	482,910
Investment properties		**217,819**	218,061
Right-of-use assets		**130,655**	130,434
Other intangible assets		**4,309**	2,415
Investments in joint ventures		**210,251**	161,929
Investments in associates		**21,255**	11,175
Financial assets at fair value through profit or loss		**12,230**	14,763
Deferred tax assets		**148,373**	150,710
Other non-current assets		**8,581**	14,450
Total non-current assets		**1,224,426**	1,186,847
CURRENT ASSETS			
Inventories		**8,176**	8,314
Trade and bills receivables	*13*	**89,585**	49,125
Contract assets		**15,928**	1,224
Prepayments, other receivables and other assets		**21,828**	36,545
Financial assets at fair value through profit or loss		**10,728**	2,476
Pledged deposits		**2,031**	7,092
Cash and cash equivalents		**342,317**	63,146
Total current assets		**490,593**	167,922
CURRENT LIABILITIES			
Trade and bills payables	*14*	**137,594**	100,385
Other payables and accruals		**61,158**	64,154
Contract liabilities		**110,570**	85,347
Interest-bearing bank borrowings	*15*	**–**	173,400
Tax payable		**8,967**	10,558
Lease liabilities		**11,008**	9,831
Total current liabilities		**329,297**	443,675
NET CURRENT ASSETS/(LIABILITIES)		**161,296**	(275,753)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,385,722**	911,094

	Notes	**2020**	2019
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**364,229**	379,984
Interest-bearing bank borrowings	*15*	**114,500**	20,000
Lease liabilities		**152,560**	154,281
Total non-current liabilities		**631,289**	554,265
Net assets		**754,433**	356,829
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**137,845**	100,000
Reserves		**597,815**	241,018
		735,660	341,018
Non-controlling interests		**18,773**	15,811
TOTAL EQUITY		**754,433**	356,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Building 3, Hualong Plaza, 32 Qinyi Road, Jiaxing, China.

The principal business activities of the Group during the year included (i) the sale of gas, mainly piped natural gas ("PNG") (under the concessions), liquefied natural gas ("LNG") and liquefied petroleum gas ("LPG") in Jiaxing; (ii) the provision of construction and installation services; and (iii) others, including the provision of natural gas transportation services, the sale of vapour and construction materials, and the leasing of properties in Mainland China.

On 18 July 2019, the concert parties, namely Zhejiang Taiding Investment Company Limited ("Taiding"), Mr. Xu Songqiang (徐松強), Mr. Liu Zhenxiong (劉振雄), Ms. Xu Yanrui (許延瑞) and Ms. Xu Hua (徐華) entered into concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, Mr. Xu Songqiang, Mr. Liu Zhenxiong, Ms. Xu Yanrui and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding for each of the years of 2019 and 2020, respectively. As at the date of this report, the concert parties, as the single largest group of shareholders, held an approximately 23.01% equity interest of the Company, while Jiaxing City Investment & Development Group Co., Ltd. held an approximately 23.76% equity interest of the Company. Accordingly, there were no controlling shareholders for the Company.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 July 2020.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for equity investments and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

4. SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) sales of gas, mainly PNG (under the concessions), LNG and LPG in Jiaxing; (ii) provision of construction installation services; and (iii) others, including provision of natural gas transportation services, sales of vapour and construction materials, and leasing of properties in the year. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Information about major customers

No information about major customers is presented as no revenue from a single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2020 (2019: nil).

5. REVENUE

An analysis of the Group's revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of goods	**1,103,787**	1,200,639
Provision of construction services	**108,909**	63,215
Provision of installation and management services	**49,045**	52,931
Provision of transportation services	**3,966**	5,907
Others	**1,071**	113
	1,266,778	1,322,805
Revenue from other sources		
Gross rental income	**13,349**	12,959
	1,280,127	1,335,764
Less: Government surcharges	**(6,414)**	(5,432)
	1,273,713	1,330,332

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020	2019
Sales of PNG	**877,238**	1,081,889
Sales of LNG	**133,719**	11,862
Sales of LPG	**54,267**	75,554
Sales of vapour	**22,197**	21,054
Sales of electricity	**1,103**	–
Sales of construction materials	**15,263**	10,280
Provision of construction services	**108,909**	63,215
Provision of installation and management services	**49,045**	52,931
Provision of gas transportation services	**3,966**	5,907
Others	**1,071**	113
	1,266,778	1,322,805
Timing of revenue recognition		
Goods or services transferred at a point in time	**1,108,824**	1,206,659
Services transferred over time	**157,954**	116,146
Total revenue from contracts with customers	**1,266,778**	1,322,805

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Provision of installation and management services	**46,716**	47,927
Provision of construction services	**20,449**	12,041
Sales of goods	**18,182**	16,672
	85,347	76,640

There was no revenue recognised from performance obligations satisfied in previous years or not previously recognised due to constraints on variable consideration.

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the PNG, LNG, LPG, vapour and construction materials, and payment is generally due within 30 to 180 days from delivery. In addition, the Group received prepayments before delivery from part of its customers.

Provision of construction services and installation and management services of gas pipelines

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before or during the rendering of the services. The remaining percentage of payment generally should be paid before completion of construction and installation and management.

Provision of transportation services

The performance obligation is satisfied upon completion of gas transportation and payment is generally due within 30 days from completion.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020	2019
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**110,570**	85,347
After one year	**364,229**	379,984
	474,799	465,331

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to installation and management of gas pipelines, of which the performance obligations are to be satisfied within two to fifteen years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS

	2020	2019
	RMB'000	*RMB'000*
Other income		
Government grants	**3,081**	69
Interest income	**1,193**	620
Interest income from related parties	**–**	90
Interest income from financial assets at fair value through profit or loss	**–**	130
Dividends received from financial assets at fair value through profit or loss	**62**	113
Others	**346**	276
	4,682	1,298

Various government grants have been received for the Company listed on the Stock Exchange or offering stable jobs. The government grants received have been included in other income and gains in the statement of profit or loss and other comprehensive income. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold	**966,997**	1,071,880
Cost of services provided	**83,144**	61,387
Depreciation of property, plant and equipment	**43,603**	43,015
Depreciation of investment properties	**7,061**	6,870
Depreciation of right-of-use assets	**9,427**	8,454
Amortisation of intangible assets	**1,221**	925
Lease payments not included in the measurement of lease liabilities	**378**	317
Auditor's remuneration	**2,293**	139
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**40,616**	42,221
Pension scheme contributions	**202**	4,058
Social security contributions and accommodation benefits	**1,257**	6,435
Foreign exchange loss	**21,690**	–
Impairment of financial and contract assets, net:		
Impairment of trade receivables, net	**185**	(65)
Impairment of financial assets included in prepayments, other receivables and other assets	**54**	5
Fair value loss of financial assets at fair value through profit or loss	**2,667**	2,611
Dividend income from financial assets at fair value through profit or loss	**(62)**	(243)
Bank interest income	**(1,193)**	(620)
Loss on disposal of items of property, plant and equipment	**117**	1,663

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on interest-bearing bank borrowings	**8,447**	9,924
Interest expense on leases liabilities	**9,340**	9,850
Total interest expense on financial liabilities not at fair value through profit or loss	**17,787**	19,774
Less: Interest capitalised	**(6,074)**	(513)
	11,713	19,261

9. INCOME TAX

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

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "New Corporate Income Tax Law").

The major components of income tax expense are as follows:

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**27,643**	28,815
Deferred tax	**2,337**	(839)
Total tax charge for the year	**29,980**	27,976

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the major operating subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before tax	**125,462**	117,342
Tax at the statutory tax rate	**31,366**	29,336
Expenses not deductible for tax	**68**	431
Income not subject to tax	**(608)**	–
Profits attributable to joint ventures and associates	**(846)**	(1,791)
Tax charge at the Group's effective rate	**29,980**	27,976

10. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Proposed dividends – RMB0.25 (2019: RMB0.70) per ordinary share	**34,461**	70,000

The proposed final dividend for the year ended 31 December 2020 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. 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 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 117,147,334 (2019: 100,000,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**92,520**	86,898

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**117,147,334**	100,000,000

12. PROPERTY, PLANT AND EQUIPMENT

	Total
	RMB'000
31 December 2020	
At 1 January 2020	
Cost	**848,542**
Accumulated depreciation	**(365,632)**
Net carrying amount	**482,910**
At 1 January 2020, net of accumulated depreciation	**482,910**
Additions	**38,582**
Depreciation provided during the year	**(43,603)**
Disposals	**(117)**
Transferred from construction in progress	**–**
Transferred to investment properties	**(6,819)**
At 31 December 2020, net of accumulated depreciation	**470,953**
At 31 December 2020	
Cost	**877,511**
Accumulated depreciation	**(406,558)**
Net carrying amount	**470,953**

	Total
	RMB'000
31 December 2019	
At 1 January 2019	
Cost	828,572
Accumulated depreciation	(325,658)
Net carrying amount	502,914
At 1 January 2019, net of accumulated depreciation	502,914
Additions	33,265
Depreciation provided during the year	(43,015)
Disposals	(1,663)
Transferred from construction in progress	–
Transferred to investment properties	(8,591)
At 31 December 2019, net of accumulated depreciation	482,910
At 31 December 2019	
Cost	848,542
Accumulated depreciation	(365,632)
Net carrying amount	482,910

The carrying amount of construction in progress of the Group included capitalized interest of approximately RMB6,074,000 (2019: RMB513,000) charged for the year.

As at 31 December 2020, the Company's property, plant and equipment with a carrying value of RMB15,635,000 (2019: RMB4,120,000) was pledged to secure interest-bearing bank borrowings (note 15).

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**90,507**	50,665
Bills receivable	**1,690**	887
	92,197	51,552
Impairment	**(2,612)**	(2,427)
	89,585	49,125

The Group's trading terms with its customers are mainly on credit except for certain new customers where payment in advance is required. The Group's trading terms for the sale of natural gas are paid in advance or due within 30 days from delivery for different customers, while the trading terms for the rendering of construction and connection of gas pipelines services are mainly on credit and the average trade credit period is 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing.

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

	2020	2019
	RMB'000	*RMB'000*
Within one year	**85,258**	46,768
Over one year	**4,327**	2,357
	89,585	49,125

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**2,427**	2,492
Impairment losses, net *(note 7)*	**185**	(65)
At end of year	**2,612**	2,427

An impairment analysis is performed at the end of the year using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the year about past events, current conditions and forecasts of future economic conditions.

14. TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**127,520**	91,236
Bills payable	**10,074**	9,149
	137,594	100,385

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

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**135,312**	99,441
1 to 2 years	**1,338**	282
Over 2 years	**944**	662
	137,594	100,385

Trade payables are non-interest-bearing and are normally settled on demand.

15. INTEREST-BEARING BANK BORROWINGS

	2020			2019		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank-loans – secured	**–**	**–**	**–**	5.39	2019	173,400
Non-Current						
Bank-loans – secured	**Loan Prime Rate ("LPR") (1+20.18%)**	**2022-2023**	**20,000**	4.99	2022	20,000
	LPR+0.05%	**2028-2029**	**94,500**	–	–	–
			114,500	–	–	193,400

	2020	2019
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	**–**	173,400
In the second year	**10,000**	–
In the third to fifth years, inclusive	**10,000**	20,000
Beyond five years	**94,500**	–
	114,500	193,400

Notes:

1) All borrowings are in RMB.

2) The Group's interest-bearing bank borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	2020	2019
	RMB'000	*RMB'000*
Pledge of assets:		
Investment properties	**130,932**	194,781
Property, plant and equipment	**15,635**	4,120
Pledged deposits	**2,031**	7,092
Prepaid land lease payments	**–**	2,143
	148,598	208,136

3) The Group's overdraft facilities amounting to RMB954,000,000 (2019: RMB756,000,000), of which RMB186,423,000 (2019: RMB211,457,289) had been utilised as at the end of the reporting period, are secured by the pledge of certain of the Group's assets noted above.

16. SHARE CAPITAL

Shares

	2020	2019
	RMB'000	*RMB'000*
Issued and fully paid:		
137,844,500 (2019:100,000,000) ordinary shares	**137,845**	100,000

A summary of movements in the Company's share capital is as follows:

	Numbers of Shares in issue	Share capital *RMB'000*
At 1 January 2019, 31 December 2019 and 1 January 2020	100,000,000	100,000
Issue of shares	37,844,500	37,845
At 31 December 2020	**137,844,500**	**137,845**

Note: In connection with the Company's Global Offering on the Stock Exchange, on 16 July 2020, 33,340,000 ordinary shares of RMB1.00 each were issued at a subscription price of HK$10.0 per share, and on 7 August 2020, 4,504,500 ordinary shares of RMB1.00 each were issued by partial exercise of the over-allotment option at a price of HK$10.0 per share, after deducting expenses related to issue of shares, the share capital and capital reserve of the Company increased by RMB37,845,000 and RMB264,277,000, respectively.

17. CONTINGENT LIABILITIES

	2020 ***RMB'000***	2019 *RMB'000*
Guarantee bank loan of Zhejiang Hangjiaxin Clean Energy Company Limited* (浙江杭嘉鑫清潔能源有限公司) ("**Hangjiaxin**")	**506,326**	306,910

In December 2018, the Group's joint venture, Hangjiaxin, obtained a bank loan for investment in property, plant and equipment used in operation, which was guaranteed by the Group. The board of directors of the Company consider that the possibility of default in payment regarding the bank loan of Hangjiaxin is remote after taking the fair value of pledged assets provided by Hangjiaxin and the predicted cash inflow of Hangjiaxin into consideration and therefore no provision has been made in the consolidated financial statements for the contingent liability arising from the guarantee provided by the Group to the bank loan of Hangjiaxin.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2020, as the COVID-19 outbreak was quickly brought under control in China, China experienced a V-shaped economic recovery, with the economic growth rate of 2.3% for the year. According to the 2020 Statistical Report on National Economic and Social Development of the People's Republic of China released by the National Bureau of Statistics, in 2020, the natural gas consumption of China was 328.78 billion m^3, representing a year-on-year increase of 7.2%, which was lower than the growth rate in the previous year. The efforts to optimize the energy structure were continuously promoted, with the proportion of clean energy (natural gas and non-fossil energy) consumption being 24.3%.

At the general debate of the 75th session of the United Nations General Assembly, President Xi Jinping announced that China would "Aiming at peaking carbon dioxide emissions before 2030 and achieving carbon neutrality by 2060", which represented a more urgent requirement on energy transition. During the "14th Five-Year Plan" period, efforts will be made to adapt the energy development of China to the requirements of national strategies of China, continuously deepen the supply-side and demand-side reform, accelerate the replacement of old drivers with new ones, enhance the digital and intelligent transformation of industries, strengthen the innovative development ability, increase the proportion of clean energy including natural gas and renewable energy, and gradually build a clean, low-carbon, safe and efficient modern energy system.

In 2020, the construction of natural gas production, supply, storage and sales system of China was continuously promoted. The National Oil and Gas Pipeline Network Group Corporation was officially put into operation, which contributes to positive progress in the interconnection of pipeline networks. The "dual-carbon" goal represents an urgent requirement on energy transition of China. The State Council of China issued a white paper titled Energy in China's New Era and unswervingly promoted the high-quality development of energy, enhanced the capacity to ensure energy security, and promoted the marketization and institutionalization of oil and gas, thus showing the direction for the energy development of China in the future. In 2021, it is expected that governments at all levels will publish more policies and measures to improve the clean energy supply capacity and energy efficiency and accelerate green development.

Business Review

In 2020, a challenging year, with the enterprising spirit, the Group continuously made breakthroughs, improved its quality and efficiency, built its core competitiveness, and actively took effective measures to expand its business volume, so as to offset the impact of the outbreak on the gas sales volume in the first half of the year. For the Year, the Group recorded a positive growth of 4.34% to 385 million m^3 in the gas sales volume, and an increase of 6.44% in the net profit attributable to shareholders.

For 2020, the revenue of the Group was RMB1,273.7 million, representing a slight decline of 4.25% as compared with 2019, due to the early adoption of off-season prices as required by National Development and Reform Commission, and the requirements of local governments for gas supply enterprises to take measures including reduction in the selling price, and introduction by the Group of a series of measures to tide over the difficulties with customers, including "supply despite default in payment", as a result of the pandemic in 2020.

As at 31 December 2020, the Group, as the largest PNG supply operator in Jiaxing City, Zhejiang Province, China, operated a natural gas pipeline network in Operating Area in Jiaxing, with the total length of approximately 943 km (comprising 629.5 km of self-invested pipeline network and 313.5 km of leased urban pipeline network, and excluding 48.9 km of urban pipeline network under construction, among which 16.1 km was self-invested).

As at 31 December 2020, the Group had 380 thousand users within the pipeline network coverage, representing an increase of 31 thousand users compared with 2019. The Group also actively responded to national policies, and was deeply engaged in the market. The Group seized the opportunity arising out of the requirement of further improvement in quality and efficiency of energy development to meet the emissions peaking target. The Group tapped into and promoted the use by industrial and commercial enterprises of clean and low-carbon natural gas, and made efforts to improve the energy structure in local areas. Meanwhile, No. 1 Central Document promotes the use of gas in villages and towns, which will further facilitate the increase in the gas sales volume.

As at 31 December 2020, the LNG receiving terminal of Hangjiaxin in Dushan Port was under construction, with the completion of the reservoir area project and approximately 50% of terminal projects, and approval for outgoing pipelines. The LNG receiving terminal of Hangjiaxin in Dushan Port will serve as one of the gas sources in Zhejiang Province to satisfy the demand for the natural gas consumption in Hangzhou, Jiaxing and Huzhou. The operation of the terminal after the completion is expected to contribute to better growth in the business volume of the Group.

Prospects

2021 is the first year for the implementation of the "14th Five-Year Plan" and "2035 Long-term Goal" in China. During the "14th Five-Year Plan" period, with a focus on the goal of the peaking of carbon emissions and carbon neutrality, the energy development of China will be implemented on the new path of low-carbon transformation and upgrade, and the energy industry will be in a period of accelerated reform. We believe that natural gas is still in the window period of rapid development. Driven by various factors including steady growth of macro-economy, stricter environmental protection policies, and the continuous progress in market reform, the status of natural gas as a low-carbon clean energy product is extremely prominent.The proportion of renewable energy consumption in the total energy consumption remains relatively low. The development of renewable energy requires huge industrial investment and infrastructure improvement, which is a relatively long-term process. Therefore, the role of natural gas is prominent. The "14th Five-Year" Plan for the Development of Coal, Petroleum and Natural Gas in Zhejiang Province (Draft for Comments) published by Zhejiang Energy Regulatory Office of National Energy Administration in March 2021 specifies that according to the requirements in the peaking carbon emissions action plan of Zhejiang

Province, efforts will be made to significantly reduce the use of high-carbon fossil energy; more dependence will be placed on natural gas during the "14th Five-Year Plan" period; it is expected that there will be a significant increase in the gas consumption for power generation and industrial gas consumption.

The energy consumption structure of China also determines the prominent status of natural gas. The proportion of natural gas in the energy consumption structure of China is relatively low. According to the data published in the BP Statistical Review of World Energy 2020, the proportion of natural gas consumption in the primary energy consumption in 2019 is 7.81%, which is lower than the global average of 24.23%. According to the "14th Five-Year" Plan for the Development of Coal, Petroleum and Natural Gas in Zhejiang Province (Draft for Comments), the natural gas development target of Zhejiang Province is to increase the proportion of the natural gas consumption in the primary energy consumption structure to approximately 13% by 2025.

The Group believes that as the impact of the COVID-19 outbreak will be gradually eliminated with extensive vaccination in 2021, the basic conditions and supporting factors for the coordinated and steady development of the natural gas industry of China remain unchanged, in spite of many uncertainties about the international political and economic situation. At the seventy-fifth session of the United Nations General Assembly, President Xi Jinping announced that China would "Aiming at peaking carbon dioxide emissions before 2030 and achieving carbon neutrality by 2060". For the natural gas industry of China, opportunities will be seized to increase the proportion of natural gas. In 2020, the construction of a natural gas production, supply, storage and sales system of China was continuously promoted, and the National Oil and Gas Pipeline Network Group Corporation was officially put into operation. The market-oriented reform of natural gas prices was deepened. According to relevant documents, the prices of PNG gateway stations in provinces with a competitive environment shall be determined by the market. Under the principle of "allowing for more competition in electricity generation, sales and consumption while tightening government regulation of power grid, transmission and distribution" for the national oil and gas reform, we will make efforts to accelerate the construction of the receiving terminal project of Dushan Port, capitalize on the economic and geographical advantages of the Yangtze River Delta region and the Group's core competitive advantage of "gas source plus terminal", tap into the core business in "electricity generation, sales and consumption", pay more attention to customer value, understand customer needs in a timely manner and master the law of gas consumption of customers to increase the gas consumption of end customers, and expand our business size and volume.

FINANCIAL OVERVIEW

Revenue

For the Year, the revenue of the Group was RMB1,273.7 million, representing a decrease of 4.25% compared with RMB1,330.3 million last year, mainly due to the decline in the average unit selling price of natural gas.

Other Income and Gains

For the Year, the other income and gains of the Group were RMB4.7 million, representing an increase of 261.54% compared with RMB1.3 million last year, due to an increase in government grants compared with last year.

Finance Costs

For the Year, the finance costs of the Group were RMB11.7 million, representing a decrease of 39.38% compared with RMB19.3 million last year, mainly due to a decrease in short-term borrowings and interest expenses.

Gross Profit

The gross profit of the Group for the Year was RMB223.6 million, representing an increase of 13.44% compared with RMB197.1 million last year, mainly due to the increase in gross profit from natural gas sales and the rise in the scale of project construction compared with 2019.

Profit Attributable to Owners of the Parent

For the Year, the profit attributable to owners of the parent was RMB92.5 million, representing an increase of 6.44% compared with RMB86.9 million last year, mainly because the Group adopted the strategy of purchase from diversified gas sources, maximized the efficiency of resource utilization, upgraded the construction qualification of its subsidiaries, enhanced its own construction strength and reduced costs.

Liquidity and Financial Position

As at 31 December 2020, the current assets of the Group amounted to RMB490.6 million (31 December 2019: RMB167.9 million), of which cash and bank balance were equivalent to RMB344.3 million.

As at 31 December 2020, the current ratio (current assets/current liabilities) of the Group was 1.49 (31 December 2019: 0.38) and the asset-liability ratio (total liabilities/total assets) was 56.01% (31 December 2019: 73.66%). As at 31 December 2020, the utilised bank loans were RMB114.5 million (31 December 2019: RMB193.4 million), all of which were medium-long term borrowings and denominated in RMB, with the annual interest rate of 4.70%-4.99%. As at 31 December 2020, the unutilised bank credit balance was RMB767.6 million.

The gearing ratio of the Group was about 15.18% as at 31 December 2020 (as at 31 December 2019: about 54.20%). The ratio was calculated as total bank borrowings divided by total equity of the Group. As at 31 December 2020, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, and most of its revenues and expenses are denominated in RMB, The Group's foreign exchange exposure was mainly related to cash and cash equivalents (mainly denominated in Hong Kong dollars), which is the proceeds from the initial public offering of the Group. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate measures when necessary.

Contingent Liabilities

As at December 2018, with the guarantee provided by the Group, Hangjiaxin, a joint venture company, obtained a bank loan for investment in property, plant and equipment used in operation. The Directors consider that the possibility of the default in payment regarding to the bank loan of Hangjiaxin is remote taking the predicted cash inflow of Hangjiaxin into consideration and therefore no provision has been made in the current and historical financial information for the contingent liability arising from the guarantee provided by the Group to the bank loan of the joint venture company.

As at 31 December 2020, the Group had no other material contingent liabilities.

Financial Guarantee Obligations

As at 31 December 2020, the Group provided a guarantee to the bank for a loan of RMB506.3 million (31 December 2019: RMB306.9 million) granted to the joint venture company Hangjiaxin.

Material Acquisition and Disposal

During the Reporting Period, the Group did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As at 31 December 2020, the Group pledged certain assets to obtain banking facilities granted to the Group. The total carrying amounts of pledged assets of the Group are as follows:

	31 December 2020 ***(RMB million)*** ***(Audited)***	31 December 2019 *(RMB million)* *(Audited)*
Pledge of assets:		
Investment properties	**130.9**	194.8
Property, plant and equipment	**15.6**	4.1
Pledged deposits	**2.0**	7.1
Prepaid land lease payments	**–**	2.1

Human Resources and Employee Compensation

As at 31 December 2020, the Group had a total of 362 (31 December 2019: 383) employees in China.

The total employee costs of the Group for the Year were approximately RMB43.1 million. The Group further strengthens the training of employees to enhances their professional level and overall quality, by providing targeted training courses to the management, managers at various positions, professional technicians and customer service employees, and distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages to encourage them to work hard and exercise their talents in serving customers.

EVENTS AFTER THE REPORTING PERIOD

No significant event occurred after the Reporting Period of the Company and up to the date of this announcement.

Proceeds from the Global Offering and Use of Proceeds

H shares of the Company were officially listed on the Stock Exchange on 16 July 2020 ("**Listing Date**"). Among the H shares, a total of 37,844,500 shares were issued by the Company by way of a global offering, at an offer price of HK$10.00 per share, with the net proceeds (after deducting the listing expense) of approximately HK$334.0 million (equivalent to RMB302.1 million) from its initial public offering. The Group has used the proceeds and will continue to allocate and use the proceeds for the purposes specified in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2020.

As of 31 December 2020, the details of the use of the above net proceeds are as follows:

		Net proceeds from the global offering and use of proceeds			
Designated use of net proceeds	**% of net proceeds from the global offering**	**Allocated amount** *(RMB'000)*	**Utilised** *(RMB'000)*	**Unutilised** *(RMB'000)*	**Expected to be utilised prior to the following date**
Funding our payment of the registered capital of Hangjiaxin and providing shareholder's loan to Hangjiaxin by batches	80%	241,697	51,550	190,147	By the end of 2021
Upgrading our pipeline network (including urban pipeline network and end-user pipeline network) and operational facilities of the Group in Jiaxing	10%	30,212	8,982	21,230	By the end of 2022
Working capital and general corporate purposes	10%	30,212	9,295	20,917	By the end of 2022
Total	100%	302,121	69,827	232,294	

As at the date of this announcement, the unutilised net proceeds are deposited in the interest-bearing account opened with a licensed bank.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 4 June 2021. A notice convening the AGM will be published and despatched to the shareholders of the Company in accordance with the requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.25 (tax inclusive) per share for the Year (the "**2020 Final Dividend**") with an aggregate amount of RMB34,461,000 (tax inclusive) to shareholders of the Company whose names appear on the Company's register of members as on Monday, 21 June 2021, subject to the approval by the shareholders of the Company at the AGM. Once the relevant resolution is passed at the AGM, the 2020 Final Dividend is expected to be paid around Wednesday, 30 June 2021.

Dividends will be paid in Renminbi for holders of domestic shares of the Company, and dividends for H share shareholders of the Company will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the AGM.

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax《中華人民共和國企業所得稅法》, the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax《中華人民共和國企業所得稅法實施條例》implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the proposed final dividend for 2020 to its H share shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H share register of members on 21 June 2021.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函[2011]348號規定) and the relevant laws and regulations, for individual H share shareholders who are Hong Kong or Macau residents and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H share shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10% of dividend. For individual H share shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H share shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than

20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H share shareholders.

The Company will determine the country of domicile of the individual H share shareholders based on the registered address as recorded in the H share register of members of the Company on 21 June 2021. If the country of domicile of an individual H share shareholder is not the same as the registered address or if the individual H share shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H share shareholder shall notify and provide relevant supporting documents to the Company on or before 11 June 2021. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H share shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the H share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the H share shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H shareholders to attend and vote at the AGM and their entitlements to the 2020 Final Dividend, the register of H shareholders of the Company will be closed, the details of which are set out below:

(1) For determining the rights of H shareholders to attend and vote at the AGM

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 28 May 2021
Closure of register of members (both days inclusive)	Monday, 31 May 2021 to Friday, 4 June 2021
Record date	Friday, 4 June 2021

(2) For determining the entitlements of H shareholders to the 2020 Final Dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 11 June 2021
Closure of register of members (both days inclusive)	Tuesday, 15 June 2021 to Monday, 21 June 2021
Record date	Monday, 21 June 2021

During the above closure periods, no transfer of H shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the 2020 Final Dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration, by no later than the aforementioned latest times.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to 31 December 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save as the code provision A.2.1 of the CG Code, the Company has complied with all the code provisions set out in the CG Code throughout the period from the Listing Date up to 31 December 2020.

Pursuant to code provision A.2.1. of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. However, the role of the chairman and the chief executive officer of the Company is not separated and are performed by the same individual, Mr. Sun Lianqing ("**Mr. Sun**").

Mr. Sun, who has been responsible for overall strategic planning and management of the Group since 1998. The Board meet regularly to consider major matters affecting the operations of the Group, as such, the Board consider that this structure will not impair the balance of power and authority between the Board and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Code of Conduct throughout the period from the Listing Date up to 31 December 2020.

The Code of Conduct also applies to employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Code of Conduct by the employees was noted by the Company throughout the period from the Listing Date up to 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee comprising three independent non-executive Directors was established with terms of reference in compliance with the CG Code.

The Audit Committee has reviewed together with the management and external auditor of the Company, Ernst & Young, the accounting principles and policies adopted by the Group and the audited consolidated annual results of the Group for the Year.

PUBLICATION OF ANNUAL RESULTS AND THE 2020 ANNUAL REPORT

This announcement is published on the websites of the Company (http://www.jxrqgs.com) and the Stock Exchange (http://www.hkexnews.hk). The annual report of the Company for the Year will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules in due course.

By Order of the Board
JiaXing Gas Group Co., Ltd.*
Sun Lianqing
Chairman and Executive Director

Jiaxing, the PRC
29 March 2021

As at the date of this announcement, the executive Directors are Mr. Sun Lianqing and Mr. Xu Songqiang, the non-executive Directors are Mr. He Yujian, Mr. Zheng Huanli and Mr. Fu Songquan and the independent non-executive Directors are Mr. Xu Linde, Mr. Yu Youda and Mr. Cheng Hok Kai Frederick.

* *For identification purpose only*