JiaXing Gas Group Co., Ltd.*
嘉興市燃氣集團股份有限公司

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

(Stock Code: 9908)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Highlights

- Revenue for the Year was RMB3,466.0 million, representing an increase of 74.29% over last year.
- Profit attributable to the owners of the Company for the Year was RMB69.3 million, representing a decrease of 36.13% over last year.
- Total sales volume of natural gas for the Year was 701 million m^3, representing an increase of 22.13% over last year.
- The Board has proposed a final dividend of RMB0.20 per share (tax inclusive) for the year ended 31 December 2022.

The board (the "**Board**") of directors (the "**Directors**") of JiaXing Gas Group Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 (the "**Reporting Period**" or the "**Year**"), together with comparative figures for the corresponding year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** **RMB'000**	2021 *RMB'000*
REVENUE	*5*	**3,466,036**	1,988,553
Cost of sales		**(3,300,275)**	(1,750,883)
Gross profit		**165,761**	237,670
Other income and gains	*6*	**37,557**	11,592
Selling and distribution costs		**(19,119)**	(26,163)
Administrative expenses		**(54,164)**	(53,865)
Impairment losses on financial and contract assets, net		**(6,639)**	(2,294)
Other expenses		**(2,468)**	(7,209)
Finance costs	*8*	**(10,763)**	(8,966)
Share of profits and losses of:			
Joint Ventures		**(10,589)**	(13,098)
Associates		**2,838**	11,582
PROFIT BEFORE TAX	*7*	**102,414**	149,249
Income tax expense	*9*	**(25,992)**	(36,801)
PROFIT FOR THE YEAR		**76,422**	112,448

	Note	**2022** *RMB'000*	2021 *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		**(398)**	–
Changes in fair value		**230**	–
Income tax effect		**41**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(127)**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(127)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**76,295**	112,448
Profit attributable to:			
Owners of the parent	*11*	**69,344**	108,486
Non-controlling interests		**7,078**	3,962
		76,422	112,448
Total comprehensive income attributable to:			
Owners of the parent		**69,217**	108,486
Non-controlling interests		**7,078**	3,962
		76,295	112,448
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year (RMB)	*11*	**0.50**	0.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**576,333**	494,280
Investment properties		**203,248**	220,203
Right-of-use assets		**131,925**	126,062
Other intangible assets		**3,835**	4,498
Investments in joint ventures		**323,426**	354,396
Investments in associates		**10,826**	15,006
Financial assets at fair value through profit or loss		**57,270**	18,347
Deferred tax assets		**127,617**	134,228
Goodwill		**42**	–
Other non-current assets		**10,315**	7,274
Total non-current assets		**1,444,837**	1,374,294
CURRENT ASSETS			
Inventories		**56,392**	60,574
Trade and bills receivables	*12*	**207,459**	144,942
Contract assets		**9,797**	7,786
Prepayments, other receivables and other assets		**63,778**	32,705
Financial assets at fair value through profit or loss		**2,773**	9,894
Debt investment at amortised cost		**58,600**	60,000
Pledged for issuance of bank acceptance notes		**12,500**	14,862
Cash and cash equivalents		**220,691**	258,664
Total current assets		**631,990**	589,427
CURRENT LIABILITIES			
Trade and bills payables	*13*	**305,536**	242,898
Other payables and accruals		**65,215**	58,837
Contract liabilities		**100,128**	94,837
Interest-bearing bank borrowings	*14*	**34,440**	20,720
Tax payable		**6,547**	6,072
Lease liabilities		**13,670**	11,763
Total current liabilities		**525,536**	435,127
NET CURRENT ASSETS		**106,454**	154,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,551,291**	1,528,594

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**338,109**	344,076
Interest-bearing bank borrowings	*14*	**189,340**	223,780
Lease liabilities		**146,242**	144,859
Deferred tax liabilities		**91**	–
Total non-current liabilities		**673,782**	712,715
Net assets		**877,509**	815,879
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**137,845**	137,845
Reserves		**703,839**	655,299
		841,684	793,144
Non-controlling interests		**35,825**	22,735
TOTAL EQUITY		**877,509**	815,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE AND GROUP INFORMATION

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

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

On 16 July 2021, the concert parties, namely Zhejiang Taiding Investment Company Limited ("Taiding"), Fengye Holdings Group Company Limited ("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 31 December 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 (the "Stock Exchange") since 16 July 2020.

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the revised IFRSs that are applicable to the Group 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 (the "Conceptual Framework") 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 year, the amendments did not have any 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, Zhejiang Hangjiaxin Clean Energy Co., Ltd. ("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.

(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 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 amendment that is 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

Revenue from continuing operations of approximately RMB311,487,000 (2021: RMB313,097,000) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer. Moreover, the Group has a new customer for the sale of LNG, revenue from which amounted to RMB 676,540,000 in 2022.

5. REVENUE

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

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of goods	**3,251,696**	1,795,831
Provision of construction services	**142,143**	127,770
Provision of installation and management services	**53,724**	51,833
Provision of gas storage services	**6,424**	–
Provision of gas transportation services	**2,131**	4,354
Others	**4,569**	2,380
	3,460,687	1,982,168
Revenue from other sources		
Gross rental income	**13,835**	13,137
	3,474,522	1,995,305
Less: Government surcharges	**(8,486)**	(6,752)
	3,466,036	1,988,553

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022	2021
Sales of PNG	**2,025,701**	1,495,828
Sales of LNG	**957,739**	140,928
Sales of LPG	**133,521**	109,120
Sales of other gas	**93,556**	8,808
Sales of vapour	**35,427**	28,022
Sales of construction materials	**5,040**	11,467
Sales of electricity	**712**	1,658
Provision of construction services	**142,143**	127,770
Provision of installation and management services	**53,724**	51,833
Provision of gas storage services	**6,424**	–
Provision of gas transportation services	**2,131**	4,354
Others	**4,569**	2,380
	3,460,687	1,982,168
Timing of revenue recognition		
Goods or services transferred at a point in time	**3,258,396**	1,802,565
Services transferred over time	**202,291**	179,603
Total revenue from contracts with customers	**3,460,687**	1,982,168

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

	2022	2021
	RMB'000	*RMB'000*
Provision of installation and management services	**43,730**	47,418
Provision of construction services	**28,322**	48,317
Sales of goods	**22,785**	14,835
	94,837	110,570

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

(ii) *Performance obligations*

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

Sales of goods

The performance obligation is satisfied upon delivery of the PNG, LNG, LPG, vapour and construction materials, and payment is generally due within 30 to 180 days from deliver, except for customers who purchased store-value cards.

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

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

Provision of gas transportation services

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

Provision of gas storage services

The performance obligation is satisfied over time as the services are provided till the completion of gas storage services.

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

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**100,128**	94,837
After one year	**338,109**	344,076
	438,237	438,913

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

6. OTHER INCOME AND GAINS

	2022	2021
	RMB'000	*RMB'000*
Other income		
Interest income	**4,378**	3,476
Dividends received from financial assets at fair value through profit or loss	**487**	191
Government grants	**10,940**	8
Gain on foreign exchange differences	**14,855**	–
Gain on disposal of items of property, plant and equipment	**43**	–
Others	**457**	635
	31,160	4,310
Gains		
Gain on disposal of items of right-of-use assets	**–**	4,302
Fair value gain on financial assets at fair value through profit or loss	**–**	2,980
Gain on financial assets measured at amortised cost	**5,819**	–
Gain arising from business combination	**578**	–
	6,397	7,282
	37,557	11,592

7. PROFIT BEFORE TAX

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

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Cost of inventories sold		**3,199,504**	1,654,998
Cost of services provided		**100,771**	95,885
Depreciation of property, plant and equipment		**45,967**	35,650
Depreciation of investment properties		**7,008**	9,754
Depreciation of right-of-use assets		**11,237**	9,120
Amortisation of intangible assets		**1,951**	1,761
Lease payments not included in the measurement of lease liabilities		**474**	140
Auditor's remuneration		**2,667**	2,506
Employee benefit expense (excluding directors' and chief executive's remuneration) *(note 9)*:			
Wages and salaries		**52,821**	51,811
Pension scheme contributions		**5,053**	4,303
Social security contributions and accommodation benefits		**6,883**	5,552
Foreign exchange (gain)/loss		**(14,855)**	6,677
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	*12*	**5,116**	2,129
Impairment of financial assets included in prepayments, other receivables and other assets		**123**	165
Impairment of debt investment at amortised cost		**1,400**	–
Fair value losses/(gains) on financial assets at fair value through profit or loss		**2,058**	(2,980)
Dividend income from financial assets at fair value through profit or loss	*6*	**(487)**	(191)
Bank interest income	*6*	**(4,378)**	(3,476)
Loss on disposal of items of property, plant and equipment		**214**	670
Gain on disposal of items of right-of-use assets	*6*	**–**	(4,302)

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Interest on interest-bearing bank borrowings	**13,208**	6,648
Interest expense on leases liabilities	**8,272**	8,314
Total interest expense on financial liabilities not at fair value through profit or loss	**21,480**	14,962
Less: Interest capitalised	**(10,717)**	(5,996)
	10,763	8,966

9. INCOME TAX EXPENSE

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.

Hong Kong profits tax is to be provided at the rate of 16.5% (2021: Nil) on the estimated assessable profits arising in Hong Kong.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "**New Corporate Income Tax Law**") except for a certain small and micro enterprise of the Group in Mainland China: For small low-profit enterprises whose annual taxable income does not exceed RMB1,000,000, 12.5% shall be included in the taxable income, and the taxable income is taxed at a preferential rate of 20%; For the part of the annual taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000, it shall be included in the taxable income at the reduced rate of 25%, the taxable income is taxed at a preferential rate of 20%.

The major components of income tax expense are as follows:

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**19,349**	22,656
Deferred tax	**6,643**	14,145
Total tax charge for the year	**25,992**	36,801

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

	2022	2021
	RMB'000	*RMB'000*
Profit before tax	**102,414**	149,249
Tax at the statutory tax rate	**25,603**	37,312
Adjustments in respect of current tax of previous periods	**(883)**	–
Expenses not deductible for tax	**106**	104
Income not subject to tax	**(627)**	(995)
Profits attributable to joint ventures and associates	**1,938**	380
Others	**(145)**	–
Tax charge at the Group's effective rate	**25,992**	36,801

10. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Interim – Nil (2021: RMB0.12) per ordinary share	**–**	16,541
Proposed final dividends – RMB0.20 (2021: RMB0.15) per ordinary share	**27,569**	20,677
	27,569	37,218

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

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 137,844,500 (2021: 137,844,500) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**69,344**	108,486

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**137,844,500**	137,844,500

12. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**201,105**	139,835
Bills receivables	**16,211**	9,848
	217,316	149,683
Impairment	**(9,857)**	(4,741)
	207,459	144,942

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

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

Notes receivable of RMB16,211,000 (2021: Nil) were classified as financial assets at fair value through other comprehensive income under IFRS 9.

A receivable is an entity's right to consideration that is unconditional. An entity shall account for a receivable in accordance with IFRS 9. Upon initial recognition of a receivable from a contract with a customer, any difference between the measurement of the receivable in accordance with IFRS 9 and the corresponding amount of revenue recognised shall be presented as an impairment loss. Subsequent changes in fair value are consideration for the time value of money, measured through profit or loss.

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:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**201,980**	138,962
Over one year	**5,479**	5,980
	207,459	144,942

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**4,741**	2,612
Impairment losses, net *(note 7)*	**5,116**	2,129
At end of year	**9,857**	4,741

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

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2022

		Past due			
	Current	**Less than 6 months**	**6 to 12 months**	**Over 1 year**	**Total**
Expected credit loss rate	**1.80%**	**8.36%**	**23.71%**	**55.97%**	**4.54%**
Gross carrying amount *(RMB'000)*	**181,951**	**23,100**	**6,841**	**5,424**	**217,316**
Expected credit losses *(RMB'000)*	**3,267**	**1,932**	**1,622**	**3,036**	**9,857**

As at 31 December 2021

		Past due			
	Current	Less than 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.70%	9.15%	22.02%	43.48%	3.17%
Gross carrying amount *(RMB'000)*	132,197	9,737	2,098	5,651	149,683
Expected credit losses *(RMB'000)*	931	891	462	2,457	4,741

The expected credit loss for bills receivable, which are all bank acceptance notes, approximates to zero. Those banks who issue bank acceptance notes are creditworthy banks with no recent history of default.

13. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**243,036**	168,586
Bills payables	**62,500**	74,312
	305,536	242,898

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**303,791**	241,951
1 to 2 years	**1,082**	175
Over 2 years	**663**	772
	305,536	242,898

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

14. INTEREST-BEARING BANK BORROWINGS

	2022			2021		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank-loans – secured	**LPR* (1+20.18%)**	**2023**	**10,000**	LPR* (1+20.18%)	2022	10,000
	LPR+0.10%	**2023**	**17,180**	LPR+0.10%	2022	900
	LPR+0.05%	**2023**	**7,260**	LPR+0.05%	2022	9,820
			34,440			20,720
Non-Current						
Bank-loans – secured	**LPR* (1+20.18%)**	**2024**	**–**	LPR* (1+20.18%)	2023	10,000
	LPR+0.10%	**2024-2029**	**36,420**	LPR+0.10%	2023-2029	53,600
	L{R+0.05%	**2024-2028**	**152,920**	LPR+0.05%	2023-2028	160,180
			189,340			223,780
			223,780			244,500

	2022	2021
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	**34,440**	20,720
In the second year	**24,440**	34,440
In the third to fifth years, inclusive	**104,720**	79,020
Beyond five years	**60,180**	110,320
	223,780	244,500

Notes:

1) All borrowings are in RMB.

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

	2022	2021
	RMB'000	*RMB'000*
Pledge of assets:		
Investment properties	**113,299**	120,022
Property, plant and equipment	**7,148**	7,388
	120,447	127,410

3) The Group's overdraft facilities amounting to RMB1,243,400,000 (2021: RMB1,024,000,000), of which RMB496,400,000 (2021: RMB686,450,000) had been utilised or expired as at the end of the reporting period, are secured by the pledge of certain of the Group's assets as set out above.

15. SHARE CAPITAL

Shares

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
137,844,500 (2021: 137,844,500) ordinary shares	**137,845**	137,845

	Number of shares	Nominal value *RMB'000*
At 31 December 2022	**137,844,500**	137,845

16. CONTINGENT LIABILITIES

	2022	2021
	RMB'000	*RMB'000*
Guaranteed bank loan of Hangjiaxin	**477,252**	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 board of directors of the Company consider that the possibility of default in payment regarding the bank loan of Hangjiaxin is remote after taking the fair value of pledged assets provided by Hangjiaxin and the predicted cash inflow of Hangjiaxin into consideration, and therefore, no provision has been made in the consolidated financial statements for the contingent liability arising from the guarantee provided by the Group for the bank loan of Hangjiaxin.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2022, due to unexpected factors including the flare-ups of COVID-19 pandemic and the international situation, China's natural gas resources were tight in supply and high in price. According to statistics published by the National Development and Reform Commission, the apparent consumption of natural gas in China was 366.3 billion m^3 in 2022, representing a year-on-year decrease of 1.7%. According to the General Administration of Customs, China imported 109.25 million tons of natural gas in 2022, representing a year-on-year decrease of 9.9%, of which LNG imports were 63.44 million tons, representing a year-on-year decrease of 19.5%, with a year-on-year increase of 22.7% in the monetary amount. According to the data published by the Zhejiang Provincial Development and Reform Commission, the natural gas consumption in Zhejiang Province in 2022 was 18 billion m^3, which was in line with the previous year. Specifically, urban gas consumption was 13.2 billion m^3, representing a year-on-year increase of 1.5%; gas consumption by power generation was 4.8 billion m^3, representing a year-on-year decrease of 4.0%.

Meanwhile, base on the fundamental idea of national energy security, China firmly and scientifically promotes the "dual carbon" goal and thoroughly implements the philosophy of sustainable development. In May 2022, Zhejiang Province issued the 14th Five-Year Plan for Energy Development in Zhejiang Province, which specifies that the natural gas consumption in the province is expected to be 31.5 billion m^3 in 2025, with primary energy accounting for 12.98%, and the gasification rate of urban and rural residents exceeding 55%. The plan emphasizes on the implementation of the carbon peaking action, promotion of low-carbon and efficient utilization, strict control of coal consumption, continuous improvement in the level of natural gas utilization, and promotion of low-carbon replacement of refined oil, such as oil-to-gas, oil-to-electricity, and oil-to-hydrogen.

The demand for natural gas is expected to further increase, with the continuous implementation of China's macroeconomic adjustment policies, the overall recovery of its economy, the continuous progress towards the "dual carbon goals", and the accelerated recovery of industrial and commercial production and operation in 2023.

Results Review

The Group, being the largest city gas operator in Jiaxing, a major prefecture-level city in Zhejiang Province, is mainly engaged in the sale of piped natural gas (subject to concessions), LNG and LPG, as well as the provision of construction and installation services. As at the end of the Reporting Period, we provided gas supply services for approximately 429,000 residential users and 2,221 industrial and commercial users.

In 2022, the Group's total gas sales volume was 701 million m^3, representing an increase of 22.13% as compared with 2021, mainly due to the rapid growth in the LNG trade business after the putting into operation of the Group's Dushan Port project, with the gas sales volume of 193 million m^3, representing an increase of 309.34% as compared with the previous year. In 2022, the price of upstream natural gas increased due to unexpected factors such as the flare-ups of the COVID-19 pandemic and the geopolitical conflicts, which significantly affected the global economic situation and the natural gas market. However, the government determined that the civil gas price would not be changed. Although the government provided partial subsidies for the difference between the purchase and sales prices of civil gas for the heating season in 2021, civil gas selling prices were strictly subject to restrictions. The failure to address the rising cost of upstream gas sources in a timely manner put pressure on the Company. Despite the pressure from the economic slowdown and rising resource prices, the putting into operation of the Group's receiving station in the Dushan Port during the Reporting Period will play an important role in optimizing the Group's resource structure and demonstrates that the Group has made good preparation for the "X+1+X" market-oriented reform of the natural gas industry.

As at the end of the Reporting Period, the Group operated a natural gas pipeline network in the operating area, with a total length of 1,069.95 km (comprising 717.72 km of self-constructed pipeline network and 357.23 km of leased urban pipeline network, and excluding 52.37 km of urban pipeline network under construction, among which 33.41 km was self-constructed).

Development Strategy and Outlook

There remains uncertainty about the fluctuations in the energy market in 2023. However, with the inclusion of the provincial-level pipeline network of Zhejiang in the national pipeline network, Zhejiang Province will soon achieve the separation of management and sales, and accelerate the market-oriented reform. This means that the Company can (i) further expand its sources of purchase through the main operators of the provincial-level natural gas pipeline network; and (ii) coordinate piped gas resources and the liquefied natural gas resources passing through the Dushan Port, thereby enhancing the Group's natural gas supply capacity and competitiveness. Meanwhile, the Group will accelerate the transformation and upgrading into an integrated energy service provider and seek a new development path. The Group has completed the transformation of two original stations in the network into a comprehensive energy station, and such station has been put in operation. In the future, the Group will further leverage the synergy between the new energy business and the natural gas business, and actively expand new energy projects, so as to achieve sustainable development.

FINANCIAL OVERVIEW

Revenue

For the Year, the revenue of the Group was RMB3,466.0 million, representing an increase of 74.29% compared with RMB1,988.6 million last year, mainly due to the increase in the gas sales volume and the average unit selling price of natural gas.

Gross Profit

For the Year, the gross profit of the Group was RMB165.8 million, representing a decrease of 30.25% compared with RMB237.7 million last year, mainly due to the inversion of residential gas sales prices during the Year incurring losses.

Other Income and Gains

For the Year, the other income and gains of the Group were RMB37.6 million, representing an increase of 224.14% compared with RMB11.6 million last year, mainly due to the recognition of government subsidy income (residential gas price loss subsidy) and a larger increase in foreign exchange gain compared to the previous year.

Finance Costs

For the Year, the finance costs of the Group were RMB10.8 million, representing an increase of 20% compared with RMB9.0 million last year, mainly due to the increase in interest expense on bank acceptance discounts..

Income Tax Expense

For the Year, the income tax expense of the Group decreased from RMB36.8 million last year to RMB26.0 million. The effective tax rate for the Year was 25.38%.

Profit Attributable to Owners of the Parent

For the Year, the profit attributable to owners of the parent was RMB69.3 million, representing a decrease of 36.13% compared with RMB108.5 million last year, mainly due to the inversion of residential gas sales prices during the year incurring losses and less government subsidies, most of which are borne by the company itself.

Liquidity, Financial Position and Capital Structure

As at 31 December 2022, the current assets of the Group amounted to RMB632.0 million (31 December 2021: RMB598.4 million), of which cash and bank balance were equivalent to RMB233.2 million.

As at 31 December 2022, the current ratio (current assets/current liabilities) of the Group was 1.2 (31 December 2021: 1.35) and the asset-liability ratio (total liabilities/total assets) was 57.75% (31 December 2021: 58.45%). As of 31 December 2022, the utilised bank loans were RMB223.8 million, all of which were denominated in RMB, with the annual interest rate of 4.35%-4.40%. RMB34.4 million of which was wholly repayable within one year or on demand and RMB189.4 million was wholly repayable in the second year, in the third to fifth year, or wholly repayable beyond five years. All the utilised bank loans are floating interest rate loans. As at 31 December 2022, the unutilised bank credit balance was RMB747.0 million. As at 31 December 2022, the Group also had lease liabilities of RMB159.9 million, of which RMB13.7 million is analyzed as current portion, and RMB146.2 million analyzed as non-current portion.

The gearing ratio of the Group was about 15.17% as at 31 December 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 31 December 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 are the proceeds from the initial public offering of the Company. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate measures when necessary.

Contingent Liabilities

As at December 2018, with the guarantee provided by the Group, Hangjiaxin, a joint venture company, obtained a bank loan for investment in property, plant and equipment used in operation. The Directors consider that the possibility of the default in payment regarding to the bank loan of Hangjiaxin is remote 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 Hangjiaxin.

As at 31 December 2022, the Group had no other material contingent liabilities.

Financial Guarantee Obligations

The Group provided a joint and several liability guarantee to Hang Jiaxin in favour of the bank for a period of two years from the date of the guarantee agreement to the date of maturity of the bank loan.

As at 31 December 2022, the Group provided a guarantee to the bank for a loan of RMB477.3 million (31 December 2021: RMB446.3 million) granted to the joint venture company Hangjiaxin.

Pledge of Assets

As at 31 December 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:

	31 December 2022 ***(RMB million)*** **(Audited)**	31 December 2021 *(RMB million)* (Audited)
Pledge of assets:		
Investment properties	**113.3**	120.0
Property, plant and equipment	**7.1**	7.4

Significant investments and significant plans relating to significant investments or capital assets

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 31 December 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 RMB323.4 million, representing approximately 15.57% 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 in the initial stage. And the Group recorded an unrealised loss of approximately RMB9.5 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 after commenceing 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 announcement

Material Acquisition and Disposal

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

Human Resources and Employee Compensation

As at 31 December 2022, the Group had a total of 367 (31 December 2021: 363) employees in the PRC. The total employee costs of the Group for the Year were approximately RMB68.4 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 team, managers at various positions, professional technicians and service employees, and by 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.

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 announcement.

EVENTS AFTER THE REPORTING PERIOD

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

PROCEEDS FROM THE GLOBAL OFFERING AND USE OF PROCEEDS

H shares of the Company (the "**H Share(s)**") were officially listed on the Stock Exchange on 16 July 2020. A total of 37,844,500 H 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 up the proceeds for the purposes specified in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2020. As of 31 December 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 Allocated amount *(RMB'000)*	Utilised *(RMB'000)*	Unutilised *(RMB'000)*	Expected to be utilised prior to the following date
Funding our payment of the registered capital of Hangjiaxin and providing shareholder's loan to Hangjiaxin by batches	80%	241,697	241,697	–	–
Upgrading our pipeline network (including urban pipeline network and end-user pipeline network) and operational facilities of the Group in Jiaxing	10%	30,212	30,212	–	–
Working capital and general corporate purposes	10%	30,212	30,212	–	–
Total	100%	302,121	302,121	–	

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 9 June 2023. A notice convening the AGM will be published and despatched to the shareholders of the Company in accordance with the requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.20 (tax inclusive) per share for the Year (the "**2022 Final Dividend**") with an aggregate amount of RMB27,568,900 (tax inclusive) to shareholders (whether holders of H Shares or domestic Shares) of the Company whose names appear on the Company's register of members as on Tuesday, 20 June 2023, subject to the approval by the shareholders of the Company at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2022 Final Dividend is expected to be paid around Wednesday, 5 July 2023.

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

TAX

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the 2022 Final Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H Share register of members on Tuesday, 20 June 2023.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函[2011]348號規定) and the relevant laws and regulations, for individual H Shareholders who are Hong Kong or Macau residents and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10% of dividend. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders.

The Company will determine the country of domicile of the individual H Shareholders based on the registered address as recorded in the H Share register of members of the Company on Tuesday, 20 June 2023. If the country of domicile of an individual H Shareholders is not the same as the registered address or if the individual H Shareholders would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Shareholders shall notify and provide relevant supporting documents to the Company on or before Wednesday, 14 June 2023. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H Shareholders to attend and vote at the AGM and their entitlements to the 2022 Final Dividend, the register of H shareholders of the Company will be closed, the details of which are set out below:

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Monday, 5 June 2023
Closure of register of members (both days inclusive)	Tuesday, 6 June 2023 to Friday, 9 June 2023
Record date	Tuesday, 6 June 2023

(2) For determining the entitlements of H Shareholders to the 2022 Final Dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 14 June 2023
Closure of register of members (both days inclusive)	Thursday, 15 June 2023 to Tuesday, 20 June 2023
Record date	Tuesday, 20 June 2023

During the above closure periods, no transfer of H Shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the 2022 Final Dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, by no later than the aforementioned latest times.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board is of the view that throughout the Reporting Period, the Company has complied with all the code provisions in Part 2 of the CG Code effective during the year with the exception of code provisions C.2.1 and F.1.1.

Pursuant to code provision C.2.1. of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. However, the role of the chairman and the chief executive officer of the Company is not separated and are performed by the same individual, Mr. Sun Lianqing ("**Mr. Sun**"). Mr. Sun, who has been responsible for overall strategic planning and management of the Group since 1998. The Board meet regularly to consider major matters affecting the operations of the Group, as such, the Board consider that this structure will not impair the balance of power and authority between the Board and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Pursuant to code provision F.1.1 of the CG Code, the issuer should have a policy on payment of dividends. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and 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.

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL STATEMENTS

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

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

PUBLICATION OF ANNUAL RESULTS AND THE 2022 ANNUAL REPORT

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

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

Jiaxing, the PRC
28 March 2023

As at the date of this announcement, the executive Directors are Mr. Sun Lianqing and Mr. Xu Songqiang, the non-executive Directors are Mr. Xu Jiong, Mr. Zheng Huanli, Mr. Fu Songquan and Mr. Ruan Hongliang and the independent non-executive Directors are Mr. Yu Youda, Mr. Cheng Hok Kai Frederick and Mr. Zhou Xinfa.

* *For identification purpose only*