



# 嘉興市燃氣集團股份有限公司 JIAXING GAS GROUP CO., LTD.\*

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

Stock code : 9908

## 2021 INTERIM REPORT

\* For identification purposes only



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

Mr. He Yujian  
Mr. Zheng Huanli  
Mr. Fu Songquan  
Mr. Ruan Hongliang (*Appointed on 4 June 2021*)

### Independent Non-executive Directors

Mr. Yu Youda  
Mr. Cheng Hok Kai Frederick  
Mr. Xu Linde (*Resigned on 4 June 2021*)  
Mr. Zhou Xinfa (*Appointed on 4 June 2021*)

## SUPERVISORS

Ms. Liu Wen  
Ms. Xu Shuping  
Mr. Wang Dongzhi

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

Mr. Yu Youda (*Chairman*)  
Mr. He Yujian  
Mr. Cheng Hok Kai Frederick

## JOINT COMPANY SECRETARIES

Ms. Zhou Caihong  
Ms. Lo Ka Man  
(ACS, ACG) (*Appointed on 26 February 2021*)  
Ms. Sun Ah Tsang (*Resigned on 26 February 2021*)

## AUTHORIZED REPRESENTATIVES

Mr. Sun Lianqing  
Ms. Lo Ka Man (*Appointed on 26 February 2021*)  
Ms. Sun Ah Tsang (*Resigned on 26 February 2021*)

## REGISTERED OFFICE AND HEADQUARTER IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## HONG KONG H SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITOR

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

## LEGAL ADVISORS

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

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

## COMPLIANCE ADVISOR

BOCOM International (Asia) Limited  
9th Floor, Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

## PRINCIPAL BANKERS

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

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

## STOCK CODE

9908

## COMPANY WEBSITE

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



## DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended from time to time
“City Development”	Jiaxing City Investment & Development Group Co., Ltd. (嘉興市城市投資發展集團有限公司), a state-owned enterprise established under the laws of the PRC on 21 December 2009 and solely owned by Zhejiang Jiaxing State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司) and is indirectly wholly-owned by Jiaxing State-owned Assets Supervision and Administration Commission (嘉興市國有資產監督管理委員會)
“Company”	JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司) (formerly known as Jiaxing Coalgas Company Limited* (嘉興市煤氣有限責任公司), Jiaxing Gas Company Limited* (嘉興市燃氣有限公司) and Jiaxing Gas Company Group Limited* (嘉興市燃氣集團有限公司), a joint stock limited liability company established under the laws of the PRC on 15 March 1998
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
“Fengye”	Fengye Holdings Group Company Limited* (楓葉控股集團有限公司), a limited liability company established under the laws of the PRC on 24 April 1996, which is wholly-owned by Zhejiang Fengye Group Co., Ltd.* (浙江楓葉集團有限公司), which is in turn owned as to 61% by Ms. Fu Shengying (傅生英) and 39% by Mr. Fu Zhiquan (傅志權)
“Group”, “we”, “our” or “us”	the Company and its subsidiaries



## DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“Hangjiaxin”	Zhejiang Hangjiaxin Clean Energy Company Limited* (浙江杭嘉鑫清潔能源有限公司), a limited liability company established under the laws of the PRC on 24 July 2017 and owned as to 51% by the Company and regarded as a joint venture of the Company under the applicable accounting standards and a subsidiary of the Company pursuant to the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this interim report, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 30 June 2020 issued by the Company
“Qianyu”	Qianyu Group Company Limited* (乾宇集團有限公司), a limited liability company established under the laws of the PRC on 14 July 2009 and an associate of Mr. Fu Songquan (傅松權), the non-executive Director
“Reporting Period” or “Period”	the six months ended 30 June 2021
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both the Domestic Share(s) and the H Share(s)



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

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

At the general debate of the 75th session of the United Nations General Assembly, President Xi Jinping gave a keynote speech announced that China would aim to reach CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality by 2060 by adopting more vigorous policies and measures, which set up a clear goal for the low-carbon energy transition in China.

To achieve the goal of carbon neutrality and carbon peak, the transformation of energy structure is inevitable. Natural gas, the low-carbon energy, will play a bridging and supporting role in energy transformation with huge room for development. According to the 14th Five-Year Plan for the Development of Coal, Petroleum and Natural Gas in Zhejiang Province (the “**14th Five-Year Plan**”), the basic goal is to ensure the internal demand in Zhejiang Province, during the period of the 14th Five-Year Plan, make full use of international and domestic resources to expand resource supply channels, improve natural gas storage facilities, and enhance storage capacity. In 2020, the natural gas consumption in Zhejiang Province was 14.3 billion m<sup>3</sup>, accounting for 7.0% of total primary energy consumption. The goal of the 14th Five-Year Plan is to increase the proportion of natural gas consumption in the primary energy consumption in Zhejiang Province to 12.98% by 2025 by consuming 31.5 billion m<sup>3</sup> of natural gas. The 14th Five-Year Plan proposes to actively develop industrial gas consumption, actively promote natural gas distributed energy projects, and encourage the use of natural gas to meet new energy demand in the industries such as building materials and textiles with high energy consumption levels.

With the continuous advancement of urbanization, the population in urban areas and urban gasification rate continue to increase, and under the residents’ consumption upgrade trend, the gas consumption of residential users will maintain a steady growth in the future. The central government began to implement a clean heating policy in the northern region in 2017. In recent years, the heating problem in the south has also received high attention from all walks of life. After experiencing many “cold winters”, the market has seen a certain rigid demand, and natural gas, as clean energy for heating, has a relatively huge room for development.

## DEVELOPMENT STRATEGY AND OUTLOOK

In the second half of 2021, the Company will speed up the connection of receiving stations and outbound pipelines to ensure a high-quality development of the main natural gas business by actively capitalizing on policy opportunities and compete for other clean energy projects leveraged by its team, technology and experience in clean energy operation services, actively develop itself into a more comprehensive integrated energy services provider.

## BUSINESS REVIEW

The Company is a gas operator in the operating area of Jiaxing City. Its main businesses include PNG (under the concessions), LNG and LPG, as well as provision of construction and installation services. At the end of the Reporting Period, we provided gas supply services for 392,000 residential users and 1,858 industrial and commercial users, with a gas sales volume of 282 million m<sup>3</sup>, representing an increase of 73.43% over the corresponding period of last year.

As at the end of the Reporting Period, the Company, as the largest PNG supply operator in Jiaxing City, Zhejiang Province, China, operated a natural gas pipeline network, with a total length of 973.75 km (comprising 653.02 km of self-invested pipeline network and 320.73 km of leased urban pipeline network, and excluding 46.78 km of urban pipeline network under construction, among which 17.32 km was self-invested) in the operating area of Jiaxing.

As of 30 June 2021, the reservoir area project of the Hangjiaxin’s LNG reception terminal project at the Dushan Port that is currently under construction has basically been completed and is now at the preparation stage for trial operation. The hydraulic structure of the terminal project was fundamentally completed, the processing installation has begun and will enter the trial operation stage by the end of the year as planned. 30% of the outbound pipelines were constructed.



## SEGMENTAL ANALYSIS

### 1. PNG Sales Business

The Group sells PNG to users, including residential users and industrial and commercial users, through the gas pipeline network. For the six months ended 30 June 2021, the total revenue of the Group from the PNG sales business was RMB680.1 million, representing an increase of 59.20% compared with RMB427.2 million in the same period of last year. For the six months ended 30 June 2021, the total gas supply volume was 259.1 million m<sup>3</sup>, representing an increase of 69.02% compared with 153.3 million m<sup>3</sup> in the same period of last year. For the period from January to June 2021, the residential consumption of gas was 36.8 million m<sup>3</sup>, accounting for 14.20%, and the industrial and commercial consumption of gas was 222.3 million m<sup>3</sup>, accounting for 85.80%. For the same period of last year, the residential consumption of gas was 29.7 million m<sup>3</sup>, accounting for 19.37%, and the industrial and commercial consumption of gas was 142.8 million m<sup>3</sup>, accounting for 83.75%.

The main reason for the above increase in revenue was that due to the impact of the Covid-19 pandemic in the same period of last year when the gas consumption was relatively small. During the Period, it returned to normal and the gas consumption of industrial and commercial increased significantly.

### 2. LNG Sales Business

The Group supplies LNG to industrial users in certain areas of Jiaxing by retail. For the six months ended 30 June 2021, the total revenue of the Group from the LNG sales business was RMB54.2 million, representing an increase of 220.71% compared with RMB16.9 million in the same period of last year. The main reason for the increase was the increase in gas consumption by industrial users.

### 3. LPG Sales Business

The Group sells bottled LPG to residential users and industrial and commercial users by retail. For the six months ended 30 June 2021, the total revenue of the Group from the LPG sales business was RMB37.4 million, representing an increase of 47.24% compared with RMB25.4 million in the same period of last year, mainly due to the lower sales price due to the impact of the Covid-19 pandemic in the same period of last year and the impact of international oil prices, the gas sales volume and unit price both rebounded during the Period.

### 4. Natural Gas Pipeline Construction and Installation Business

The construction and installation business of the Group focuses on the construction and installation of end-user pipeline network and gas facilities as required by customers. For the six months ended 30 June 2021, the revenue of the Group from the natural gas pipeline construction and installation business was RMB99.2 million, representing an increase of 51.91% compared with RMB65.3 million in the same period of last year, mainly due to the increase in number of completed projects compared to the same period of last year.

### 5. Vapour Sales Business

The Group produces vapour by boiling water with natural gas and supply it through vapour pipelines. For the six months ended 30 June 2021, the total revenue of the Group from the vapour sales business was RMB13.0 million, representing an increase of 26.21% compared with RMB10.3 million in the same period of last year, mainly due to the Covid-19 pandemic has been effectively controlled, users' energy demand has rebounded.





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL OVERVIEW

### Revenue

For the Period, the revenue of the Group was RMB897.9 million, representing an increase of 60.89% compared with RMB558.1 million in the same period of last year, mainly due to after the Covid-19 pandemic has stabilized, the Company has actively expanded various businesses and achieved varying magnitudes growth.

### Gross Profit

For the Period, the gross profit of the Group was RMB125.6 million, representing an increase of 41.12% compared with RMB89.0 million in the same period of last year, mainly due to the amount of gas sold increased and there were more completed projects during the Period, therefore the gross profit increased more.

### Other Income and Gains

For the Period, the other income and gains of the Group were RMB3.4 million, representing an increase of 161.54% compared with RMB1.3 million in the same period of last year, due to following receipt of the proceeds, the Company reasonably planned the use of funds, and the interest income increased compared with the same period of the last year.

### Finance Costs

For the Period, the finance costs of the Group were RMB4.4 million, representing a decrease of 35.29% compared with RMB6.8 million in the same period of last year, mainly due to the decrease in interest expenses as a result of the reduction of bank borrowings.

### Income Tax Expense

For the Period, the income tax expense of the Group increased from RMB11.9 million in the same period of last year to RMB20.0 million. The effective tax rate for the Period was 24.48%.

### Profit Attributable to Owners of the Parent

For the Period, the profit attributable to owners of the parent was RMB60.3 million, representing an increase of 49.63% compared with RMB40.3 million in the same period of last year, mainly due to the effective control of the Covid-19 pandemic, user capacity has recovered and increased, gas consumption has increased, and the scale of project construction has increased during the Period.



## Liquidity and Financial Position

As at 30 June 2021, the current assets of the Group amounted to RMB492.9 million (31 December 2020: RMB490.6 million), of which cash and bank balance were equivalent to RMB308.3 million.

As at 30 June 2021, the current ratio (current assets/current liabilities) of the Group was 1.38 (31 December 2020: 1.49) and the asset-liability ratio (total liabilities/total assets) was 55.63% (31 December 2020: 56.01%). As of 30 June 2021, the utilised bank loans were RMB114.5 million, all of which were denominated in RMB, with the annual interest rate of 4.63%-4.70%. As of 30 June 2021, the unutilised bank credit balance was RMB380.9 million.

The gearing ratio of the Group was about 14.65% as at 30 June 2021 (as at 31 December 2020: about 15.18%). The ratio was calculated as total bank borrowings divided by the total equity of the Group. As at 30 June 2021, the Group maintained a net cash position.

## Exchange Rate Fluctuation Risk

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

## Contingent Liabilities

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

As at 30 June 2021, the Group had no other material contingent liabilities.

## Financial Guarantee Obligations

As at 30 June 2021, the Group provided a guarantee to the bank for a loan of RMB476.3 million (31 December 2020: RMB506.3 million) granted to the joint venture company Hangjiixin.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Pledge of Assets

As at 30 June 2021, 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:

	<b>30 June 2021 (RMB million) (Unaudited)</b>	31 December 2020 (RMB million) (Audited)
Pledge of assets:		
Investment properties	<b>128.9</b>	130.9
Property, plant and equipment	<b>15.4</b>	15.6
Pledged deposits	<b>-</b>	2.0

## Significant Investment

During the Reporting Period, the Group did not hold any significant investment.

## Material Acquisition and Disposal

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

## Human Resources and Employee Compensation

As at 30 June 2021, the Group had a total of 366 employees in China (30 June 2020: 370).

During the Period, the total employee costs of the Group were approximately RMB29.1 million. The Group further strengthens the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, managers at various positions, professional technicians and service employees, and distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages to encourage them to work hard and exercise their talents in serving customers.

## EVENTS AFTER THE REPORTING PERIOD

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

## MATERIAL LITIGATION

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



## USE OF NET PROCEEDS FROM LISTING

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

As of 30 June 2021, the details of the use of the above net proceeds are as follows:

Designated use of net proceeds	% of net proceeds from the global offering	Net proceeds from the global offering and use of proceeds			Expected to be utilised prior to the following date
		Allocated amount (RMB'000)	Utilised (RMB'000)	Unutilised (RMB'000)	
Funding our payment of the registered capital of Hangjiaxin and providing shareholder's loan to Hangjiaxin by batches	80%	241,697	102,550	139,147	By the end of 2021
Upgrading our pipeline network (including urban pipeline network and end-user pipeline network) and operational facilities of the Group in Jiaying	10%	30,212	17,011	13,201	By the end of 2022
Working capital and general corporate purposes	10%	30,212	18,742	11,470	By the end of 2022
<b>Total</b>	<b>100%</b>	<b>302,121</b>	<b>138,303</b>	<b>163,818</b>	

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



# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Long Positions in the Domestic Shares of the Company:

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

Notes:

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

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



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

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

Long Positions in the Shares of the Company:

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Taiding (Note 4)	Domestic Shares	Beneficial owner	26,424,222 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	8,620,881 (L)		
Xu Lili (徐麗麗) (Note 5)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Chen Ying (陳瑛) (Note 6)	Domestic Shares	Interest of spouse	35,045,103 (L)	35.05%	25.42%
Xu Hua (徐華) (Note 4)	Domestic Shares	Beneficial owner	186,199 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	34,858,904 (L)		
Fengye (Notes 4 and 7)	Domestic Shares	Beneficial owner	5,364,791 (L)	35.05%	25.42%
		Deemed interest pursuant to Section 317 of the SFO	29,680,312 (L)		
Zhejiang Fengye Environmental Technology Limited* (浙江楓葉環保科技有限公司) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Fu Shengying (傅生英) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
Fu Zhiquan (傅志權) (Notes 4 and 7)	Domestic Shares	Interest in a controlled corporation	35,045,103 (L)	35.05%	25.42%
City Development (Note 8)	Domestic Shares	Beneficial owner	32,757,502 (L)	32.76%	23.76%



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Zhejiang Jiaying State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司) (Note 8)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
Jiaying State-owned Assets Supervision and Administration Commission* (嘉興市國有資產監督管理委員會) (Note 8)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
Zhuji Yujia (Note 9)	Domestic Shares	Beneficial owner	11,894,374 (L)	11.89%	8.62%
Qianyu (Note 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.62%
Tang Shiyao (湯仕堯) (Note 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.62%
Fu Fangying (傅芳英) (Note 10)	Domestic Shares	Interest of spouse	11,894,374 (L)	11.89%	8.62%
Xiniao Gas Development Company Limited* (新奧燃氣發展有限公司) (Note 11)	Domestic Shares	Beneficial owner	7,155,049 (L)	7.16%	5.19%
Xiniao (China) Gas Investment Company Limited* (新奧(中國)燃氣投資有限公司) (Note 11)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 11)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 12)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.15%



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) (Note 13)	H Shares	Beneficial owner	6,250,000 (L)	16.51%	4.53%
Flat Glass Group Co., Ltd. (福萊特玻璃集團股份有限公司) (Note 13)	H Shares	Interest in a controlled corporation	6,250,000 (L)	16.51%	4.53%
Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) (Note 14)	H Shares	Beneficial owner	5,301,000 (L)	14.01%	3.84%
Jiaxing Jinyuan Investment Co., Ltd.* (嘉興金源投資有限公司) (Note 14)	H Shares	Interest in a controlled corporation	5,301,000 (L)	14.01%	3.84%
Shen Xiaohong (沈小紅) (Note 14)	H Shares	Interest in a controlled corporation	5,301,000 (L)	14.01%	3.84%
Mingyuan Group Investment Limited (Note 15)	H Shares	Beneficial owner	5,300,000 (L)	14.00%	3.84%
Shum Tin Ching (沈天晴) (Note 15)	H Shares	Interest in a controlled corporation	5,300,000 (L)	14.00%	3.84%
Wang Xinmei (Note 16)	H Shares	Interest of spouse	5,300,000 (L)	14.00%	3.84%
Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) (Note 17)	H Shares	Beneficial owner	1,900,000 (L)	5.02%	1.38%
Liu Zhenjiang (劉振江) (Note 17)	H Shares	Interest in a controlled corporation	1,900,000 (L)	5.02%	1.38%
Dan Hongying (但紅英) (Note 18)	H Shares	Interest of spouse	1,900,000 (L)	5.02%	1.38%





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

### CORPORATE GOVERNANCE HIGHLIGHTS

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

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

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

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors and Supervisors since the publication of the annual report of the Company for the year ended 31 December 2020 are set out below:

- Mr. Yu Youda, an independent non-executive Director, has been appointed as an independent director of Hangzhou Landscape Architecture Design Institute Co., Ltd\* (杭州園林設計院股份有限公司), a Chinese landscape architectural services company listed on the Shenzhen Stock Exchange (stock code: 300649.SZ), with effect from 9 August 2021.
- Mr. Cheng Hok Kai Frederick, an independent non-executive Director, has been an independent non-executive director of CIMC Vehicles (Group) Co., Ltd., a Chinese company mainly engaged in the design, manufacture and sales of semi-trailers and truck bodies listed on the Stock Exchange (stock code: 1839.HK), which has further been listed on the Shenzhen Stock Exchange (stock code: 301039.SZ) on 8 July 2021.

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

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

The Code of Conduct also applies to employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Code of Conduct by the employees was noted by the Company throughout the Reporting Period.

### INTERIM DIVIDEND

The Board resolved to recommend the payment of an interim dividend of RMB0.12 (tax inclusive) per Share for the six months ended 30 June 2021 (the "**2021 Interim Dividend**") with an aggregate amount of approximately RMB16,541,000 (tax inclusive) to the Shareholders whose names appear on the Company's register of members as at Tuesday, 26 October 2021, subject to the approval by the Shareholders at the 2021 first extraordinary general meeting of the Company (the "**EGM**") to be held on Wednesday, 13 October 2021. Once the relevant resolution is passed at the EGM, the 2021 Interim Dividend is expected to be paid around Friday, 5 November 2021.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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 by the EGM.

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 2021 Interim Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H share register of members on Tuesday, 26 October 2021.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函 [2011] 348號規定) and the relevant laws and regulations, for individual H 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 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, 26 October 2021. 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 October 2021. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H 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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H Shareholders to attend and vote at the EGM and their entitlements to the 2021 Interim Dividend, the H share register of members of the Company will be closed, the details of which are set out below:

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 6 October 2021
Closure of register of members (both days inclusive)	Thursday, 7 October 2021 to Wednesday, 13 October 2021
Record date	Wednesday, 13 October 2021

#### (2) For determining the entitlements of H Shareholders to the 2021 Interim Dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 19 October 2021
Closure of register of members (both days inclusive)	Wednesday, 20 October 2021 to Tuesday, 26 October 2021
Record date	Tuesday, 26 October 2021

During the above closure periods, no transfer of H Shares will be registered. To be eligible to attend and vote at the EGM, and to qualify for the 2021 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration, by no later than the aforementioned latest times.

### AUDIT COMMITTEE AND REVIEW ON INTERIM STATEMENTS

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

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



# INDEPENDENT REVIEW REPORT



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

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 48, which comprises the condensed consolidated statement of financial position of JiaXing Gas Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

Ernst & Young  
Certified Public Accountants  
Hong Kong  
30 August 2021



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

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>REVENUE</b>	4	<b>897,895</b>	558,143
Cost of sales		<b>(772,264)</b>	(469,146)
Gross profit		<b>125,631</b>	88,997
Other income and gains		<b>3,411</b>	1,272
Selling and distribution costs		<b>(12,133)</b>	(10,109)
Administrative expenses		<b>(26,829)</b>	(19,945)
Impairment losses on financial and contract assets, net		<b>(1,964)</b>	(52)
Other expenses		<b>(5,116)</b>	(2,175)
Finance costs		<b>(4,392)</b>	(6,780)
Share of profits and losses of:			
Joint ventures		<b>(2,015)</b>	(1,221)
Associates		<b>5,118</b>	3,248
<b>PROFIT BEFORE TAX</b>	5	<b>81,711</b>	53,235
Income tax expense	6	<b>(19,998)</b>	(11,932)
<b>PROFIT FOR THE PERIOD</b>		<b>61,713</b>	41,303
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>-</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>61,713</b>	41,303
<b>Attributable to:</b>			
Owners of the parent		<b>60,336</b>	40,256
Non-controlling interests		<b>1,377</b>	1,047
		<b>61,713</b>	41,303
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
– For profit for the period (RMB)	8	<b>0.44</b>	0.40



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	471,722	470,953
Investment properties		214,270	217,819
Right-of-use assets		127,204	130,655
Other intangible assets		4,319	4,309
Investments in joint ventures		262,478	210,251
Investments in associates		25,373	21,255
Financial assets at fair value through profit or loss		10,341	12,230
Deferred tax assets		145,186	148,373
Other non-current assets		7,815	8,581
Total non-current assets		1,268,708	1,224,426
<b>CURRENT ASSETS</b>			
Inventories		9,099	8,176
Trade and bills receivables	10	127,836	89,585
Contract assets		18,941	15,928
Prepayments, other receivables and other assets		17,913	21,828
Financial assets at fair value through profit or loss		10,845	10,728
Pledged deposits		1,784	2,031
Cash and cash equivalents		306,514	342,317
Total current assets		492,932	490,593





# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	158,922	137,594
Other payables and accruals		69,805	61,158
Contract liabilities		110,671	110,570
Tax payable		6,342	8,967
Lease liabilities		11,261	11,008
Total current liabilities		357,001	329,297
<b>NET CURRENT ASSETS</b>			
		135,931	161,296
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		1,404,639	1,385,722
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities		353,308	364,229
Interest-bearing bank borrowings	12	114,500	114,500
Lease liabilities		155,146	152,560
Total non-current liabilities		622,954	631,289
Net assets		781,685	754,433
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	13	137,845	137,845
Reserves		623,690	597,815
		761,535	735,660
Non-controlling interests		20,150	18,773
<b>TOTAL EQUITY</b>		<b>781,685</b>	<b>754,433</b>
<b>Sun Lianqing</b> <i>Director</i>		<b>Xu Songqiang</b> <i>Director</i>	



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

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

\* These reserve accounts comprise the consolidated reserves of RMB623,690,000 in the interim condensed consolidated statement of financial position.

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve – safety fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2020 (audited)	100,000	6,949	53,751	10,925	169,393	341,018	15,811	356,829
Total comprehensive income for the period	-	-	-	-	40,256	40,256	1,047	41,303
Special reserve – safety fund	-	-	-	1,323	(1,323)	-	-	-
At 30 June 2020 (unaudited)	100,000	6,949	53,751	12,248	208,326	381,274	16,858	398,132



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		81,711	53,235
Adjustments for:			
Share of profits of associates		(5,118)	(3,248)
Share of losses of joint ventures		2,015	1,221
Finance costs		4,392	6,780
Depreciation of property, plant and equipment		20,848	24,775
Depreciation of right-of-use assets		4,695	4,409
Depreciation of investment properties		3,549	3,538
Amortisation of other intangible assets		849	538
Impairment of financial and contract assets	5	1,964	53
Fair value loss on:			
financial assets at fair value through profit or loss	5	1,772	1,629
Loss on disposal of items of property, plant and equipment	5	842	19
Gain on disposal of right-of-use assets	5	(1,693)	–
Interest income		(4)	(4)
		<b>115,822</b>	92,945
(Increase)/decrease in trade and bills receivables		(39,984)	5,333
Increase in contract assets		(3,013)	(6,511)
Decrease in pledged time deposits		247	4,609
Decrease/(increase) in prepayments, other receivables and other assets		3,645	(5,567)
(Increase)/decrease in inventories		(923)	2,120
Increase/(decrease) in trade and bills payables		21,328	(1,690)
Decrease in other payables and accruals		(3,452)	(6,065)
Decrease in contract liabilities		(10,820)	(13,282)
Cash generated from operations		<b>82,850</b>	71,892
Tax paid		(20,366)	(13,115)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>62,484</b>	58,777



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	4	4
Purchase of items of property, plant and equipment	(7,973)	(9,293)
Additions to other intangible assets	(859)	(374)
Investment in a joint venture	(56,000)	(2,000)
Dividends received from an associate	1,000	–
Purchase of right-of-use assets	(2,405)	–
Proceeds from disposal of right-of-use assets	6,846	–
Purchase of financial assets at fair value through profit or loss	–	(2)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(59,387)</b>	(11,665)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(34,461)	–
Interest paid	(2,713)	(2,296)
New interest-bearing bank borrowings	–	266,300
Repayment of interest-bearing bank borrowings	–	(247,400)
Payment of lease liabilities	(1,726)	(1,600)
<b>NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(38,900)</b>	15,004
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,803)</b>	62,116
Cash and cash equivalents at beginning of period	342,317	63,146
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>306,514</b>	125,262
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances as stated in the statement of financial position	308,298	127,745
Pledged deposits	(1,784)	(2,483)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>306,514</b>	125,262



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 1. CORPORATE INFORMATION

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

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 and liquefied petroleum gas in Jiaxing; (ii) the provision of construction and installation services; and (iii) others, including the provision of natural gas transportation services, the sale of vapour and construction materials, and the leasing of properties in Mainland China.

On 31 December 2020, the concert parties, namely Taiding, Mr. Xu Songqiang (徐松強), Mr. Liu Zhenxiong (劉振雄), Ms. Xu Yanrui (許延瑞) and Ms. Xu Hua (徐華), entered into concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, Mr. Xu Songqiang, Mr. Liu Zhenxiong, Ms. Xu Yanrui and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 1 January 2021 to 15 July 2021. During the reporting period, the concert parties held an approximately 23.01% equity interest of the Company, while Jiaxing City Investment & Development Group Co., Ltd. held an approximately 23.76% equity interest of the Company. Accordingly, there were no controlling shareholders for the Company.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited 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 2021 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 2020.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39 IFRS 4, IFRS 7 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>

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

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 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; (ii) the provision of construction installation services; and (iii) others, including the provision of natural gas transportation services, the sale of vapour, electricity and construction materials, and the leasing of properties in the period. 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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	897,895	558,143

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

### Seasonality of operations

The principal business activities of the Group included the distribution and sale of PNG, LNG, LPG and vapour, the provision of construction services, installation and management services as the main contractor of construction, and gas transportation services. Higher revenues and operating profits are usually expected in the 1st quarter and 4th quarter of the year. Higher sales during the period from October to March are mainly attributed to the increased sales volume and selling price of natural gas due to the expected increase in demand during the peak season.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 4. REVENUE

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	792,687	486,406
Provision of construction services	75,202	41,058
Provision of installation and management services	23,972	24,270
Provision of transportation services	2,199	1,768
Others	1,084	30
<i>Revenue from other sources</i>		
Gross rental income	6,496	6,907
	<b>901,640</b>	560,439
Less: Government surcharges	(3,745)	(2,296)
	<b>897,895</b>	558,143
<i>Revenue from contracts with customers</i>		
<b>Types of goods or services</b>		
Sales of PNG	680,112	427,218
Sales of LNG	54,220	16,919
Sales of LPG	37,398	25,432
Sales of vapour	13,049	10,278
Sales of electricity	764	–
Sales of construction materials	7,144	6,559
Provision of construction services	75,202	41,058
Provision of installation and management services	23,972	24,270
Provision of gas transportation services	2,199	1,768
Others	1,084	30
Total revenue from contracts with customers	<b>895,144</b>	553,532
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	795,970	488,204
Services transferred over time	99,174	65,328
Total revenue from contracts with customers	<b>895,144</b>	553,532





# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	712,260	434,623
Cost of services provided	60,004	34,523
Loss on disposal of items of property, plant and equipment	842	19
Gain on disposal of right-of-use assets	(1,693)	–
Impairment of financial and contract assets, net:		
Impairment of trade receivables, net	1,733	(2)
Impairment of financial assets included in prepayments, other receivables and other assets	231	55
Fair value loss, net:		
Financial assets at fair value through profit or loss	1,772	1,629

## 6. INCOME TAX

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

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

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in the PRC for the period	15,951	10,057
Deferred tax	4,047	1,875
<b>Total tax charge for the period</b>	<b>19,998</b>	<b>11,932</b>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 7. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared and paid – RMB0.25 (2020: nil) per ordinary share	<b>34,461</b>	–

The board of directors resolve to recommend an interim dividend of RMB0.12 (six months ended 30 June 2020: Nil) per ordinary share, amounting to a total of approximately RMB16,541,000 (six months ended 30 June 2020: Nil), which subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting.

## 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 2020: 100,000,000) in issue during the period.

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)

### Earnings

Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	<b>60,336</b>	40,256
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	Number of shares For the six months ended 30 June	
	2021	2020

### Shares

Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>137,844,500</b>	100,000,000
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>30 June 2021 RMB'000</b>
Carrying value at beginning of the period (audited)	<b>470,953</b>
Additions	<b>22,459</b>
Depreciation charge for the period	<b>(20,848)</b>
Disposals	<b>(842)</b>
	<b>471,722</b>
Carrying value at end of the period (unaudited)	<b>471,722</b>

Property, plant and equipment of a net book value of RMB15,388,000 as at 30 June 2021 (31 December 2020: RMB15,635,000) are pledged as security for interest-bearing bank loans granted to the Group (note 12).

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade receivables	<b>128,873</b>	90,507
Bills receivable	<b>3,308</b>	1,690
	<b>132,181</b>	92,197
Impairment	<b>(4,345)</b>	(2,612)
	<b>127,836</b>	89,585

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:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 1 year	<b>122,630</b>	85,258
Over one year	<b>5,206</b>	4,327
	<b>127,836</b>	89,585



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 11. TRADE AND BILLS PAYABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade payables	<b>150,005</b>	127,520
Bills payable	<b>8,917</b>	10,074
	<b>158,922</b>	137,594

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:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 1 year	<b>157,895</b>	135,312
1 to 2 years	<b>102</b>	1,338
Over 2 years	<b>925</b>	944
	<b>158,922</b>	137,594

## 12. INTEREST-BEARING BANK BORROWINGS

	30 June 2021			31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
<b>Non-current</b>						
Bank loans – secured	<b>LPR*</b> <b>(1+20.18%)</b>	<b>2022-2023</b>	<u>20,000</u>	LPR*	2022-2023	<u>20,000</u>
	<b>LPR+0.05%</b>	<b>2028-2029</b>	<u>94,500</u>	LPR+0.05%	2028-2029	<u>94,500</u>
			<u>114,500</u>			<u>114,500</u>



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 12. INTEREST-BEARING BANK BORROWINGS (continued)

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Analysed into:		
Repayable in the second to fifth years	<b>20,000</b>	20,000
Repayable over five years	<b>94,500</b>	94,500
	<b>114,500</b>	114,500

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

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Pledge of assets:		
Investment properties	<b>128,870</b>	130,932
Property, plant and equipment	<b>15,388</b>	15,635
Pledged deposits	-	2,031
	<b>144,258</b>	148,598

## 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal value RMB'000</b>
Ordinary shares as at 31 December 2020 (audited) and 30 June 2021 (unaudited)	137,844,500	137,845



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 14. CONTINGENT LIABILITIES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Guarantee bank loan of Hangjiaxin	<b>476,326</b>	506,326

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

## 15. CAPITAL COMMITMENTS

	<b>30 June 2021 RMB'000 (Audited)</b>	31 December 2020 RMB'000 (Audited)
<i>Contracted, but not provided for:</i>		
– Property, plant and equipment	<b>4,539</b>	2,468

## 16. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

Name of related party	Relationship with the Group
Jiaying Gas and Refuelling Station Co., Ltd. ("Gas and Refuelling Station") (嘉興市加油加氣站有限公司)	Joint venture
Hangjiaxin (浙江杭嘉鑫清潔能源有限公司)	Joint venture
Zhejiang Hangjia Liquefied Gas Co., Ltd. ("Hangjiaye") (浙江杭嘉液化氣有限公司)	Joint venture



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

### (a) Name and relationship (continued)

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



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

### (a) Name and relationship (continued)

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

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

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)

#### Joint Venture:

##### Sales of construction materials

Hangjiaxin	(i)	17	–
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##### Provision of construction services

Hangjiaxin	(ii)	8,066	–
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##### Transportation income from

Gas and Refuelling Station	(iii)	1,399	965
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Joint Venture: (continued)</b>			
<i>Rental income from</i>			
Hangjiaxin	(iv)	179	172
Gas and Refuelling Station	(iv)	132	132
		<b>311</b>	304
<i>Income from the transfer of land</i>			
Hangjiaxin	(v)	6,520	–
<i>Purchase of LNG from</i>			
Hangjiaye	(vi)	6,515	–
<i>Guarantee of bank loans</i>			
Hangjiaxin	(vii)	–	156,000
<b>Associates:</b>			
<i>Purchase of LNG from</i>			
Jiatong New Energy	(vi)	21	7
<b>Others:</b>			
<i>Sales of PNG to</i>			
Flat Group	(i)	153,855	–
Qingyuan Hotel	(i)	1,423	1,679
Salon International Hotel	(i)	702	576
Yuehe Inn	(i)	647	504
Qingchi Cultural Industry	(i)	574	–
Yunhe Hotel	(i)	53	–
		<b>157,254</b>	2,759



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Others: (continued)</b>			
<i>Sales of LPG to</i>			
Ecological Farm	(i)	20	–
<i>Provision of construction services</i>			
Qingyuan Hot Spring	(ii)	7,945	–
Flat Group	(ii)	5	–
		<b>7,950</b>	–
<i>Rental income from</i>			
Qingyuan Hotel	(iv)	2,923	2,322
Jiaxing Pipeline Company	(iv)	–	70
Nanhu Hetai	(iv)	58	61
		<b>2,981</b>	2,453
<i>Purchase of natural gas from</i>			
Jiaxing Pipeline Company	(vi)	538,789	296,861
<i>Purchase of construction materials from</i>			
Zhuji Jinfeng	(vi)	1,739	2,250
<i>Purchase of other products from</i>			
Songjia Trading	(vi)	125	59
<i>Administrative and selling expenses</i>			
Qingyuan Hotel	(vi)	746	647
Qingchi Cultural Industry		5	–
Yunhe Hotel		3	–
		<b>754</b>	647



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

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

Notes:

- (i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The Company provides construction services for related parties according to the published prices and conditions offered to the major customers of the Group.
- (iii) The transportation income arose from providing transportation service to the Group's joint venture. The transaction price was substantially in line with those offered to the major customers of the Group.
- (iv) The rental income represents considerations received for the rental of investment properties to the Group's related parties. It is considered that the annual rental payments under the relevant rent agreements were made according to the market price and had been agreed by both parties.
- (v) The income from the transfer of land to related parties were made according to the terms in the agreement signed between the Company and the related party.
- (vi) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.
- (vii) The Company did not provide additional guarantee for the bank loans of Hangjiixin in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: RMB156,000,000). Details of the guarantee were set out in note 14 to the interim condensed consolidated financial information.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

## 16. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<i>Amounts due from related parties before provision</i>			
Jiaxing LPG	i	5,511	5,678
Qingyuan Hot Spring	ii	8,768	813
Qingyuan Hotel	ii	5,151	3,264
Hangjiaxin	ii	4,912	–
Jiaxing Pipeline Company	ii	1,185	1,185
Flat Group	ii	1,040	105
Salon International Hotel	ii	147	151
Yuehe Inn	ii	36	160
Ecological Farm	ii	4	2
Yunhe Hotel	ii	–	2
Qingchi Cultural Industry	ii	–	247
		<b>26,754</b>	11,607
<i>Amounts due to related parties</i>			
Jiaxing LPG	i	168	161
Jiaxing Pipeline Company	iii	172,053	170,976
Zhuji Jinfeng	iv	1,016	108
Hangjiaye	iv	326	–
Hangjiaxin	iv	–	500
Gas and Refuelling Station	iv	–	289
		<b>173,563</b>	172,034

Notes:

- (i) The amount due from Jiaxing LPG was non-trade in nature, unsecured and interest-free. The balance as at 30 June 2021 has been fully provided for impairment because Jiaxing LPG is under the situation of discontinuing its business and the directors of the Company do not expect the amount to be collectible.
- (ii) The amounts due from related parties of RMB21,243,000 as at 30 June 2021 (RMB5,929,000 as at 31 December 2020) were trade in nature, unsecured, interest-free and repayable within 180 days.
- (iii) The amounts due to Jiaxing Pipeline Company of RMB172,053,000 as at 30 June 2021 (RMB170,976,000 as at 31 December 2020) were trade in nature, unsecured, interest-free and repayable according to the contract term.
- (iv) The amounts due to related parties of RMB1,342,000 as at 30 June 2021 (RMB897,000 as at 31 December 2020) were trade in nature, unsecured, interest-free and repayable within 180 days.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 16. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,512	1,787
Post-employment benefits	471	214
<b>Total compensation paid to key management personnel</b>	<b>2,983</b>	<b>2,001</b>

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)

### Financial assets

Financial assets at fair value

through profit or loss (current and non-current portion)

	21,186	22,958	21,186	22,958
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### Financial liabilities

Interest-bearing bank and other

borrowings (non-current portion)

	114,500	114,500	111,694	111,163
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Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2021 were assessed to be insignificant.

The fair value of listed equity investment are based on quoted market prices. The fair value of unlisted equity investment at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, for example price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a net assets measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding book value measure of the unlisted equity investment to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at 30 June 2021.

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



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020 and 30 June 2021:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
<b>As at 30 June 2021</b>				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	0.5 to 1.5	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,034,000
		Discount for lack of marketability	20% to 30%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,034,000
<b>As at 31 December 2020</b>				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	0.5 to 2.0	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,223,000
		Discount for lack of marketability	20% to 30%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,223,000



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### Fair value hierarchy

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

#### Assets measured at fair value:

As at 30 June 2021

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss	10,044	801	10,341	21,186

As at 31 December 2020

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial assets at fair value through profit or loss	9,931	797	12,230	22,958





# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### Fair value hierarchy (continued)

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Equity investments at fair value through other comprehensive income – unlisted:		
At 1 January	12,230	14,763
Total losses recognised in the statement of profit or loss included in other income	1,889	1,454
At 30 June	10,341	13,309

### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value at the end of the period (2020: Nil).

## 18. EVENTS AFTER THE REPORTING PERIOD

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

## 19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2021.

