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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

Financial Highlights

- Revenue for the Period was RMB1,218.1 million, representing a decrease of 6.62% over the corresponding period of last year.
- Gross profit for the Period was RMB102.1 million, representing an increase of 8.16% over the corresponding period of last year.
- Profit attributable to the owners of the Company for the Period was RMB159.3 million, representing an increase of 456.99% over the corresponding period of last year.
- Basic earnings per share for the Period amounted to RMB1.16 (the corresponding period of last year: RMB0.21).
- The Board, as authorised by the Shareholders at the AGM, has resolved to declare an interim dividend of RMB0.20 (tax inclusive) per share for the six months ended 30 June 2023.

The board (the "**Board**") of directors (the "**Directors**") of JiaXing Gas Group Co., Ltd. (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**" or the "**Period**"), together with comparative figures for the corresponding period in 2022 as follows:

* *for identification purpose only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
REVENUE	4	**1,218,105**	1,304,538
Cost of sales		**(1,115,997)**	(1,210,165)
Gross profit		**102,108**	94,373
Other income and gains		**5,996**	12,433
Selling and distribution costs		**(10,995)**	(8,999)
Administrative expenses		**(30,491)**	(27,317)
Impairment losses on financial and contract assets, net		**(22,456)**	(114)
Other expenses		**(4,469)**	(6,601)
Finance costs		**(5,545)**	(6,083)
Share of profits and losses of:			
Joint ventures		**137,881**	(9,582)
Associates		**1,517**	(2,629)
PROFIT BEFORE TAX	5	**173,546**	45,481
Income tax expense	6	**(8,814)**	(12,763)
PROFIT FOR THE PERIOD		**164,732**	32,718
Profit attributable to:			
Owners of the parent		**159,302**	28,566
Non-controlling interests		**5,430**	4,152
		164,732	32,718
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year *(RMB)*	8	**1.16**	0.21

	Notes	**2023 (Unaudited) *RMB'000***	2022 (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		**148**	(157)
Changes in fair value		**(2,766)**	95
Income tax effect		**656**	16
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(1,962)**	(46)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(1,962)**	(46)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**162,770**	32,672
Total comprehensive income attributable to:			
Owners of the parent		**157,340**	28,520
Non-controlling interests		**5,430**	4,152
		162,770	32,672

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2023

	Notes	**30 June 2023 (Unaudited)** ***RMB'000***	31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**580,236**	576,333
Investment properties		**201,835**	203,248
Right-of-use assets		**126,789**	131,925
Other intangible assets		**4,728**	3,835
Investments in joint ventures		**461,308**	323,426
Investments in associates		**37,577**	10,826
Financial assets at fair value through profit or loss		**60,875**	57,270
Deferred tax assets		**126,762**	127,617
Goodwill		**42**	42
Other non-current assets		**36,377**	10,315
Total non-current assets		**1,636,529**	1,444,837
CURRENT ASSETS			
Inventories		**191,842**	56,392
Trade and bills receivables	*10*	**370,612**	207,459
Contract assets		**10,640**	9,797
Prepayments, other receivables and other assets		**100,151**	63,778
Financial assets at fair value through profit or loss		**1,400**	2,773
Debt investment at amortised cost		**–**	58,600
Pledged deposits		**19,869**	12,500
Cash and cash equivalents		**460,833**	220,691
Total current assets		**1,155,347**	631,990

	Notes	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*11*	**573,108**	305,536
Other payables and accruals		**263,403**	65,215
Contract liabilities		**141,351**	100,128
Interest-bearing bank borrowings	*12*	**84,640**	34,440
Tax payable		**2,379**	6,547
Lease liabilities		**13,568**	13,670
Total current liabilities		**1,078,449**	525,536
NET CURRENT ASSETS		**76,898**	106,454
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,713,427**	1,551,291
NON-CURRENT LIABILITIES			
Contract liabilities		**329,187**	338,109
Interest-bearing bank borrowings	*12*	**226,920**	189,340
Lease liabilities		**148,989**	146,242
Deferred tax liabilities		**70**	91
Total non-current liabilities		**705,166**	673,782
Net assets		**1,008,261**	877,509
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**137,845**	137,845
Reserves	*2.2(b)*	**829,161**	703,839
		967,006	841,684
Non-controlling interests		**41,255**	35,825
TOTAL EQUITY		**1,008,261**	877,509

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. CORPORATE 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 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), liquefied natural gas ("**LNG**") and liquefied petroleum gas ("**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 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 concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, 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 2023, 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 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 2023 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 2022.

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 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has applied the accounting policy on temporary differences in tax related to leases before 1 January 2022, there is no impact on to the interim condensed consolidated financial statement.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**1,218,105**	1,304,538

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. Historically, higher sales revenue is usually expected during the winter months due to higher gas consumption for heating. This information is provided only to allow for a better understanding of the results. Management has concluded that the Group's business is not "highly seasonal" in accordance with IAS 34.

4. REVENUE

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods	**1,126,245**	1,216,247
Provision of construction services	**60,548**	55,615
Provision of installation and management services	**24,776**	23,392
Provision of gas storage services	**–**	4,799
Provision of transportation services	**837**	1,097
Others	**2,240**	999
Revenue from other sources		
Gross rental income	**6,154**	6,664
	1,220,800	1,308,813
Less: Government surcharges	**(2,695)**	(4,275)
	1,218,105	1,304,538
Revenue from contracts with customers		
Types of goods or services		
Sales of PNG	**946,981**	983,140
Sales of LNG	**73,176**	95,339
Sales of LPG	**55,250**	76,027
Sales of vapour	**17,075**	17,727
Sales of electricity	**888**	519
Sales of other gas	**28,648**	40,219
Sales of construction materials	**3,158**	3,276
Provision of construction services	**60,630**	55,615
Provision of installation and management services	**24,776**	23,392
Provision of gas storage services	**–**	4,799
Provision of gas transportation services	**837**	1,097
Others	**3,227**	999
Total revenue from contracts with customers	**1,214,646**	1,302,149
Timing of revenue recognition		
Goods or services transferred at a point in time	**1,129,240**	1,218,343
Services transferred over time	**85,406**	83,806
Total revenue from contracts with customers	**1,214,646**	1,302,149

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,066,080**	1,177,142
Cost of services provided	**49,917**	33,023
Loss on disposal of items of property, plant and equipment	**3,079**	869
Impairment of financial and contract assets, net:		
Impairment of trade receivables, net	**6,662**	352
Impairment of financial assets included in prepayments, other receivables and other assets	**(56)**	(238)
Impairment of financial instruments reported at amortized cost	**15,850**	–
Financial assets at fair value through profit or loss	**1,373**	6,473

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.

Hong Kong profits tax is to be provided at the rate of 16.5% (2022: 16.5%) 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 small and micro enterprise of the Group in Mainland China. For qualified small low-profit enterprises, whose annual taxable income 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:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	**7,322**	9,928
Deferred tax	**1,492**	2,835
Total tax charge for the period	**8,814**	12,763

7. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared and paid – RMB0.20 (2022: RMB0.15) per ordinary share	**27,569**	20,677

On 30 August 2023, the board of directors (as authorised by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company (the "**AGM**") on 9 June 2023) declared an interim dividend of RMB0.20 (six months ended 30 June 2022:Nil) per ordinary share, amounting to a total of approximately RMB27,568,900 (six months ended 30 June 2022:Nil).

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 2022: 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	
	2023	2022
	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 calculations	**159,302**	28,566

	Number of shares For the six months ended 30 June	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	**137,844,500**	137,844,500

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 *RMB'000*
Carrying value at beginning of the period (audited)	**576,333**
Additions	**34,556**
Depreciation charge for the period	**(25,667)**
Transferred from investment properties	**8,279**
Transferred to investment properties	**(10,186)**
Disposals	**(3,079)**
Carrying value at end of the period (unaudited)	**580,236**

Property, plant and equipment with a net book value of RMB7,028,020.00 as at 30 June 2023 were pledged as security for interest-bearing bank loans granted to the Group (note 12).

10. TRADE AND BILLS RECEIVABLES

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Trade receivables	**214,022**	201,105
Bills receivable	**173,109**	16,211
	387,131	217,316
Impairment	**(16,519)**	(9,857)
	370,612	207,459

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 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within one year	**357,210**	201,980
Over one year	**13,402**	5,479
	370,612	207,459

11. TRADE AND BILLS PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**439,801**	243,036
Bills payable	**133,307**	62,500
	573,108	305,536

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 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**568,258**	303,791
One to two years	**4,190**	1,082
Over two years	**660**	663
	573,108	305,536

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2023			31 December 2022		
	Effective interest rate (%)	**Maturity**	***RMB'000*** **(Unaudited)**	Effective interest rate (%)	Maturity	*RMB'000* (Audited)
Current						
Bank loans – secured	**LPR* (1+20.18%)**	**2023**	**10,000**	LPR* (1+20.18%)	2023	10,000
	5 LPR+0.10%	**2023-2024**	**17,180**	5 LPR+0.10%	2022-2023	17,180
	5 LPR+0.05%	**2023-2024**	**7,260**	5 LPR+0.05%	2022-2023	7,260
			34,440			34,440
Non-current						
Bank loans – secured	**5 LPR+0.10%**	**2024-2029**	**94,410**	5 LPR+0.10%	2024-2029	36,420
	5 LPR+0.05%	**2024-2028**	**82,710**	5 LPR+0.05%	2024-2028	152,920
			177,120			189,340
			211,560			223,780

	30 June 2023			31 December 2022		
	Effective interest rate (%)	**Maturity**	***RMB'000*** **(Unaudited)**	Effective interest rate (%)	Maturity	*RMB'000* (Audited)
Current						
Bank loans – credited	**LPR**	**2023-2024**	**50,000**	LPR	2022-2023	–
	LPR+0.4%	**2023-2024**	**200**	LPR+0.4%	2022-2023	–
			50,200			–
Non-current						
Bank loans – credited	**LPR+0.4%**	**2024-2026**	**49,800**	LPR+0.4%	2024-2026	–
			49,800			–
			100,000			–

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	**84,640**	34,440
In the second year	**24,640**	24,440
In the third to fifth years, inclusive	**158,090**	104,720
Beyond five years	**44,190**	60,180
	311,560	223,780

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

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Pledge of assets:		
Investment properties	**109,940**	113,299
Property, plant and equipment	**7,028**	7,148
	116,968	120,447

13. SHARE CAPITAL

	Number of shares	Nominal value *RMB'000*
Ordinary shares as at 31 December 2022 (audited) and 30 June 2023 (unaudited)	137,844,500	137,845

14. CONTINGENT LIABILITIES

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Guarantee bank loan of Zhejiang Hangjiaxin Clean Energy Co., Ltd. ("**Hangjiaxin**")	**–**	477,252

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. By 30 June 2023, Hangjiaxin has used its own property, plant and equipment used in operation as guarantee instead, and the Group did not provide any guarantee for Hangjiaxin.

15. CAPITAL COMMITMENTS

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Contracted, but not provided for:		
– Property, plant and equipment	**2,959**	3,424

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

With the implementation of a number of policies and plans such as the "dual carbon" goal and the low-carbon transition of energy, as well as the continued recovery of the economy, China's natural gas consumption in the first half of 2023 returned to positive growth ever since the first negative growth in 2022. In the first half of 2023, China's natural gas consumption was 194.1 billion m^3, representing a 5.6% increase year-on-year. In 2023, China's natural gas pricing reform has been progressing gradually. The upstream price marketization reform of natural gas has been intensified, and the fluctuation of the gas sources market price has a material impact on the downstream city gas segment. Natural gas price adjustment policy documents have been issued in various regions to promote the connected adjustments in the natural gas sourcing and selling prices. The connection between the natural gas sourcing and selling prices will facilitate gas companies to pass on the cost generated from the increase in the natural gas sourcing price to its end-users, thereby reducing their the pressure caused by the inversion of residential gas prices.

On the other hand, the "1"– unified pipeline network transmission of natural gas under the "X+1+X" system reform has been generally formed, signifying a breakthrough in the natural gas transmission channel barriers, bringing in a new situation whereby city gas enterprises can freely select their upstream resource suppliers, directly connect to the first-hand gas sources, and reduce the number of layers of gas supply. By virtue of a market-based trading mechanism, city gas enterprises can to obtain low-cost gas sources, which create favorable conditions for the continued positive development of the natural gas market.

RESULTS REVIEW

The Group, the largest city gas operator in Jiaxing, a major prefecture-level city in Zhejiang Province, PRC, 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 443,000 residential users and 2,324 industrial and commercial users.

During the Reporting Period, the Group's total gas sales volume was 275 million m^3, representing an increase of 2.62% as compared with the same period in 2022. 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 1,112.51 km (comprising 739.95 km of self-constructed pipeline network and 372.56 km of leased urban pipeline network, and excluding 50.72 km of urban pipeline network under construction, among which 38 km was self-constructed).

During the Reporting Period, the purchase price under the long-term LNG purchase agreement between Zhejiang Hangjiaxin Clean Energy Co., Ltd. ("**Hangjiaxin**", a company 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) and its suppliers was relatively lower than that in the market. During the period, Hangjiaxin recorded a significant increase in gross profit due to the increase in LNG spot selling prices and buy-sale price spreads in the international market.

DEVELOPMENT STRATEGY AND OUTLOOK

As a city gas enterprise, while strengthening the urban pipeline network, storage peak shaving, and fulfilling the responsibility of continuous supply assurance, we need to strive to obtain high-quality low-price gas sources to alleviate the operating pressure of residential natural gas price inversion. High-quality low-price gas sources are also the core competitiveness to the growth of gas volume and the development of new user. While ensuring and stabilizing the basic supply market, the company will make good use of its synergy and hedging relationship between liquefied natural gas and pipeline gas through the Dushan Port receiving station which has been put into operation, so as to improve the natural gas supply capacity and achieve diversified and competitive supply of the natural gas. In the future, the company will further tap the new energy business and actively expand new energy projects, so as to achieve sustainable development.

FINANCIAL OVERVIEW

Revenue

For the Period, the revenue of the Group was RMB1,218.1 million, representing a decrease of 6.62% compared with RMB1,304.5 million in the same period of last year, mainly due to the decrease in the purchase price of natural gas and the sales price of non-residential natural gas compared with the same period of last year.

Gross Profit

For the Period, the gross profit of the Group was RMB102.1 million, representing an increase of 8.16% compared with RMB94.4 million in the same period of last year, mainly due to the decrease in the purchase price of natural gas resulted in the decrease of the loss incurred by the inversion of residential gas sales prices during the period compared with the same period of last year.

Other Income and Gains

For the Period, the other income and gains of the Group were RMB6.0 million, representing a decrease of 51.61% compared with RMB12.4 million in the same period of last year, due to the currency exchange gains against Hong Kong dollars which was higher in the same period of last year.

Finance Costs

For the Period, the finance costs of the Group were RMB5.5 million, representing a decrease of 9.84% compared with RMB6.1 million in the same period of last year, mainly due to the decrease in interest expense on bank acceptance draft discounting (銀行承兑匯票貼現) compared with the same period of last year.

Income Tax Expense

For the Period, the income tax expense of the Group decreased from RMB12.8 million in the same period of last year to RMB8.8 million. The effective tax rate for the Period was 5.08%.

Profit Attributable to Owners of the Parent

For the Period, the profit attributable to owners of the parent was RMB159.3 million, representing an increase of 456.99% compared with RMB28.6 million in the same period of last year, mainly due to the higher gross profit of Hangjiaxin, which has led to a great increase in the profit attributable to the Group.

Liquidity, Financial Position and Capital Structure

As at 30 June 2023, the current assets of the Group amounted to RMB1,155.3 million (31 December 2022: RMB632.0 million), of which cash and bank balance were equivalent to RMB460.8 million.

As at 30 June 2023, the current ratio (current assets/current liabilities) of the Group was 1.1 (31 December 2022: 1.2) and the asset-liability ratio (total liabilities/total assets) was 63.89% (31 December 2022: 57.75%). As at 30 June 2023, the utilised bank loans were RMB311.6 million, all of which were denominated in RMB, with the annual interest rate of 3.65%-4.39%. All the utilised bank loans are floating interest rate loans. As at 30 June 2023, the unutilised bank credit balance was RMB783.3 million. As at 30 June 2023, the Group also had lease liabilities of RMB162.6 million, of which RMB13.6 million is analyzed as current portion, and RMB149.0 million analyzed as non-current portion.

The debt to equity ratio of the Group was about -0.69% as at 30 June 2023 (as at 31 December 2022: about 15.17%). The ratio was calculated as all borrowings net of cash and cash equivalents divided by the total equity of the Group. The gearing ratio of the Group was about 49.03% as at 30 June 2023 (as at 31 December 2022: about 45.59%). The ratio was calculated as total debt divided by the total equity of the Group. As at 30 June 2023, 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 due to LNG trade is conducted in US dollars by Hangjiaxin, which affected the profit and loss attributable to the Group as a result of the impact of exchange rate fluctuations on Hangjiaxin's profits. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate measures when necessary.

Contingent Liabilities

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. As at 30 June 2023, Hangjiaxin used its own property, plant and equipment in its operation as guarantee instead, and the Group ceased to provide any guarantee for Hangjiaxin.

As at 30 June 2023, the Group had no material contingent liabilities.

Financial Guarantee Obligations

As at 30 June 2023, the Group had no financial guarantee obligations (31 December 2022, the Group provided a guarantee to the bank for a loan of RMB477.3 million granted to the joint venture company, Hangjiaxin).

Pledge of Assets

As at 30 June 2023, 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 2023 ***(RMB million)*** **(Unaudited)**	31 December 2022 *(RMB million)* (Audited)
Pledge of assets:		
Investment properties	**109.9**	113.3
Property, plant and equipment	**7.0**	7.1

Material Acquisition and Disposal

References are made to the announcement of the Company dated 8 May 2023 and the circular of the Company dated 24 May 2023. Jiaxing Jiaran Construction Co., Ltd.* (嘉興市嘉燃建設有限公司), a direct wholly-owned subsidiary of the Company, as the purchaser, entered into an equity transfer agreement for the acquisition of 10% equity interest in the Yancheng Xingzhou Jiayuan Real Estate Development Co., Ltd.* (鹽城星洲佳源房地產開發有限公司) ("**Yancheng Xingzhou**"), that is registered under the name of Yancheng Xiangyuan Real Estate Co., Ltd.* (鹽城祥源房地產有限公司) (an associate, within the meaning of the Listing Rules, of Mr. Sun Lianqing, the chairman of the Board and an executive Director) while being beneficially owned by Urban Economics Pte. Ltd. (新加坡城市經濟發展有限公司*), the vendor. The aforementioned acquisition of equity interest was completed on 20 June 2023 upon registration with the market supervision and management authority and Yancheng Xingzhou became an associated company of the Company under the relevant accounting standards.

Save as disclosed, 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 2023, the Group had a total of 378 (30 June 2022: 375) employees in the PRC.

During the Period, the total employee costs of the Group were approximately RMB30.6 million (six months ended 30 June 2022: RMB32.0 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 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.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period and up to the date of this announcement.

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.

USE OF NET PROCEEDS FROM LISTING

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 had fully allocated and used the above net proceeds by 31 December 2022 for the purposes specified in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2020.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices. In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period, except for the deviation from 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 separated 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 dealings in the Company's securities by Directors and supervisors of the Company (the "**Supervisors**") (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.

INTERIM DIVIDEND

As authorised by the Shareholders at the AGM on 9 June 2023, on 30 August 2023, the Board has approved the declaration and payment of an interim dividend of RMB0.20 (tax inclusive) per Share for the six months ended 30 June 2023 (the "**2023 Interim Dividend**") with an aggregate amount of approximately RMB27,568,900 (tax inclusive) to Shareholders whose names appear on the Company's register of members on Monday, 25 September 2023. The 2023 Interim Dividend is expected to be paid on or around Tuesday, 10 October 2023.

Dividends will be paid in Renminbi for holders of domestic shares of the Company, and dividends for H share shareholders ("**H Shareholders**") of the Company will be paid in Hong Kong dollars. The relevant exchange rate is HK$:RMB = 1:0.916738, (or RMB:HK$ = 1:1.0908) i.e. 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 30 August 2023 i.e. the date of approval of declaration of dividends by the Board as authorised by the Shareholders at the AGM. The 2023 Interim Dividend of RMB0.20 (tax inclusive) per Share is therefore equal to HK$0.2182 (tax inclusive) per Share.

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% when it will pay the 2023 Interim Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees or trustees, or other organisations or groups) listed on the H share register of members on Monday, 25 September 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 signed 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 signed 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 signed 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 signed a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or a country which has not signed 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%.

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 Monday, 25 September 2023. If the country of domicile of an individual H Shareholder is not the same as the registered address or if the individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 19 September 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.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H Shareholders to the 2023 Interim Dividend, the H share register of members of the Company will be closed, the details of which are set out below:

For determining the entitlements of H Shareholders to the 2023 Interim Dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 19 September 2023
Closure of register of members (both days inclusive)	Wednesday, 20 September 2023 to Monday, 25 September 2023
Record date	Monday, 25 September 2023

During the above closure periods, no transfer of H shares of the Company will be registered. To be eligible to qualify for the 2023 Interim 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.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Board (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 Company's management and external auditors, Messrs. Ernst & Young, the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period 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.

PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.jxrqgs.com) and the Stock Exchange (http://www.hkexnews.hk). The interim report of the Company for the Reporting Period will be despatched to the Shareholders 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 People's Republic of China
30 August 2023

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

* *For identification purpose only*