



JIAXING GAS
GROUP CO., LTD.*

嘉興市燃氣集團股份有限公司

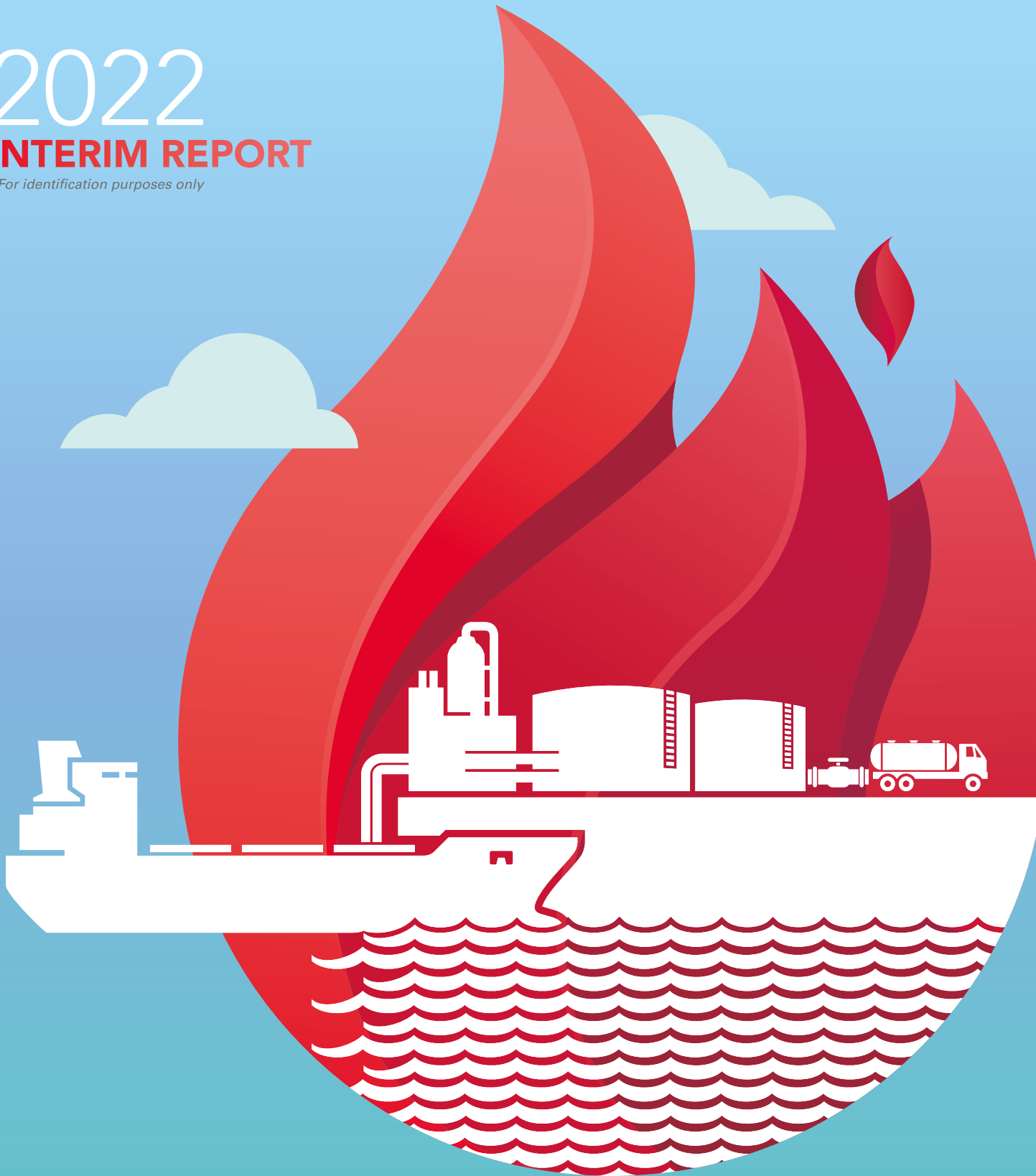
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 9908

2022

INTERIM REPORT

** For identification purposes only*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Lianqing (*Chairman and chief executive officer*)
Mr. Xu Songqiang

Non-executive Directors

Mr. He Yujian (*Resigned on 10 June 2022*)
Mr. Zheng Huanli
Mr. Fu Songquan
Mr. Ruan Hongliang
Mr. Xu Jiong (*Appointed on 10 June 2022*)

Independent Non-executive Directors

Mr. Yu Youda
Mr. Cheng Hok Kai Frederick
Mr. Zhou Xinfa

SUPERVISORS

Ms. Liu Wen
Ms. Xu Shuping
Mr. Wang Dongzhi (*Resigned on 10 June 2022*)
Ms. Mu Nini (*Appointed on 10 June 2022*)

AUDIT COMMITTEE

Mr. Cheng Hok Kai Frederick (*Chairman*)
Mr. Yu Youda
Mr. Zhou Xinfa

NOMINATION COMMITTEE

Mr. Sun Lianqing (*Chairman*)
Mr. Yu Youda
Mr. Zhou Xinfa

REMUNERATION COMMITTEE

Mr. Yu Youda (*Chairman*)
Mr. Xu Jiong
Mr. Cheng Hok Kai Frederick

JOINT COMPANY SECRETARIES

Ms. Zhou Caihong
Ms. Pun Ka Ying
(ACG, HKACG) (*Appointed on 10 May 2022*)
Ms. Lo Ka Man (*Resigned on 10 May 2022*)

AUTHORIZED REPRESENTATIVES

Mr. Sun Lianqing
Ms. Pun Ka Ying (*Appointed on 10 May 2022*)
Ms. Lo Ka Man (*Resigned on 10 May 2022*)

REGISTERED OFFICE AND HEADQUARTER IN THE PRC

5th Floor, Building 3
Hualong Plaza
Economic and Technological Development Zone
Jiaxing
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong
(*w.e.f. 15 August 2022*)

HONG KONG H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
(*w.e.f. 15 August 2022*)

AUDITOR

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC Law
Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District
Beijing 100031
China

PRINCIPAL BANKERS

Bank of Communications Co., Ltd. (Jiaxing Branch)
No. 1086, Zhongshan East Road
Jiaxing
Zhejiang Province
PRC

Bank of Jiaxing Co., Ltd
No. 1001, Changsheng South Road
Jiaxing
Zhejiang Province
PRC

STOCK CODE

9908

COMPANY WEBSITE

<http://www.jxrqgs.com/>

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended from time to time
“City Development”	Jiaxing City Investment & Development Group Co., Ltd. (嘉興市城市投資發展集團有限公司), a state-owned enterprise established under the laws of the PRC on 21 December 2009 and solely owned by Zhejiang Jiaxing State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司) and is indirectly owned as to 95.9571% by State-owned Assets Supervision and Administration Commission of Jiaxing Municipal People’s Government* (嘉興市人民政府國有資產監督管理委員會) and as to 4.0429% by Zhejiang Financial Development Co., Ltd.* (浙江省財務開發有限責任公司), a wholly-owned entity under Zhejiang Provincial Department of Finance* (浙江省財政廳)
“Company”	JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) (formerly known as Jiaxing Coalgas Company Limited* (嘉興市煤氣有限責任公司), Jiaxing Gas Company Limited* (嘉興市燃氣有限公司) and Jiaxing Gas Company Group Limited* (嘉興市燃氣集團有限公司), a joint stock limited liability company established under the laws of the PRC on 15 March 1998
“Concert parties”	Taiding, Fengye, Mr. Xu Songqiang and Ms. Xu Hua, parties acting in concert pursuant to the acting in concert agreement dated 16 July 2021
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
“Fengye”	Fengye Holdings Group Company Limited* (楓葉控股集團有限公司), a limited liability company established under the laws of the PRC on 24 April 1996, which is wholly-owned by Zhejiang Fengye Environmental Protection Technology Co., Ltd.* (浙江楓葉環保科技有限公司), which is in turn owned as to 61% by Ms. Fu Shengying (傅生英) and 39% by Mr. Fu Zhiquan (傅志權)
“Group”, “we”, “our” or “us”	the Company and its subsidiaries



DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“Hangjiixin”	Zhejiang Hangjiixin Clean Energy Company Limited* (浙江杭嘉鑫清潔能源有限公司), a limited liability company established under the laws of the PRC on 24 July 2017 and owned as to 51% by the Company and regarded as a joint venture of the Company under the applicable accounting standards and a subsidiary of the Company pursuant to the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this interim report, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 30 June 2020 issued by the Company
“Qianyu”	Qianyu Group Company Limited* (乾宇集團有限公司), a limited liability company established under the laws of the PRC on 14 July 2009 and an associate of Mr. Fu Songquan (傅松權), the non-executive Director
“Reporting Period” or “Period”	the six months ended 30 June 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both the Domestic Share(s) and the H Share(s)



DEFINITIONS

“Shareholder(s)”	holder(s) of Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Taiding”	Zhejiang Taiding Investment Company Limited* (浙江泰鼎投資有限公司), a limited liability company established under the laws of the PRC on 26 January 2011 and owned as to 65% by Mr. Sun Lianqing and 35% by Ms. Xu Lili, the spouse of Mr. Sun Lianqing
“Zhuji Yujia”	Zhuji Yujia New Energy Technology Company Limited* (諸暨宇嘉新能源科技有限公司), a limited liability company established under the laws of the PRC on 13 December 2018, a wholly-owned subsidiary of Qianyu and an associate of Mr. Fu Songquan (傅松權), the non-executive Director

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language are marked with “” and are provided for identification purposes only.*



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In March 2022, as affected by the outbreak of the COVID-19 pandemic (“**Pandemic**”), the international situations and other unexpected factors, there was a tight supply in China’s gas, leading to high prices and great pressure to ensure supply. In July 2022, China Oil & Gas Pipeline Network Corporation and Zhejiang Provincial Energy Group Co., Ltd. entered into a contract to jointly establish the PipeChina Zhejiang Provincial Natural Gas Pipeline Network Co., Ltd., as the main body of the construction and operation of the natural gas pipeline network in Zhejiang Province, PRC (“**Zhejiang Province**”) and provide a fair, open and competitive service platform for various resource entities and downstream market users.

According to the Comprehensive Work Plan for Energy Conservation and Emission Reduction of Zhejiang Province during the 14th Five-Year Plan Period (Draft for Comment) issued on the official website of Zhejiang Provincial Development and Reform Commission, Zhejiang Province will “strictly and reasonably control the growth of coal consumption, strictly control new coal-consuming projects, and new construction, renovation and expansion projects will implement coal reduction and substitution, and the pilot free trade zone will be given priority to using non-fossil energy and natural gas to meet the new energy demand. It is forbidden to build enterprises’ self-provided coal-fired facilities. The fuel gas generator, coal-fired hot air furnaces, heating furnaces, heat treatment furnaces, drying furnaces (kilns) and building materials industry will be promoted in a stable and orderly manner to reduce the amount of coal, and implement clean electricity and natural gas replacement.” The Zhejiang Province will also “continue to implement coal-to-gas projects and completely eliminate coal-fired boilers below 35 tons.” Therefore, the proportion of natural gas in primary energy consumption in Zhejiang Province is expected to further increase.

BUSINESS REVIEW

The Group is the largest city gas operator in Jiaxing, a major prefecture-level city in Zhejiang Province. Its main business includes the sale of PNG (under the concessions), LNG and LPG, as well as the provision of construction and installation services. As at 30 June 2022, we provided gas supply services for 418,000 residential users and 2,019 industrial and commercial users.

In the first half of 2022, due to the unexpected factors such as the resurgence of the Pandemic and the rising of resource prices, the sales volume of natural gas decreased slightly compared with the same period in 2021. The gas sales volume was 268 million m³, representing a slight decrease of 4.96% compared with the same period in 2021, indicating that the market demand remains strong. In addition, due to the rising price of upstream resources, even though the increase in price can be passed down to industrial and commercial users according to the upstream and downstream price linkage mechanism, the change of residential gas price needs to be approved by a hearing and cannot be adjusted in time. Under the requirements of the Notice on Implementing the Spirit of Zhejiang Provincial Government’s Special Conference on Natural Gas Supply Guarantee and Properly Carrying out Work in Subsidizing Losses on Differences between Residential Gas Purchase and Sales Prices in the Heating Season in 2021 issued by Zhejiang Provincial Department of Finance, Zhejiang Provincial Development and Reform Commission and Zhejiang Provincial Department of Housing and Urban-Rural Development, all local governments should provide subsidies for losses resulting from the non-adjustment of residential gas prices by the city gas enterprises in the Heating Season in 2021, according to the specific operation situation of the enterprises. The Group is actively applying for this subsidy and the amount of subsidy is expected to be confirmed by the end of 2022.



On 21 July 2022, Dushan Port completed the first LNG receiving and unloading work, which means that this project with a designed annual LNG receiving and unloading capacity of 1 million tons was officially put into operation. As the third LNG reception put into operation in Zhejiang Province, and the only natural gas import facility currently in northern Zhejiang Province, it will play its due role as an important part of the three-tier natural gas reserve system in Zhejiang Province.

As at 30 June 2022, the Group operated a natural gas pipeline network in its operating area, with the total length of 1,024.01 km (comprising 680.06 km of self-constructed pipeline network and 343.95 km of leased urban pipeline network, and excluding 60.61 km of urban pipeline network under construction, among which 34.86 km was self-constructed).

DEVELOPMENT STRATEGY AND OUTLOOK

Natural gas resources in Zhejiang Province are relatively scarce, and half of the resources rely on LNG imported overseas. The national pipeline network and the provincial pipeline network are merged, and the “X+1+X” market-oriented reform of the natural gas industry has accelerated, which means that the Company can use the provincial natural gas pipeline network operator in the future to further expand procurement sources and coordinate pipeline gas resources and LNG resources through the Dushan Port to enhance the Group’s natural gas supply capacity and competitiveness.

SEGMENTAL ANALYSIS

1. PNG Sales Business

The Group sells PNG to users, including residential users and industrial and commercial users, through the gas pipeline network. During the Reporting Period, the total revenue of the Group from the PNG sales business was RMB983.1 million, representing an increase of 44.55% compared with RMB680.1 million in the same period in 2021.

During the Reporting Period, the total gas supply volume was 247.9 million m³, representing a decrease of 4.32% compared with 259.1 million m³ in the same period in 2021.

During the Reporting Period, the residential consumption of gas was 38.1 million m³, accounting for 15.37%, and the industrial and commercial consumption of gas was 209.8 million m³, accounting for 84.63%. For the same period in 2021, the residential consumption of gas was 36.8 million m³, accounting for 14.20%, and the industrial and commercial consumption of gas was 222.3 million m³, accounting for 85.80%.

The above increase in revenue was mainly due to the increase of the sales price to industrial and commercial users.



MANAGEMENT DISCUSSION AND ANALYSIS

2. LNG Sales Business

The Group supplies LNG to industrial users in certain areas of Jiaxing, PRC by retail. During the Reporting Period, the total revenue of the Group from the LNG sales business was RMB95.3 million, representing an increase of 75.83% compared with RMB54.2 million in the same period in 2021. During the Reporting Period, the sales volume of LNG was 20,122,000 m³, representing a decrease of 12.21% compared with 22,921,000 m³ in the same period in 2021. The increase of the revenue was mainly due to a rise in upstream purchase price and the increase of sales price.

3. LPG Sales Business

The Group sells bottled LPG to residential users and industrial and commercial users by retail. During the Reporting Period, the total revenue of the Group from the LPG sales business was RMB76.0 million, representing an increase of 103.21% compared with RMB37.4 million in the same period in 2021, mainly due to the LPG wholesale business saw an increase in sales volume and a slight increase in unit sales price.

4. Natural Gas Pipeline Construction and Installation Business

The construction and installation business of the Group focuses on the construction and installation of end-user pipeline network and gas facilities as required by customers. During the Reporting Period, the revenue of the Group from the natural gas pipeline construction and installation business was RMB79.0 million, representing a decrease of 20.36% compared with RMB99.2 million in the same period in 2021, mainly due to the decrease in number of completed projects compared to the same period of last year.

5. Vapour Sales Business

The Group produces vapour by boiling water with natural gas and supplies it through vapour pipelines. During the Reporting Period, the total revenue of the Group from the vapour sales business was RMB17.7 million, representing an increase of 36.15% compared with RMB13.0 million in the same period in 2021, mainly due to the increase of the price of natural gas and the end sales price of vapour.



FINANCIAL OVERVIEW

Revenue

For the Period, the revenue of the Group was RMB1,304.5 million, representing an increase of 45.28% compared with RMB897.9 million in the same period of last year, mainly due to the increase in the purchase price of natural gas and the increase in the sales price of non-residential natural gas.

Gross Profit

For the Period, the gross profit of the Group was RMB94.4 million, representing a decrease of 24.84% compared with RMB125.6 million in the same period in 2021, mainly due to the inversion of residential gas sales prices during the Period incurring losses.

Other Income and Gains

For the Period, the other income and gains of the Group were RMB12.4 million, representing an increase of 264.71% compared with RMB3.4 million in the same period in 2021, mainly due to the currency exchange gains against Hong Kong dollars.

Finance Costs

For the Period, the finance costs of the Group were RMB6.1 million, representing an increase of 38.64% compared with RMB4.4 million in the same period in 2021, mainly due to the increase in interest expense on bank acceptance discounts.

Income Tax Expense

For the Period, the income tax expense of the Group decreased from RMB20.0 million in the same period in 2021 to RMB12.8 million. The effective tax rate for the Period was 28.13%.

Profit Attributable to Owners of the Parent

For the Period, the profit attributable to owners of the parent was RMB28.6 million, representing a decrease of 52.57% compared with RMB60.3 million in the same period in 2021, mainly due to the losses due to the inversion of residential gas sales prices and the relevant subsidy is expected to be confirmed only at a later stage this year.

Liquidity, Financial Position and Capital Structure

As at 30 June 2022, the current assets of the Group amounted to RMB678.8 million (31 December 2021: RMB589.4 million), of which cash and bank balance were equivalent to RMB369.3 million (31 December 2021: RMB258.7 million).



MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the current ratio (current assets/current liabilities) of the Group was 1.24 (31 December 2021: 1.35) and the asset-liability ratio (total liabilities/total assets) was 59.90% (31 December 2021: 58.45%). As of 30 June 2022, the utilised bank loans were RMB239.1 million, all of which were denominated in RMB, with the annual interest rate of 4.55%-4.75%. All the utilised bank loans are floating interest rate loans. As of 30 June 2022, the unutilised bank credit balance was RMB497.4 million. As at 30 June 2022, the lease liabilities of the Group were RMB159.3 million, of which RMB12.0 million was current and RMB147.3 million was non-current.

The gearing ratio of the Group was about 0.62% as at 30 June 2022 (as at 31 December 2021: about 13.86%). The ratio was calculated as net debt divided by total capital and net debt of the Group. As at 30 June 2022, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, 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 and as necessary.

Contingent Liabilities

In 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 default in payment regarding to the bank loan of Hangjiaxin is low, 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 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 30 June 2022, the Group had no other material contingent liabilities.

Financial Guarantee Obligations

As at 30 June 2022, the Group provided a guarantee to the bank for a loan of RMB446.6 million (31 December 2021: RMB446.3 million) granted to the joint venture company Hangjiaxin.

Pledge of Assets

As at 30 June 2022, 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:

	30 June 2022 (RMB million) (Unaudited)	31 December 2021 (RMB million) (Audited)
Pledge of assets:		
Investment properties	123.9	120.0
Property, plant and equipment	-	7.4

Significant Investment

Among the investments in joint ventures and associates, the investment in joint venture in relation to Hangjiaxin constituted a significant investment of the Group, with the Company holding a 51% interest in the joint venture. As at 30 June 2022, the Group had paid approximately RMB357.0 million as capital contribution to Hangjiaxin and the carrying amount of the Group's investment was approximately RMB324.2 million, representing approximately 15.66% of the Group's total assets. Hangjiaxin was established in 2017 for the construction and operation of a LNG storage and transportation station in Dushan Port, which is a coastal area, for the import and storage of LNG for diversification of the source of natural gas of the Group and to meet the demand for natural gas in Jiaxing and neighbouring cities such as Shanghai, Hangzhou and Suzhou in the Yangtze River Delta. During the Reporting Period, Hangjiaxin was still in pre-operating stage and its operating assets were still under construction, and the Group recorded an unrealised loss of approximately RMB32.8 million from its investment in Hangjiaxin and did not receive any dividend. The Board is of the view that Hangjiaxin will be an important supplier of LNG to the Group and will generate positive cash flows in the future when it commences full operation. Save as disclosed, during the Reporting Period, the Group did not hold any significant investment and the Group does not have any future plans for material investments or capital assets as at the date of this report.

Material Acquisition and Disposal

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

Human Resources and Employee Compensation

As at 30 June 2022, the Group had a total of 375 employees in China (30 June 2021: 366).

During the Period, the total employee costs of the Group were approximately RMB32.0 million (six months ended 30 June 2021: RMB29.1 million). The Group further strengthens the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, managers at various positions, professional technicians and service employees, and distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages which are determined with reference to their qualifications and performance to incentivise them for hard work and better customer service.

EVENTS AFTER THE REPORTING PERIOD

No significant event occurred after the Reporting Period of the Group.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this report.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM LISTING

H Shares of the Company were officially listed on the Stock Exchange on 16 July 2020, of which 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 H 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.

As of 30 June 2022, the details of the use of the above net proceeds are as follows:

Designated use of net proceeds	% of net proceeds from the global offering	Net proceeds from the global offering and use of proceeds			Expected to be utilised prior to the following date
		Allocated amount (RMB'000)	Utilised (RMB'000)	Unutilised (RMB'000)	
Funding our payment of the registered capital of Hangjiaxin and providing shareholder's loan to Hangjiaxin by batches	80%	241,697	204,550	37,147	By the end of 2022
Upgrading our pipeline network (including urban pipeline network and end-user pipeline network) and operational facilities of the Group in Jiaxing	10%	30,212	27,003	3,209	By the end of 2022
Working capital and general corporate purposes	10%	30,212	27,162	3,050	By the end of 2022
Total	100%	302,121	258,715	43,406	

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2022, so far as known to the Directors of the Company, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including those they are taken or deemed to have under such provisions of the SFO) are as follows:

Long Positions in the Domestic Shares of the Company:

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Sun Lianqing (Note 4)	Interest in controlled corporation	35,045,103 (L)	35.05%	25.42%
Xu Songqiang (Note 4)	Beneficial owner	3,069,891 (L)	35.05%	25.42%
	Deemed interest pursuant to Section 317 of the SFO	31,975,212 (L)		

Notes:

- (1) The letter "L" denotes the long position in the Shares and underlying shares of the Company.
- (2) The calculation is based on the total number of 100,000,000 Domestic Shares in issue.
- (3) The calculation is based on the total number of 137,844,500 Shares in issue.
- (4) Taiding, Mr. Xu Songqiang, Ms. Xu Hua and Fengye are parties acting in concert pursuant to the acting in concert agreement dated 16 July 2021. Under the SFO, each member of the concert parties is deemed to be interested in the Shares beneficially owned by the other members of the concert parties. Mr. Sun Lianqing is interested in 65% of the equity interest in Taiding and is therefore deemed to be interested in the same number of Shares in which Taiding is interested under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors, Supervisors or chief executives of the Company had an interest and short position in the Shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as is known to the Directors, the interests or short positions of the persons (other than the Directors, Supervisors or chief executives of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO are as follows:

Long Positions in the Shares of the Company:

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Taiding (Note 4)	Domestic Shares	Beneficial owner	29,789,013 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	5,256,090 (L)		
Xu Lili (徐麗麗) (Note 5)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Chen Ying (陳瑛) (Note 6)	Domestic Shares	Interest of spouse	35,045,103 (L)	35.05%	25.42%
Xu Hua (徐華) (Note 4)	Domestic Shares	Beneficial owner	186,199 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	34,858,904 (L)		
Fengye (Notes 4 and 7)	Domestic Shares	Beneficial owner	2,000,000 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	33,045,103 (L)		
Zhejiang Fengye Environmental Technology Limited* (浙江楓葉環保科技有限公司) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Fu Shengying (傅生英) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Fu Zhiquan (傅志權) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
City Development (Note 8)	Domestic Shares	Beneficial owner	32,757,502 (L)	32.76%	23.76%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Zhejiang Jiaxing State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司) (Note 8)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
Jiaxing State-owned Assets Supervision and Administration Commission* (嘉興市國有資產監督管理委員會) (Note 8)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
Zhuji Yujia (Note 9)	Domestic Shares	Beneficial owner	11,894,374 (L)	11.89%	8.62%
Qianyu (Note 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.62%
Tang Shiyao (湯仕堯) (Note 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.62%
Fu Fangying (傅芳英) (Note 10)	Domestic Shares	Interest of spouse	11,894,374 (L)	11.89%	8.62%
Xiniao Gas Development Company Limited* (新奧燃氣發展有限公司) (Note 11)	Domestic Shares	Beneficial owner	7,155,049 (L)	7.16%	5.19%
Xiniao (China) Gas Investment Company Limited* (新奧(中國)燃氣投資有限公司) (Note 11)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 11)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 12)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%



CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) (Note 13)	H Shares	Beneficial owner	6,250,000 (L)	16.51%	4.53%
Flat Glass Group Co., Ltd. (福萊特玻璃集團股份有限公司) (Note 13)	H Shares	Interest in a controlled corporation	6,250,000 (L)	16.51%	4.53%
Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) (Note 14)	H Shares	Beneficial owner	5,700,000 (L)	15.06%	4.14%
Jiaxing Jinyuan Investment Co., Ltd.* (嘉興金源投資有限公司) (Note 14)	H Shares	Interest in a controlled corporation	5,700,000 (L)	15.06%	4.14%
Shen Xiaohong (沈小紅) (Note 14)	H Shares	Interest in a controlled corporation	5,700,000 (L)	15.06%	4.14%
Mingyuan Group Investment Limited (Note 15)	H Shares	Beneficial owner	5,300,000 (L)	14.00%	3.84%
Shum Tin Ching (沈天晴) (Note 15)	H Shares	Interest in a controlled corporation	5,300,000 (L)	14.00%	3.84%
Wang Xinmei (Note 16)	H Shares	Interest of spouse	5,300,000 (L)	14.00%	3.84%
Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) (Note 17)	H Shares	Beneficial owner	2,320,000 (L)	6.13%	1.68%
Liu Zhenjiang (劉振江) (Note 17)	H Shares	Interest in a controlled corporation	2,320,000 (L)	6.13%	1.68%
Dan Hongying (但紅英) (Note 18)	H Shares	Interest of spouse	2,320,000 (L)	6.13%	1.68%



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the shareholder’s long position in the Shares and underlying shares of the Company. The letter “S” denotes the shareholder’s short position in the Shares and underlying shares of the Company.
- (2) The calculation is based on the total number of 100,000,000 Domestic Shares in issue or 37,844,500 H Shares in issue.
- (3) The calculation is based on the total number of 137,844,500 Shares in issue.
- (4) Taiding, Mr. Xu Songqiang, Ms. Xu Hua and Fengye are parties acting in concert pursuant to the acting in concert agreement dated 16 July 2021. Under the SFO, each member of the concert parties is deemed to be interested in the Shares beneficially owned by the other members of the concert parties.
- (5) Ms. Xu Lili is interested in 35% of the equity interest in Taiding and is therefore deemed to be interested in the same number of Shares in which Taiding is interested under the SFO.
- (6) Ms. Chen Ying is the spouse of Mr. Xu Songqiang. Under the SFO, Ms. Chen Ying is deemed to be interested in the same number of Shares in which Mr. Xu Songqiang is interested.
- (7) Fengye was wholly-owned by Zhejiang Fengye Environmental Technology Limited* (浙江楓葉環保科技有限公司), which was owned as to 61% by Ms. Fu Shengying (傅生英) and 39% by Mr. Fu Zhiquan (傅志權). Under the SFO, each of Zhejiang Fengye Environmental Technology Limited*, Ms. Fu Shengying and Mr. Fu Zhiquan is deemed to be interested in the same number of Shares in which Fengye is interested.
- (8) City Development was wholly-owned by Zhejiang Jiaying State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司), which was indirectly owned as to 95.9571% by Jiaying State-owned Assets Supervision and Administration Commission* (嘉興市國有資產監督管理委員會) and as to 4.0429% by Zhejiang Financial Development Co., Ltd.* (浙江省財務開發有限責任公司), a wholly-owned entity under Zhejiang Provincial Department of Finance* (浙江省財政廳). Under the SFO, each of Zhejiang Jiaying State-owned Capital Investment Management Company Limited* and Jiaying State-owned Assets Supervision and Administration Commission is deemed to be interested in the same number of Shares in which City Development is interested.
- (9) Zhuji Yujia is wholly-owned by Qianyu, which is 40%-owned by Mr. Tang Shiyao (湯仕堯). Under the SFO, each of Mr. Tang Shiyao and Qianyu is deemed to be interested in the same number of Shares in which Zhuji Yujia is interested.
- (10) Ms. Fu Fangying (傅芳英) is the spouse of Mr. Tang Shiyao (湯仕堯) and is therefore deemed to be interested in the same number of Shares in which Mr. Tang Shiyao is interested under the SFO.
- (11) Xinao Gas Development Company Limited* (新奧燃氣發展有限公司) was a wholly-owned subsidiary of Xinao (China) Gas Investment Company Limited* (新奧(中國)燃氣投資有限公司), which was in turn a wholly-owned subsidiary of ENN Energy Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2688). Under the SFO, each of Xinao (China) Gas Investment Company Limited* and ENN Energy Holdings Limited is deemed to be interested in the same number of Shares in which Xinao Gas Development Company Limited* is interested.
- (12) The Shares are held by ENN Energy China Investment Limited, a wholly-owned subsidiary of ENN Energy Holdings Limited (新奧能源控股有限公司). Under the SFO, ENN Energy Holdings Limited is deemed to be interested in the same number of Shares in which ENN Energy China Investment Limited is interested.
- (13) Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) was a wholly-owned subsidiary of Flat Glass Group Co., Ltd., the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6865) and the Shanghai Stock Exchange (stock code: 601865). Under the SFO, Flat Glass Group Co., Ltd. is deemed to be interested in the same number of Shares in which Flat (Hong Kong) Co., Limited is interested.
- (14) Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) was a wholly-owned subsidiary of Jiaying Jinyuan Investment Co., Ltd.* (嘉興金源投資有限公司), which was in turn owned as to 75% by Mr. Shen Xiaohong (沈小紅). Under the SFO, each of Jiaying Jinyuan Investment Co., Ltd.* and Mr. Shen Xiaohong is deemed to be interested in the same number of Shares in which Hong Sung Timber Trading Co., Limited is interested.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (15) Mingyuan Group Investment Limited was wholly-owned by Mr. Shum Tin Ching (沈天晴). Under the SFO, Mr. Shum Tin Ching is deemed to be interested in the same number of Shares in which Mingyuan Group Investment Limited is interested.
- (16) Ms. Wang Xinmei (王新妹) is the spouse of Mr. Shum Tin Ching (沈天晴). Under the SFO, Ms. Wang Xinmei is deemed to be interested in the same number of Shares in which Mr. Shum Tin Ching is interested.
- (17) Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) was wholly-owned by Mr. Liu Zhenjiang (劉振江). Under the SFO, Mr. Liu Zhenjiang is deemed to be interested in the same number of Shares in which Fashion Home International Trading Co., Limited is interested.
- (18) Ms. Dan Hongying (但紅英) is the spouse of Mr. Liu Zhenjiang (劉振江). Under the SFO, Ms. Dan Hongying is deemed to be interested in the same number of Shares in which Mr. Liu Zhenjiang is interested.

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fail to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE HIGHLIGHTS

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 its shareholders' interests and enhance the Company's corporate value, accountability, and transparency.

The Company has adopted the principles and code provisions as set out in the CG Code. In the opinion of the Directors, the Company has complied with all the code provisions as set out in Part 2 of the CG Code during the Reporting Period, except for the deviation from code provision C.2.1 and F.1.1.

Pursuant to C.2.1 of Part 2 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 Lianqing has been responsible for overall strategic planning and management of the Group since 1998. The Board meets regularly to consider major matters affecting the operations of the Group, as such, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group and believes 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 when it is appropriate by taking into account the circumstances of the Group as a whole.

In relation to the deviation from F.1.1 of Part 2 of the CG Code, the Company has not adopted a formal dividend policy. As the Company is still in its development phase and the performance will continue to be impacted by the relevant industry's and economic outlook in the foreseeable future, the Board is of the opinion that it is not appropriate to adopt a dividend policy at this stage. There is no assurance that dividends of any amount will be declared or be distributed in any year. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.



CORPORATE GOVERNANCE AND OTHER INFORMATION

UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors and Supervisors since the publication of the annual report of the Company for the year ended 31 December 2021 are set out below:

- Mr. Cheng Hok Kai Frederick, an independent non-executive Director, resigned as an independent non-executive director of Luzhou Xinglu Water (Group) Co., Ltd., a PRC water supply services company listed on the Stock Exchange (stock code: 2281.HK), with effect from 4 March 2022.

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

For the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted its own code of conduct regarding Directors' and Supervisors' dealings in the Company's securities on terms no less exacting than the Model Code (the "**Code of Conduct**").

Specific enquiry has been made of all the Directors and Supervisors, and all the Directors and Supervisors have confirmed that they have complied with the Code of Conduct throughout the Reporting Period.

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 Reporting Period.

INTERIM DIVIDEND

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB0.12 (tax inclusive) per ordinary share).

AUDIT COMMITTEE AND REVIEW ON INTERIM STATEMENTS

The Audit Committee comprising of 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 of the Company and external auditors, Messrs. Ernst & Young, the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period, as well as this report, and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and has no disagreement with the accounting treatment adopted.



INDEPENDENT REVIEW REPORT



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To the board of directors of JiaXing Gas Group Co., Ltd.

(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 50, which comprises the condensed consolidated statement of financial position of JiaXing Gas Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
30 August 2022



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

For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	4	1,304,538	897,895
Cost of sales		(1,210,165)	(772,264)
Gross profit		94,373	125,631
Other income and gains		12,433	3,411
Selling and distribution costs		(8,999)	(12,133)
Administrative expenses		(27,317)	(26,829)
Impairment losses on financial and contract assets, net		(114)	(1,964)
Other expenses		(6,601)	(5,116)
Finance costs		(6,083)	(4,392)
Share of profits and losses of:			
Joint ventures		(9,582)	(2,015)
Associates		(2,629)	5,118
PROFIT BEFORE TAX	5	45,481	81,711
Income tax expense	6	(12,763)	(19,998)
PROFIT FOR THE PERIOD		32,718	61,713



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

For the six months ended 30 June 2022

	Notes	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Fair value reserve of financial assets at fair value through other comprehensive income:			
Initial recognition of bills receivable as settlement of trade receivables		(157)	–
Changes in fair value		95	–
Income tax effect		16	–
<hr/>			
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(46)	–
<hr/>			
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(46)	–
<hr/>			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		32,672	61,713
<hr/>			
Profit attributable to:			
Owners of the parent		28,566	60,336
Non-controlling interests		4,152	1,377
<hr/>			
		32,718	61,713
<hr/>			
Total comprehensive income attributable to:			
Owners of the parent		28,520	60,336
Non-controlling interests		4,152	1,377
<hr/>			
		32,672	61,713
<hr/>			
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period (RMB)	8	0.21	0.44
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	31 December 2021
		(Unaudited)	(Audited/ restated)
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	533,201	494,280
Investment properties		214,159	220,203
Right-of-use assets		121,193	126,062
Other intangible assets		4,014	4,498
Investments in joint ventures	2.2(b)	344,814	354,396
Investments in associates		13,227	15,006
Financial assets at fair value through profit or loss		22,447	18,347
Deferred tax assets		131,409	134,228
Other non-current assets		7,187	7,274
Total non-current assets		1,391,651	1,374,294
CURRENT ASSETS			
Inventories		22,723	60,574
Trade and bills receivables	10	164,067	144,942
Contract assets		6,414	7,786
Prepayments, other receivables and other assets		29,362	32,705
Financial assets at fair value through profit or loss		2,856	9,894
Debt investment at amortised cost		60,000	60,000
Pledged deposits		24,041	14,862
Cash and cash equivalents		369,322	258,664
Total current assets		678,785	589,427



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited/ restated) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	11	306,388	242,898
Other payables and accruals		77,852	58,837
Contract liabilities		114,528	94,837
Interest-bearing bank borrowings	12	27,580	20,720
Tax payable		7,705	6,072
Lease liabilities		11,984	11,763
Total current liabilities		546,037	435,127
NET CURRENT ASSETS			
		132,748	154,300
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,524,399	1,528,594
NON-CURRENT LIABILITIES			
Contract liabilities		335,255	344,076
Interest-bearing bank borrowings	12	211,560	223,780
Lease liabilities		147,260	144,859
Total non-current liabilities		694,075	712,715
Net assets		830,324	815,879
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	137,845	137,845
Reserves	2.2(b)	663,142	655,299
		800,987	793,144
Non-controlling interests		29,337	22,735
TOTAL EQUITY		830,324	815,879

Sun Lianqing
Director

Xu Songqiang
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve – safety fund RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2021 (audited)	137,845	271,226	66,464	14,298	-	312,205	802,038	22,735	824,773
Impact of adopting Amendments to IAS 16 (note 2.2(b))	-	-	-	-	-	(8,894)	(8,894)	-	(8,894)
At 1 January 2022 (restated)	137,845	271,226	66,464	14,298	-	303,311	793,144	22,735	815,879
Profit for the period	-	-	-	-	-	28,566	28,566	4,152	32,718
Other comprehensive income for the period:									
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(46)	-	(46)	-	(46)
Total comprehensive income for the period	-	-	-	-	(46)	28,566	28,520	4,152	32,672
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	2,450	2,450
Final 2021 dividend declared and paid	-	-	-	-	-	(20,677)	(20,677)	-	(20,677)
Special reserve - safety fund	-	-	-	1,488	-	(1,488)	-	-	-
At 30 June 2022 (unaudited)	137,845	271,226*	66,464*	15,786*	(46)*	309,712*	800,987	29,337	830,324

* These reserve accounts comprise the consolidated reserves of RMB663,142,000 in the interim condensed consolidated statement of financial position.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve – safety fund RMB'000	Retained profits RMB'000	Total RMB'000			
At 1 January 2021 (audited)	137,845	271,226	59,998	13,251	253,340	735,660	18,773	754,433	
Total comprehensive income for the period	-	-	-	-	60,336	60,336	1,377	61,713	
Final 2020 dividend declared and paid	-	-	-	-	(34,461)	(34,461)	-	(34,461)	
Special reserve – safety fund	-	-	-	975	(975)	-	-	-	
At 30 June 2021 (unaudited)	137,845	271,226	59,998	14,226	278,240	761,535	20,150	781,685	



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		45,481	81,711
Adjustments for:			
Share of profits of associates		2,629	(5,118)
Share of losses of joint ventures		9,582	2,015
Finance costs		4,185	4,392
Depreciation of property, plant and equipment		20,225	20,848
Depreciation of right-of-use assets		4,869	4,695
Depreciation of investment properties		3,644	3,549
Amortisation of other intangible assets		959	849
Impairment of financial and contract assets	5	114	1,964
Fair value loss on financial assets at fair value through profit or loss	5	6,473	1,772
Loss on disposal of items of property, plant and equipment	5	869	842
Gain on disposal of right-of-use assets	5	-	(1,693)
Interest income		-	(4)
Dividends received from financial assets at fair value through profit or loss		(185)	-
		98,845	115,822
Increase in trade and bills receivables		(19,523)	(39,984)
Decrease/(increase) in contract assets		1,372	(3,013)
(Increase)/decrease in pledged time deposits		(9,179)	247
(Increase)/decrease in prepayments, other receivables and other assets		(5,382)	3,645
Decrease/(increase) in inventories		37,851	(923)
Increase in trade and bills payables		63,490	21,328
Decrease in other payables and accruals		(2,318)	(3,452)
Increase/(decrease) in contract liabilities		10,870	(10,820)
Cash generated from operations		176,026	82,850
Tax paid		(7,841)	(20,366)
NET CASH FLOWS FROM OPERATING ACTIVITIES		168,185	62,484



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		-	4
Purchase of items of property, plant and equipment		(36,567)	(7,973)
Additions to other intangible assets		(475)	(859)
Investment in a joint venture		-	(56,000)
Investment in an associate		(850)	-
Dividends received from an associate		8,580	1,000
Purchase of right-of-use assets		-	(2,405)
Proceeds from disposal of right-of-use assets		-	6,846
Purchase of financial assets at fair value through profit or loss		(4,100)	-
Proceeds from disposal of financial assets at fair value through profit or loss		850	-
Dividends received from financial assets at fair value through profit or loss		185	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(32,377)	(59,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(20,677)	(34,461)
Interest paid		-	(2,713)
Repayment of interest-bearing bank borrowings		(5,360)	-
Payment of lease liabilities		(1,563)	(1,726)
Capital injection by non-controlling shareholders		2,450	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(25,150)	(38,900)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		258,664	342,317
CASH AND CASH EQUIVALENTS AT END OF PERIOD		369,322	306,514
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the statement of financial position		393,363	308,298
Pledged deposits		(24,041)	(1,784)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		369,322	306,514

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

1. CORPORATE INFORMATION

JiaXing Gas Group Co., Ltd. is a joint stock company with limited liability established in the People's Republic of China. The registered office of the Company is located at 5th Floor, Building 3, Hualong Plaza, Economic and Technological Development Zone, Jiaxing, PRC.

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

On 16 July 2021, the concert parties, namely Taiding, Fengye, Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華), entered into a concert party agreement with respect to their interests in the Company. Pursuant to the concert party agreement, Fengye, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2021 to 15 July 2023. Concert parties have interests in each other's interests. As of 30 June 2022, the concert parties held an approximately 25.42% 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 was no single controlling shareholder for the Company.

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

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES (continued)

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 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any significant impact on the financial position and performance of the Group.
- (b) 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 Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. A joint venture of the Group, Hangjiaxin, started trial operation in September 2021 and generated revenue of RMB19,000,000 and incurred cost of RMB36,440,000 during the year ended 31 December 2021 (the "Trial Operation Results for 2021"). Hangjiaxin deducted the Trial Operation Results for 2021 from the cost of relevant property, plant and equipment for the year 2021. The Group made retrospective adjustment according to the Amendments to IAS 16, and correspondingly reduced the investments in joint ventures and retained profits by RMB8,894,000.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

2. BASIS OF PREPARATION AND CHANGES IN 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 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any significant impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any significant impact on the financial position or performance of the Group.
 - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

3. OPERATING SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) the sale of gas, mainly PNG (under the concessions), LNG and LPG in Jiaxing, PRC; (ii) the provision of construction installation services; and (iii) other activities, including the provision of gas storage services, the provision of natural gas transportation services, the sale of vapour, electricity and construction materials, and the leasing of properties. 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	1,304,538	897,895

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

Seasonality of operations

The principal business activities of the Group included the distribution and sale of PNG, LNG, LPG and vapour, the provision of construction services, installation and management services as the main contractor of construction, and gas transportation services. Higher revenues and operating profits are usually expected in the first quarter and fourth quarter of the year. Higher sales during the period from October to March are mainly attributed to the increased sales volume and selling price of natural gas due to the expected increase in demand during the peak season.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

4. REVENUE

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	1,216,247	792,687
Provision of construction services	55,615	75,202
Provision of installation and management services	23,392	23,972
Provision of gas storage services	4,799	–
Provision of transportation services	1,097	2,199
Others	999	1,084
<i>Revenue from other sources</i>		
Gross rental income	6,664	6,496
	1,308,813	901,640
Less: Government surcharges	(4,275)	(3,745)
	1,304,538	897,895
<i>Revenue from contracts with customers</i>		
Types of goods or services		
Sales of PNG	983,140	680,112
Sales of LNG	95,339	54,220
Sales of LPG	76,027	37,398
Sales of vapour	17,727	13,049
Sales of electricity	519	764
Sales of other gas	40,219	–
Sales of construction materials	3,276	7,144
Provision of construction services	55,615	75,202
Provision of installation and management services	23,392	23,972
Provision of gas storage services	4,799	–
Provision of gas transportation services	1,097	2,199
Others	999	1,084
Total revenue from contracts with customers	1,302,149	895,144
Timing of revenue recognition		
Goods or services transferred at a point in time	1,218,343	795,970
Services transferred over time	83,806	99,174
Total revenue from contracts with customers	1,302,149	895,144

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	1,177,142	712,260
Cost of services provided	33,023	60,004
Loss on disposal of items of property, plant and equipment	869	842
Gain on disposal of right-of-use assets	-	(1,693)
Impairment of financial and contract assets, net:		
Impairment of trade receivables, net	352	1,733
Impairment of financial assets included in prepayments, other receivables and other assets	(238)	231
Fair value loss, net:		
Financial assets at fair value through profit or loss	6,473	1,772

6. 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 PRC 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").

Certain of the subsidiaries, which operate in PRC, are identified as Small and Micro Enterprises and were entitled to a preferential tax rate of 2.5% or 10% during the period.

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	9,928	15,951
Deferred tax	2,835	4,047
Total tax charge for the period	12,763	19,998



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

7. DIVIDENDS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared and paid – RMB0.15 (2021: RMB0.25) per ordinary share	20,677	34,461

For the period ended 30 June 2021, the Board of Directors resolved to recommend an interim dividend of RMB0.12 per ordinary share, amounting to a total of approximately RMB16,541,000, which was approved by the Company's shareholders on 13 October 2021. The Board of Directors did not recommend any dividend for the period ended 30 June 2022.

8. 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 137,844,500 (six months ended 30 June 2021: 137,844,500) in issue during the period.

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)

Earnings

Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	28,566	60,336
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	Number of shares For the six months ended 30 June	
	2022	2021

Shares

Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	137,844,500	137,844,500
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 RMB'000
Carrying value at beginning of the period (audited)	494,280
Additions	57,615
Depreciation charge for the period	(20,225)
Transferred from investment properties	2,400
Disposals	(869)
	533,201
Carrying value at end of the period (unaudited)	533,201

Property, plant and equipment of a net book value of RMB7,388,000 as at 31 December 2021 were pledged as security for interest-bearing bank loans granted to the Group (note 12).

10. TRADE AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	155,035	139,835
Bills receivable	14,125	9,848
	169,160	149,683
Impairment	(5,093)	(4,741)
	164,067	144,942

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:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within one year	152,155	138,962
Over one year	11,912	5,980
	164,067	144,942



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

11. TRADE AND BILLS PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	186,185	168,586
Bills payable	120,203	74,312
	306,388	242,898

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within one year	305,311	241,951
One to two years	257	175
Over two years	820	772
	306,388	242,898

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2022			31 December 2021		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
Current						
Bank loans – secured	LPR*			LPR*		
	(1+20.18%)	2022	10,000	(1+20.18%)	2022	10,000
	LPR+0.10%	2022-2023	4,080	LPR+0.10%	2022	900
	LPR+0.05%	2022-2023	13,500	LPR+0.05%	2022	9,820
			27,580			20,720
Non-Current						
Bank loans – secured	LPR*			LPR*		
	(1+20.18%)	2023	10,000	(1+20.18%)	2022-2023	10,000
	LPR+0.10%	2023-2029	49,970	LPR+0.10%	2022-2029	53,600
	LPR+0.05%	2023-2028	151,590	LPR+0.05%	2022-2028	160,180
			211,560			223,780
			239,140			244,500

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

12. INTEREST-BEARING BANK BORROWINGS (continued)

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	27,580	20,720
In the second year	34,440	34,440
In the third to fifth years, inclusive	81,870	79,020
Beyond five years	95,250	110,320
	239,140	244,500

- (1) The Group's interest-bearing bank borrowings are secured by the pledges of the following assets with carrying values as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Pledge of assets:		
Investment properties	123,929	120,022
Property, plant and equipment	-	7,388
	123,929	127,410

13. SHARE CAPITAL

	Number of shares	Nominal value RMB'000
Ordinary shares as at 31 December 2021 (audited) and 30 June 2022 (unaudited)	137,844,500	137,845



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

14. CONTINGENT LIABILITIES

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantee bank loan of Hangjiaxin	446,577	446,326

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 directors of the Company consider that the possibility of default in payment regarding the bank loan of Hangjiaxin is remote after taking the predicted cash inflow of Hangjiaxin into consideration and therefore no provision has been made in the interim condensed consolidated financial information for the contingent liability arising from the guarantee provided by the Group for the bank loan of Hangjiaxin.

15. CAPITAL COMMITMENTS

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
<i>Contracted, but not provided for:</i>		
– Property, plant and equipment	7,148	8,096

16. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related party	Relationship with the Group
Jiaying Gas and Refuelling Station Co., Ltd. ("Gas and Refuelling Station") (嘉興市加油加氣站有限公司)	Joint venture
Hangjiaxin (浙江杭嘉鑫清潔能源有限公司)	Joint venture
Zhejiang Hangjia Liquefied Gas Co., Ltd. ("Hangjiaye") (浙江杭嘉液化天然氣有限公司)	Joint venture
Zhejiang Jiaqing New Energy Technology Co., Ltd. ("Jiaqing New Energy") (浙江嘉氫新能源科技有限公司)	Joint venture

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship (continued)

Name of related party	Relationship with the Group
Pinghu Natural Gas Co., Ltd. ("Pinghu Natural Gas") (平湖市天然氣有限公司)	Associate
Jiaxing LPG Co., Ltd. ("Jiaxing LPG") (嘉興市管道液化氣有限責任公司)	Associate
Jiaxing Jiatong New Energy Co., Ltd. (“Jiatong New Energy”) (嘉興市嘉通新能源股份有限公司)	Associate
Jiaxing Pipeline Company Network Management Co., Ltd. (“Jiaxing Pipeline Company”) (嘉興市天然氣管網經營有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Hotel Management Co., Ltd. (“Qingyuan Hotel”) (嘉興市清園酒店管理有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Ecological Farm Co., Ltd. (“Ecological Farm”) (嘉興市清園生態農莊有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingchi Hot Spring Tourism Development Co., Ltd. (“Qingchi Hot Spring”) (嘉興市清池溫泉旅遊開發有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Hot Spring Management Co., Ltd. (“Qingyuan Hot Spring”) (嘉興市清源溫泉管理有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingchi Cultural Industry Development Co., Ltd. (“Qingchi Cultural Industry”) (嘉興清池文化產業發展有限公司)	Company controlled by shareholders of the Company
Jiaxing Songjia Trading Co., Ltd. (“Songjia Trading”) (嘉興市宋嘉貿易有限公司)	Company controlled by shareholders of the Company
Jiaxing Yunhe Hotel Co., Ltd. (“Yunhe Hotel”) (嘉興市運河酒店有限公司)	Company controlled by shareholders of the Company

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship (continued)

Name of related party	Relationship with the Group
Jiaxing Salon International Hotel Co., Ltd. ("Salon International Hotel") (嘉興市沙龍國際賓館有限公司)	Company controlled by shareholders of the Company
Jiaxing Yuehe Inn Co., Ltd. ("Yuehe Inn") (嘉興市月河客棧有限公司)	Company controlled by shareholders of the Company
Flat Glass Group Co., Ltd. ("Flat Group") (福萊特玻璃集團股份有限公司)	Company controlled by a director of the Company
Zhejiang Jinfeng Pipeline Co., Ltd. ("Zhejiang Jinfeng") (浙江錦楓管業有限公司)	Company controlled by a director of the Company
Jiaxing Nanhu Hetai Finance Co., Ltd. ("Nanhu Hetai") (嘉興市南湖禾泰小額貸款有限公司)	Company significantly influenced by shareholders of the Company

(b) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)

Joint ventures:

Sales of construction materials

Hangjiaxin	(i)	–	17
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Provision of construction services

Hangjiaxin	(ii)	1,934	8,066
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Transportation income from

Gas and Refuelling Station	(iii)	–	1,399
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period: (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Joint ventures: (continued)			
<i>Rental income from</i>			
Hangjiaxin	(iv)	356	179
Jiaqing New Energy	(iv)	333	–
Gas and Refuelling Station	(iv)	71	132
		760	311
<i>Income from the transfer of land</i>			
Hangjiaxin	(v)	–	6,520
<i>Purchase of LNG from</i>			
Hangjiaye	(vi)	–	6,515
<i>Guarantee of a bank loan</i>			
Hangjiaxin	(vii)	251	–
<i>Sales of PNG to</i>			
Gas and Refuelling Station	(i)	3,800	–
Hangjiaxin	(i)	9	–
		3,809	–
Associates:			
<i>Purchase of LNG from</i>			
Jiatong New Energy	(vi)	21	21
<i>Purchase of PNG from</i>			
Pinghu Natural Gas	(vi)	10,828	–



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period: (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Others:			
<i>Sales of natural gas to</i>			
Flat Group	(i)	112,012	153,855
Qingyuan Hotel	(i)	804	1,423
Salon International Hotel	(i)	866	702
Yuehe Inn	(i)	730	647
Qingchi Cultural Industry	(i)	652	574
Yunhe Hotel	(i)	67	53
		115,131	157,254
<i>Sales of LPG to</i>			
Ecological Farm	(i)	22	20
<i>Provision of construction services</i>			
Flat Group	(ii)	46	5
Qingyuan Hot Spring	(ii)	–	7,945
		46	7,950
<i>Rental income from</i>			
Qingyuan Hotel	(iv)	2,923	2,923
Nanhu Hetai	(iv)	–	58
		2,923	2,981
<i>Purchase of natural gas from</i>			
Jiaxing Pipeline Company	(vi)	887,532	538,789



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period: (continued)

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Others (continued):			
<i>Purchase of construction materials from</i>			
Zhejiang Jinfeng	(vi)	2,015	1,739
<i>Purchase of other products from</i>			
Songjia Trading	(vi)	19	125
<i>Purchase of services from</i>			
Yunhe Hotel	(vi)	58	3
Qingyuan Hotel	(vi)	43	746
Qingchi Cultural Industry	(vi)	4	5
		105	754

Notes:

- (i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The Company provides construction services for related parties according to the published prices and conditions offered to the major customers of the Group.
- (iii) The transportation income arose from the provision of transportation service to the Group's joint venture. The transaction price was substantially in line with those offered to the major customers of the Group.
- (iv) The rental income represents considerations received for the rental of investment properties to the Group's related parties. It is considered that the annual rental payments under the relevant rent agreements were made according to the market price and had been agreed by both parties of the agreements.
- (v) The income from the transfer of land to related parties was made according to the terms in the agreement signed between the Company and the related party.
- (vi) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.
- (vii) The Company provided a guarantee for the bank loans of Hangjiaxin amounting to RMB251,000 (six months ended 30 June 2021: nil). Details of the guarantee were set out in note 14 to the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<i>Amounts due from related parties before provision</i>			
Jiaxing LPG	i	4,379	5,392
Hangjiaxin	ii	–	1,748
Qingyuan Hot Spring	ii	9,268	9,413
Qingyuan Hotel	ii	11,146	7,138
Qingchi Hot Spring	ii	813	813
Jiaxing Pipeline Company	ii	3,785	9,980
Salon International Hotel	ii	164	259
Yuehe Inn	ii	48	121
Hangjiaye	ii	–	111
Jiaqing New Energy	ii	–	59
Gas and Refuelling Station	ii	85	87
Qingchi Cultural Industry	ii	966	356
		30,654	35,477
<i>Amounts due to related parties</i>			
Jiaxing LPG	i	13	7
Jiaxing Pipeline Company	iii	121,599	155,953
Pinghu Natural Gas	iv	357	2,407
Zhejiang Jinfeng	iv	152	571
Hangjiaxin	iv	–	500
Flat Group	iv	–	120
Yuehe Inn	iv	–	12
Jiatong New Energy	iv	–	1
		122,121	159,571

Notes:

- (i) The amount due from Jiaxing LPG was non-trade in nature, unsecured and interest-free. The balance as at 30 June 2022 has been fully provided for impairment because Jiaxing LPG is under the situation of discontinuing its business and the directors of the Company do not expect the amount to be collectible. The Company also paid social security for staff from Jiaxing LPG.
- (ii) The amounts due from related parties of RMB26,275,000 as at 30 June 2022 (31 December 2021: RMB30,085,000) were trade in nature, unsecured, interest-free and repayable within 180 days.
- (iii) The amounts due to Jiaxing Pipeline Company of RMB121,599,000 as at 30 June 2022 (31 December 2021: RMB155,953,000) were trade in nature, unsecured, interest-free and repayable according to the contract term.
- (iv) The amounts due to related parties of RMB509,000 as at 30 June 2022 (31 December 2021: RMB3,611,000) were trade in nature, unsecured, interest-free and repayable within 180 days.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

16. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short-term employee benefits	2,608	2,512
Post-employment benefits	325	471
Total compensation paid to key management personnel	2,933	2,983

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss (current and non-current portions)	25,303	28,241	25,303	28,241
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	211,560	223,780	208,368	219,877

Financial assets

Financial assets at fair value through profit or loss (current and non-current portions)

25,303

28,241

25,303

28,241

Financial liabilities

Interest-bearing bank and other borrowings (non-current portion)

211,560

223,780

208,368

219,877

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the board of directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2022 were assessed to be insignificant.

The fair value of listed equity investment are based on quoted market prices. The fair value of unlisted equity investment at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, for example price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a net assets measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding book value measure of the unlisted equity investment to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at 30 June 2022.

The Group invests in unlisted investments, which mainly represent wealth management products at fair value. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021 and 30 June 2022:

Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input	
As at 30 June 2022				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	1.37 to 3.36	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,585,000
		Discount for lack of marketability	N/A	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,585,000
As at 31 December 2021				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	1.39 to 3.35	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,585,000
		Discount for lack of marketability	N/A	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,585,000



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss	2,856	-	22,447	25,303

As at 31 December 2021

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial assets at fair value through profit or loss	9,295	599	18,347	28,241



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Equity investments at fair value through profit or loss – unlisted:		
At 1 January	18,347	12,230
Purchases	4,100	–
Total losses recognised in the statement of profit or loss included in other income	–	(1,889)
At 30 June	22,447	10,341

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value at the end of the period (2021: Nil).

18. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2022.

