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 2023

Financial Highlights

- Revenue for the Year was RMB2,956 million, representing a decrease of 14.70% over last year.
- Profit attributable to the owners of the Company for the Year was RMB239.0 million, representing an increase of 244.88% over last year.
- Total sales volume of natural gas for the Year was 704 million m^3, representing an increase of 0.43% over last year.
- The Board has proposed a final dividend of RMB0.40 per share (tax inclusive) for the year ended 31 December 2023.

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 2023 (the "**Reporting Period**" or the "**Year**"), together with comparative figures for the corresponding year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**2,956,483**	3,466,036
Cost of sales		**(2,690,919)**	(3,300,275)
Gross profit		**265,564**	165,761
Other income and gains	6	**17,855**	37,557
Selling and distribution costs		**(26,314)**	(19,119)
Administrative expenses		**(68,562)**	(54,164)
Impairment losses on financial and contract assets, net		**(36,189)**	(6,639)
Other expenses		**(13,588)**	(2,468)
Finance costs	8	**(12,815)**	(10,763)
Share of profits and losses of:			
Joint Ventures		**147,609**	(10,589)
Associates		**8,744**	2,838
PROFIT BEFORE TAX	7	**282,304**	102,414
Income tax expense	9	**(31,791)**	(25,992)
PROFIT FOR THE YEAR		**250,513**	76,422

	Notes	**2023**	2022
		RMB'000	*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		**(29)**	(398)
Changes in fair value		**(26)**	230
Income tax effect		**15**	41
Exchange differences on translation of foreign operations		**52**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**12**	(127)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**12**	(127)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**250,525**	76,295
Profit attributable to:			
Owners of the parent	*11*	**239,004**	69,344
Non-controlling interests		**11,509**	7,078
		250,513	76,422
Total comprehensive income attributable to:			
Owners of the parent		**239,016**	69,217
Non-controlling interests		**11,509**	7,078
		250,525	76,295
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the year (RMB)	*11*	**1.73**	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**652,926**	576,333
Investment properties		**198,044**	203,248
Right-of-use assets		**135,818**	131,925
Other intangible assets		**4,320**	3,835
Investments in joint ventures		**471,035**	323,426
Investments in associates		**122,862**	10,826
Financial assets at fair value through profit or loss		**59,147**	57,270
Deferred tax assets		**125,098**	127,617
Goodwill		**42**	42
Other non-current assets		**1,809**	10,315
Total non-current assets		**1,771,101**	1,444,837
CURRENT ASSETS			
Inventories		**17,506**	56,392
Trade and bills receivables	*12*	**236,423**	207,459
Contract assets		**13,483**	9,797
Prepayments, other receivables and other assets		**115,931**	63,778
Financial assets at fair value through profit or loss		**1,287**	2,773
Debt investment at amortised cost		**–**	58,600
Term deposits and pledged deposits		**155,793**	12,500
Cash and cash equivalents		**343,216**	220,691
Total current assets		**883,639**	631,990
CURRENT LIABILITIES			
Trade and bills payables	*13*	**494,138**	305,536
Other payables and accruals		**293,376**	65,215
Contract liabilities		**118,673**	100,128
Interest-bearing bank borrowings	*14*	**24,440**	34,440
Lease liabilities		**10,540**	13,670
Tax payable		**3,317**	6,547
Total current liabilities		**944,484**	525,536
NET CURRENT LIABILITIES/(ASSETS)		**(60,845)**	106,454
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,710,256**	1,551,291

	Notes	**2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**326,118**	338,109
Interest-bearing bank borrowings	*14*	**164,900**	189,340
Lease liabilities		**150,768**	146,242
Deferred tax liabilities		**54**	91
Total non-current liabilities		**641,840**	673,782
Net assets		**1,068,416**	877,509
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**137,845**	137,845
Reserves		**887,717**	703,839
		1,025,562	841,684
Non-controlling interests		**42,854**	35,825
TOTAL EQUITY		**1,068,416**	877,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 Chinese Mainland, etc.

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 15 July 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.

On 16 July 2023, the concert parties, namely Zhejiang Taiding Investment Company Limited ("Taiding"), Zhuji Yujia New Energy Technology Company Limited ("Zhuji Yujia"), 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, Zhuji Yujia, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2023 to 15 July 2026. Concert parties have interests in each other's interests. As of 31 December 2023, the concert parties held an approximately 32.60% 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 controlling shareholder for the Company under IFRS.

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 financial assets at fair value through profit or loss 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.

The Group had net current liabilities of RMB60,845,000 (2022: net current assets of RMB106,454,000) as at 31 December 2023. The financial information has been prepared under the going concern basis because after taking into account that the forecasted net cash inflow from operating activities in 2024 and the available unutilised banking facilities. The directors of the Company consider that the Group will have sufficient funds to finance its operations and financial obligations as and when they fall within the next 12-month period, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

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 2023.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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
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 the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and

- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

(b) 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(c) 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.

Prior to the initial application of these amendments, the Group has applied the amendments on temporary differences related to lease as at 1 January 2022. The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) 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.

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(e) 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. 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.

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 Chinese Mainland and all of the non-current assets of the Group are located in Chinese Mainland.

Information about major customers

Revenue from continuing operations of approximately RMB369,729,000 (2022: RMB311,533,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of goods	**2,723,270**	3,251,696
Provision of construction services	**160,005**	142,143
Provision of installation and management services	**55,807**	53,724
Provision of gas storage services	**–**	6,424
Provision of gas transportation services	**1,920**	2,131
Others	**9,266**	4,569
	2,950,268	3,460,687
Revenue from other sources		
Gross rental income	**14,298**	13,835
	2,964,566	3,474,522
Less: Government surcharges	**(8,083)**	(8,486)
Total revenue	**2,956,483**	3,466,036

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Sales of PNG	**1,827,052**	2,025,701
Sales of LNG	**661,415**	957,739
Sales of LPG	**110,722**	133,521
Sales of other gas	**81,807**	93,556
Sales of vapour	**33,934**	35,427
Sales of construction materials	**6,706**	5,040
Sales of electricity	**1,634**	712
Provision of construction services	**160,005**	142,143
Provision of installation and management services	**55,807**	53,724
Provision of gas storage services	**–**	6,424
Provision of gas transportation services	**1,920**	2,131
Others	**9,266**	4,569
Total revenue from contracts with customers	**2,950,268**	3,460,687
Timing of revenue recognition		
Goods or services transferred at a point in time	**2,734,456**	3,258,396
Services transferred over time	**215,812**	202,291
Total revenue from contracts with customers	**2,950,268**	3,460,687

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:

	2023	2022
	RMB'000	*RMB'000*
Provision of installation and management services	**42,032**	43,730
Provision of construction services	**33,709**	28,322
Sales of goods	**24,387**	22,785
Total	**100,128**	94,837

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.

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:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**118,673**	100,128
After one year	**326,118**	338,109
Total	**444,791**	438,237

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

	2023	2022
	RMB'000	*RMB'000*
Other income		
Interest income	**10,173**	4,378
Dividends received from financial assets at fair value through profit or loss	**–**	487
Government grants	**2,819**	10,940
Gain on foreign exchange differences	**417**	14,855
Gain on disposal of items of property, plant and equipment	**2**	43
Others	**566**	457
Total other income	**13,977**	31,160
Gains		
Gain on financial assets measured at amortised cost	**2,756**	5,819
Gain on deemed disposed of associate	**1,122**	578
Total gains	**3,878**	6,397
Total other income and gains	**17,855**	37,557

7. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**2,563,589**	3,199,504
Cost of services provided	**127,330**	100,771
Depreciation of property, plant and equipment	**58,586**	45,967
Depreciation of investment properties	**7,111**	7,008
Depreciation of right-of-use assets	**12,950**	11,237
Amortisation of intangible assets	**2,212**	1,951
Lease payments not included in the measurement of lease liabilities	**1,320**	474
Auditor's remuneration	**2,480**	2,667
Employee benefit expense (excluding Director s' and chief executive's remuneration *(note 9)*):		
Wages and salaries	**60,090**	52,821
Pension scheme contributions	**5,316**	5,053
Social security contributions and accommodation benefits	**7,749**	6,883
Foreign exchange gain	**(417)**	(14,855)
Impairment of financial and contract assets, net:		
Impairment of trade receivables, net	**20,453**	5,116
Impairment of financial assets included in prepayments, other receivables and other assets	**(786)**	123
Impairment of debt investment at amortised cost	**16,522**	1,400
Fair value losses on financial assets at fair value through profit or loss	**3,214**	2,058
Dividend income from financial assets at fair value through profit or loss	**–**	(487)
Interest income	**(10,173)**	(4,378)
Loss on disposal of items of property, plant and equipment	**10,191**	214

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on interest-bearing bank borrowings	**12,980**	13,208
Interest expense on leases liabilities	**8,822**	8,272
Total interest expense on financial liabilities not at fair value through profit or loss	**21,802**	21,480
Less: Interest capitalised	**(8,987)**	(10,717)
	12,815	10,763

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 has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The provision for Chinese Mainland 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 Chinese Mainland: For a qualified small low-profit enterprise, whose annual taxable income shall be included in the taxable income at 25% of its taxable income, such taxable income is taxed at a preferential rate of 20%.

The major components of income tax expense are as follows:

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**28,659**	19,349
Income tax in the HK for the year	**631**	–
Deferred tax	**2,501**	6,643
Total tax charge for the year	**31,791**	25,992

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:

2023

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**282,304**	102,414
Tax at the statutory tax rate	**70,151**	25,603
Lower tax rate for specific provinces or enacted by local authority	**(1,443)**	(883)
Adjustments in respect of current tax of previous periods	**1,438**	(627)
Expenses not deductible for tax	**49**	106
Tax losses not recognised	**1,024**	–
Profits attributable to joint ventures and associates	**(39,088)**	1,938
Others	**(340)**	(145)
Tax charge at the Group's effective rate	**31,791**	25,992

10. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Interim – RMB0.2 (2022: Nil) per ordinary share	**27,569**	–
Proposed final dividends – RMB0.4 (2022: RMB0.2) per ordinary share	**55,138**	27,569

The proposed final dividend for the year ended 31 December 2023 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 (2022: 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 2023 and 2022.

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**239,004**	69,344

	Number of shares	
	2023	2022
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

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**239,451**	201,105
Bills receivables	**27,282**	16,211
	266,733	217,316
Impairment	**(30,310)**	(9,857)
Net carrying amount	**236,423**	207,459

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.

Bills receivable of RMB27,282,000 (2022: RMB16,211,000) were classified as financial assets at fair value through other comprehensive income under IFRS 9.

An aging 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:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**197,156**	201,980
Over one year	**39,267**	5,479
Total	**236,423**	207,459

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**9,857**	4,741
Impairment losses, net *(note 7)*	**20,453**	5,116
At end of year	**30,310**	9,857

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 2023

		Past due			
	Current	**Less than 6 months**	**6 to 12 months**	**Over 1 year**	**Total**
Expected credit loss rate	**1.64%**	**14.31%**	**19.89%**	**79.52%**	**11.36%**
Gross carrying amount *(RMB'000)*	**166,357**	**34,310**	**50,087**	**15,979**	**266,733**
Expected credit losses *(RMB'000)*	**2,728**	**4,910**	**9,964**	**12,708**	**30,310**

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

13. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**294,145**	243,036
Bills payables	**199,993**	62,500
Total	**494,138**	305,536

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**487,821**	303,791
1 to 2 years	**5,437**	1,082
Over 2 years	**880**	663
Total	**494,138**	305,536

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

14. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Effective Interest rate (%)	**Maturity**	***RMB'000***	Effective Interest rate (%)	Maturity	*RMB'000*
Current						
Bank-loans – secured				LPR* (1+20.18%)	2023	10,000
				LPR+0.10%	2023	17,180
	LPR+0.05%	**2024**	**7,260**	LPR+0.05%	2023	7,260
Bank-loans – credited	**LPR+0.10%**	**2024**	**17,180**	LPR+0.10%	2023	–
			24,440			34,440
Non-Current						
Bank-loans – secured	**LPR+0.05%**	**2025-2029**	**39,080**	LPR+0.10%	2024-2029	36,420
				LPR+0.05%	2024-2028	152,920
Bank-loans – credited	**LPR+0.10%**	**2025-2028**	**125,820**	LPR+0.10%	2024-2028	–
			164,900			189,340
Total			**189,340**			223,780

	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	**24,440**	34,440
In the second year	**24,440**	24,440
In the third to fifth years, inclusive	**132,260**	104,720
Beyond five years	**8,200**	60,180
Total	**189,340**	223,780

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:

	2023	2022
	RMB'000	*RMB'000*
Pledge of assets:		
Investment properties	**36,251**	113,299
Property, plant and equipment	**6,908**	7,148
	43,159	120,447

3) The Group's unutilised banking facilities amounted to RMB1,044,659,764 (2022: RMB747,000,000) 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

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
137,844,500 (2022: 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
At 31 December 2023	**137,844,500**	**137,845**

16. CONTINGENT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Guaranteed bank loan of 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 Company. By 31 December 2023, Hangjiaxin pledged its own property, plant and equipment used in operation as guarantee instead. The Company was released from the guarantee agreement, and no longer provide any guarantee for the bank loan borrowed by Hangjiaxin.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In promoting the realization of the carbon peaking and carbon neutrality goal and the construction of a new energy system, the position and role of natural gas has become more and more important and prominent. A number of new policies have been issued or introduced by China in 2023 in relation to the market-oriented reform of natural gas, the development and management of natural gas market, the natural gas price reform, and the utilization of natural gas, such as the Measures for the Entry and Exit Management of Natural Gas Pipeline Network Facility Shippers (draft for comments)* (《天然氣管網設施托運商進入與退出管理辦法(徵求意見稿)》) issued by the National Energy Administration in March, the Guiding Opinions on Establishing and Improving a linkage mechanism for the Upstream and Downstream Prices of Natural Gas* (《關於建立健全天然氣價格上下游聯動機制的指導意見》) issued by National Development and Reform Commission in June, the Work Plan for Special Rectification of Gas Safety in Cities and Towns in China* (《全國城鎮燃氣安全專項整治工作方案》) issued by National Safe Production Commission in August, Natural Gas Utilization Policy (draft for comments)* (《天然氣利用政策(徵求意見稿)》) issued by National Energy Administration in September, the Criteria for Determination of Significant Hidden Dangers in Gas Operation in Cities and Towns issued by the Ministry of Housing and Urban-Rural Development of the PRC* (《城鎮燃氣經營安全重大隱患判定標準》) in October, and the Circular on Appraising and Fixing Trans-Provincial Natural Gas Pipeline Transportation Prices Issued by the National Development and Reform Commission of the PRC* (《關於核定跨省天然氣管道運輸價格的通知》) in December. The intensive introduction of new policies about natural gas has great significance for promoting the high-quality development of natural gas.

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 PNG (subject to concessions), LNG and LPG, as well as the provision of construction and installation services. As at the end of the Reporting Period, the Group provided gas supply services for approximately 458,000 residential users and 2,447 industrial and commercial users.

The total sales volume of natural gas of the Group achieved 704 million m^3 in 2023. Although there were factors affecting the business environment of the Group such as the international natural gas market being affected by warm temperatures during the heating season, high-level of natural gas inventories in Europe and the United States, and the easing of the tension between supply and demand of natural gas, all the staff of the Group strive to overcome the difficulties and helped the Group achieve sound performance during the Year and maintain a stable sales volume of natural gas after the 22.13% growth rate in 2022. Meanwhile, the Group has been working on further optimizing its PNG and LNG resource pools to reduce costs and enhance the Group's natural gas supply capacity and competitiveness in order to serve more users and create continuous value for shareholders of the Company ("**Shareholders**").

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 Year, Hangjiaxin recorded a significant increase in gross profit due to the increase in LNG spot selling prices and buysale price spreads in the international market.

Adhering to the Group's policy of "Safety First; Prevention as the key; and Comprehensive Management" in its safe production work, the Group endeavors to perfect its safety responsibility management system, strengthen the inspection and rectification of potential hazards, and establish a solid foundation for safe development. In 2023, the Group has been focusing on specific rectification goals in relation to gas safety in cities and towns and carried out comprehensive inspections. The Group has also normalized inspections and rectifications of potential hazards in outdoor gas pipeline networks and has continuously launched safety inspections on the user-end to enhance publicity of gas safety on the user-end through multiple measures, assist the government in constructing a safe and stable underground "lifeline" in cities and actively fulfill our corporate social responsibility.

As at the end of the Reporting Period, the Group operated a natural gas pipeline network in its operating area, with a total length of 1157.06 km (comprising 777.85 km of self-constructed pipeline network and 379.21 km of leased urban pipeline network, and excluding 27.44 km of urban pipeline network under construction, among which 13.59 km was self-constructed).

Development Strategy And Outlook

Since 2020, natural gas development has slowed down due to the COVID-19 pandemic and a slowdown in economic growth, but the upward trend remains unchanged. Natural gas remains indispensable as a bridge and pillar in developing China's low-carbon energy structure by virtue of its advantages, such as low carbon, cleanliness, efficiency, flexibility and convenience. With the continuous growth of the gross domestic product in 2024, the Group will continue to promote residential living, public services, industrial and commercial consumption growth of city natural gas. At the same time, the Group should fully utilize PNG and LNG, LNG under long-term agreements with suppliers, and LNG prices in the spot market, and coordinate its resources, so as to enhance the Group's natural gas supply capacity and competitiveness. Under the background of low-carbon energy transition and the rapid development of new energy, the Group will further accelerate its transformation and upgrade into an integrated energy service provider and seek a new development path. The Group has completed the transformation of two stations into comprehensive energy stations with hydrogen energy and has put the stations into operations. In the future, the Group will further tap 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 RMB2,956.5 million, representing a decrease of 14.7% compared with RMB3,466.0 million 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 Year, the gross profit of the Group was RMB265.6 million, representing an increase of 60.19% compared with RMB165.8 million last year, mainly due to the increase in gross profit due to lower purchase price as a result of diversification of gas sources.

Other Income and Gains

For the Year, the other income and gains of the Group were RMB17.9 million, representing a decrease of 52.39% compared with RMB37.6 million last year, mainly due to the recognition of government subsidy income (residential gas price loss subsidy) and higher foreign exchange gains compared to last year.

Finance Costs

For the Year, the finance costs of the Group were RMB12.8 million, representing an increase of 18.52% compared with RMB10.8 million last year, mainly due to the slight increase in interest expense on bank acceptance discounts compared to last year.

Income Tax Expense

For the Year, the income tax expense of the Group increased from RMB26.0 million last year to RMB31.8 million. The effective tax rate for the Year was 24.85%.

Profit Attributable to Owners of the Parent

For the Year, the profit attributable to owners of the parent was RMB239.0 million, representing an increase of 244.88% compared with RMB69.3 million last year, mainly due to the higher gross profit of Hangjiaxin, which has lead to a great increase in the profit attributable to the Group.

Liquidity, Financial Position and Capital Structure

As at 31 December 2023, the current assets of the Group amounted to RMB883.6 million (31 December 2022: RMB632.0 million), of which cash and bank balance were equivalent to RMB499.0 million (31 December 2022: RMB233.2 million).

As at 31 December 2023, the current ratio (current assets/current liabilities) of the Group was 0.94 (31 December 2022: 1.2) and the asset-liability ratio (total liabilities/total assets) was 59.75% (31 December 2022: 57.75%). As of 31 December 2023, the utilised bank loans were RMB189.3 million, all of which were denominated in RMB, with the annual interest rate of 4.35%-4.40%. RMB24.4 million of which was wholly repayable within one year or on demand and RMB164.9 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 2023, the unutilised bank credit balance was RMB1,044.7 million. As at 31 December 2023, the Group also had lease liabilities of RMB161.3 million, of which RMB10.5 million is analyzed as current portion, and RMB150.8 million analyzed as non-current portion.

The gearing ratio of the Group was about 5.17% as at 31 December 2023 (as at 31 December 2022: about 15.17%). The ratio was calculated as net debt divided by total capital and net debt of the Group. As at 31 December 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 in US dollars of 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

As at December 2018, Hangjiaxin, a joint venture company of the Company, obtained a bank loan for investment in property, plant and equipment used in operation, which was guaranteed by the Group. As at 31 December 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 31 December 2023, the Group had no material contingent liabilities.

Financial Guarantee Obligations

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

Pledge of Assets

As at 31 December 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:

	31 December 2023 ***(RMB million)*** **(Audited)**	31 December 2022 *(RMB million)* (Audited)
Pledge of assets:		
Investment properties	**36.3**	113.3
Property, plant and equipment	**6.9**	7.1

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 2023, the Group had paid approximately RMB357.0 million as capital contribution to Hangjiaxin and the carrying amount of the Group's investment was approximately RMB471,035 million, representing approximately 17.74% 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 commenced full operation, and the Group recorded an investment gain of approximately RMB147,609 million from its investment in Hangjiaxin and did not receive any dividend. The Board is of the view that Hangjiaxin will continue to be an important supplier of LNG to the Group and will continue to bring investment gain to the Group.

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

References are made to the announcements of the Company dated 8 May 2023 and 18 August 2023, and the circulars of the Company dated 24 May 2023 and 13 September 2023.

On 8 May 2023 and 18 August 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 entered into equity transfer agreements with Urban Economics Pte. Ltd. (新加坡城市經濟發展有限公司*)("Urban Economics") for the acquisition of total 20% 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, which shall be satisfied by way of pro tanto set-off against the debt owed by Zhejiang Jiayuan Shencheng Real Estate Group Co., Ltd.* (浙江佳源申城房地產集團有限公司*) ("Jiayuan Shencheng") to the Group, and Urban Economics has agreed to settle such amount of debt on behalf of Jiayuan Shencheng. The aforementioned acquisition of equity interests were completed upon registration with the market supervision and management authority and Yancheng Xingzhou has become 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 31 December 2023, the Group had a total of 408 (31 December 2022: 367) employees in the PRC. The total employee costs of the Group for the Year were approximately RMB79.2 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 7 June 2024. A notice convening the AGM will be issued to the Shareholders in accordance with the requirements of the Listing Rules on the Stock Exchange in due course.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.40 (tax inclusive) per share for the Year (the "**2023 Final Dividend**") with an aggregate amount of RMB55,137,800 (tax inclusive) to Shareholders (whether holders of H shares or domestic share of the Company) whose names appear on the Company's register of members as on Tuesday, 18 June 2024, subject to the approval by the Shareholders at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2023 Final Dividend is expected to be paid around Friday, 5 July 2024.

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 2023 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 of the Company on Tuesday, 18 June 2024.

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, 18 June 2024. 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 Thursday, 13 June 2024. 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 2023 Final Dividend, the register of H Shareholders 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, 3 June 2024
Closure of register of members (both days inclusive)	Tuesday, 4 June 2024 to Friday, 7 June 2024
Record date	Tuesday, 4 June 2024

(2) For determining the entitlements of H Shareholders to the 2023 Final Dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 13 June 2024
Closure of register of members (both days inclusive)	Friday, 14 June 2024 to Tuesday, 18 June 2024
Record date	Tuesday, 18 June 2024

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 2023 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 2023.

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 C1 (formerly known as 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 the Company's supervisors' ("**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 C3 (formerly known as 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 of the Company ("**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 2023 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 published 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
25 March 2024

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 Ms. Ruan Zeyun and the independent non-executive Directors are Mr. Yu Youda, Mr. Cheng Hok Kai Frederick and Mr. Zhou Xinfa.

* *For identification purpose only*