



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

2023

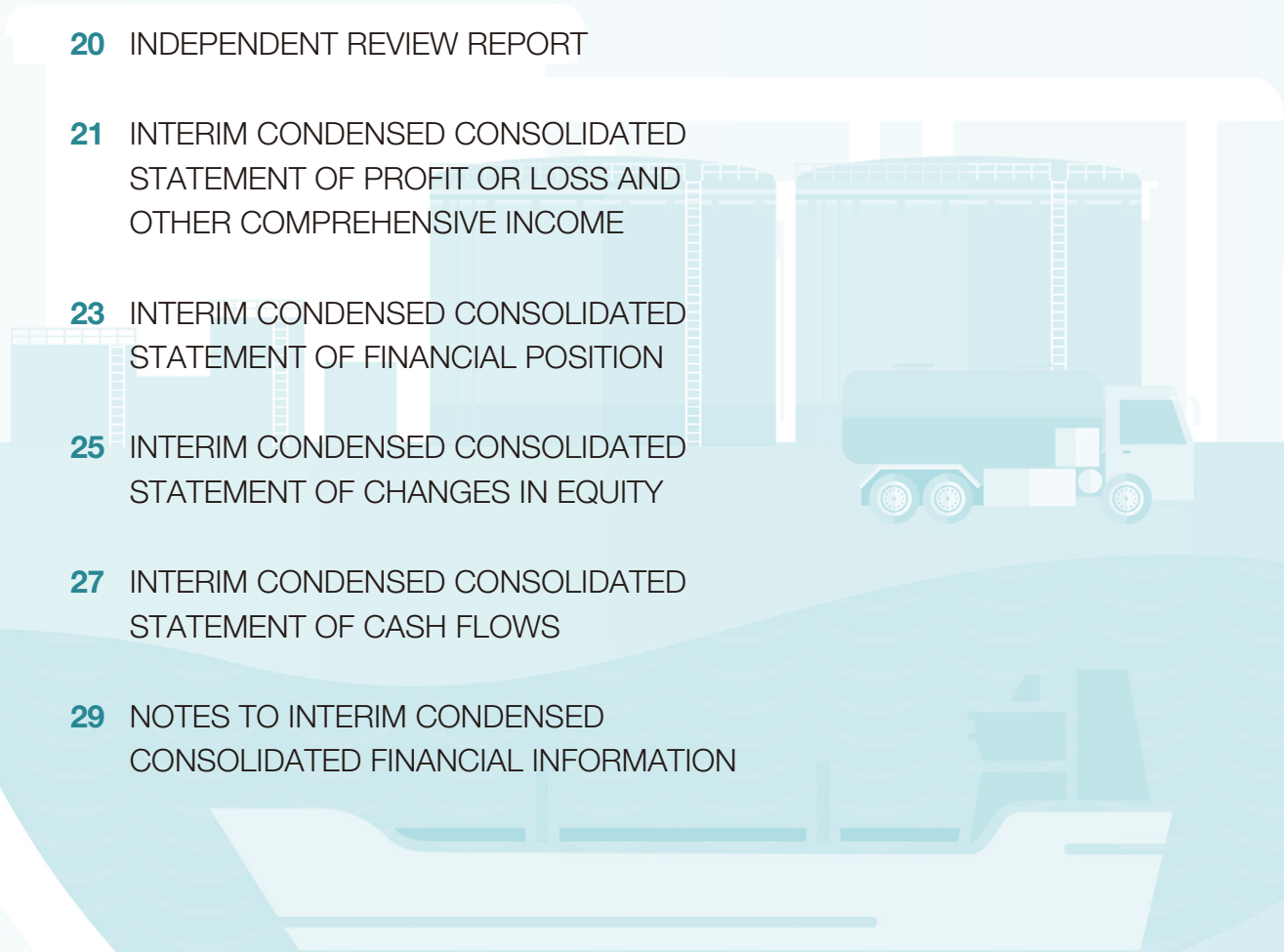
INTERIM REPORT

** For identification purposes only*



CONTENTS

- 2** CORPORATE INFORMATION
- 3** DEFINITIONS
- 6** MANAGEMENT DISCUSSION AND ANALYSIS
- 12** CORPORATE GOVERNANCE AND OTHER INFORMATION
- 20** INDEPENDENT REVIEW REPORT
- 21** INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 23** INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 25** INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 27** INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- 29** NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Ruan Hongliang (*Retired on 9 June 2023*)
Mr. Xu Jiong
Mr. Zheng Huanli
Mr. Fu Songquan
Ms. Ruan Zeyun (*Appointed on 9 June 2023*)

Independent Non-executive Directors

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

SUPERVISORS

Ms. Liu Wen
Ms. Mu Nini
Ms. He Haiyan (*Appointed on 11 January 2023*)
Ms. Xu Shuping (*Resigned on 11 January 2023*)

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Wang Shuiming (*Appointed on 9 June 2023*)
Ms. Pun Ka Ying (*ACS, ACG*)
Ms. Zhou Caihong (*Resigned on 9 June 2023*)

AUTHORIZED REPRESENTATIVES

Mr. Sun Lianqing
Ms. Pun Ka Ying

REGISTERED OFFICE AND HEADQUARTER IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

HONG KONG H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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

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/>

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

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“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 2023
“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

With the implementation of a number of policies and plans such as the “dual carbon” goal and the low-carbon transition of energy, as well as the continued recovery of the economy, China’s natural gas consumption in the first half of 2023 returned to positive growth ever since the first negative growth in 2022. In the first half of 2023, China’s natural gas consumption was 194.1 billion m³, representing a 5.6% increase year-on-year. In 2023, China’s natural gas pricing reform has been progressing gradually, the upstream price marketization reform of natural gas has been intensified, and the fluctuation of the gas sources market price also has a material impact on the downstream city gas segment. Natural gas price adjustment policy documents have been issued in various regions to promote the connected adjustments in the natural gas sourcing and selling prices. The connection between the natural gas sourcing and selling prices will facilitate gas companies to pass on the cost generated from the increase in the natural gas sourcing price to its end-users, thereby reducing their pressure caused by the inversion of residential gas prices.

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

RESULTS REVIEW

The Group, the largest city gas operator in Jiaying, a major prefecture-level city in Zhejiang Province, PRC, is mainly engaged in the sale of piped natural gas (subject to concessions), LNG and LPG, as well as the provision of construction and installation services. As at the end of the Reporting Period, the Group provided gas supply services for approximately 443,000 residential users and 2,324 industrial and commercial users.

During the Reporting Period, the Group’s total gas sales volume was 275 million m³, representing an increase of 2.62% as compared with the same period in 2022. As at the end of the Reporting Period, the Group operated a natural gas pipeline network in the operating area, with a total length of 1112.51 km (comprising 739.95 km of self-constructed pipeline network and 372.56 km of leased urban pipeline network, and excluding 50.72 km of urban pipeline network under construction, among which 38 km was self-constructed).

During the Reporting Period, Hangjiaying recorded a significant increase in gross profit during the Period due to the relatively low purchase price under the long-term LNG purchase agreement with its suppliers, and the LNG buy-sale price spreads in the international market during the Period.

DEVELOPMENT STRATEGY AND OUTLOOK

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

SEGMENTAL ANALYSIS

1. PNG Sales Business

The Group sells PNG to users, including residential users and industrial and commercial users, through the gas pipeline network. During the Reporting Period, the total revenue of the Group from the PNG sales business was RMB947.0 million, representing a decrease of 3.67% compared with RMB983.1 million in the same period in 2022.

During the Reporting Period, the total gas supply volume from the Group was 257.1 million m³, representing an increase of 3.71% compared with 247.9 million m³ in the same period in 2022.

During the Reporting Period, the residential gas consumption was 42.3 million m³, accounting for 16.45% of the total gas consumption, and the industrial and commercial gas consumption was 214.8 million m³, accounting for 83.55% of the total gas consumption. For the same period in 2022, the residential gas consumption was 38.1 million m³, accounting for 15.37% of the total gas consumption, and the industrial and commercial gas consumption was 209.8 million m³, accounting for 84.63% of the total gas consumption.

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

2. LNG Sales Business

The Group supplies LNG to industrial users in certain areas of Jiaxing, PRC by retail. During the Reporting Period, the total revenue of the Group from the LNG sales business was RMB73.2 million, representing a decrease of 23.19% compared with RMB95.3 million in the same period in 2022. During the Reporting Period, the sales volume of LNG was 18,586,000 m³, representing a decrease of 7.63% compared with 20,122,000 m³ in the same period in 2022. The decrease of the revenue was mainly due to a decrease in the upstream purchase price and the decrease of sales price.

3. LPG Sales Business

The Group sells bottled LPG to residential users and industrial and commercial users by retail. During the Reporting Period, the total revenue of the Group from the LPG sales business was RMB55.3 million, representing a decrease of 27.24% compared with RMB76.0 million in the same period in 2022, mainly due to a decrease in sales volume and a slight decrease in unit sales price in the LPG wholesale business.

4. Natural Gas Pipeline Construction and Installation Business

The construction and installation business of the Group focuses on the construction and installation of end-user pipeline network and gas facilities as required by customers. During the Reporting Period, the revenue of the Group from the natural gas pipeline construction and installation business was RMB60.6 million, representing a decrease of 23.29% compared with RMB79.0 million in the same period in 2022, mainly due to the decrease in number of completed projects compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Vapour Sales Business

The Group produces vapour by boiling water with natural gas and supplies it through vapour pipelines. During the Reporting Period, the total revenue of the Group from the vapour sales business was RMB17.1 million, representing a decrease of 3.39% compared with RMB17.7 million in the same period in 2022, mainly due to the decrease of the price of natural gas and the end sales price of vapour.

FINANCIAL OVERVIEW

Revenue

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

Gross Profit

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

Other Income and Gains

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

Finance Costs

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

Income Tax Expense

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

Profit Attributable to Owners of the Parent

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

Liquidity, Financial Position and Capital Structure

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

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

The debt to equity ratio of the Group was about -0.69% as at 30 June 2023 (as at 31 December 2022: about 15.17%). The ratio was calculated as all borrowings net of cash and cash equivalents divided by the total equity of the Group. The gearing ratio of the Group was about 49.03% as at 30 June 2023 (as at 31 December 2022: about 45.59%). The ratio was calculated as total debt divided by the total equity of the Group. As at 30 June 2023, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, and 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 Hangjiixin, which affected the profit and loss attributable to the Group as a result of the impact of exchange rate fluctuations on Hangjiixin's profits. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate measures when necessary.

Contingent Liabilities

In December 2018, Hangjiixin obtained a bank loan for investment in property, plant and equipment used in operation, which was guaranteed by the Group. By 30 June 2023, Hangjiixin used its own property, plant and equipment in its operation as guarantee instead, and the Group ceased to provide any guarantee for Hangjiixin.

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

Financial Guarantee Obligations

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 June 2023, the Group pledged certain assets to obtain banking facilities granted to the Group. The total carrying amounts of pledged assets of the Group are as follows:

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

Significant Investment

Among the investments in joint ventures and associates, the investment in joint venture in relation to Hangjiaxin constituted a significant investment of the Group, with the Company holding a 51% interest in the joint venture. As at 30 June 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 RMB461.3 million (unaudited), representing approximately 16.52% (unaudited) 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 RMB137.8 million (unaudited) from its investment in Hangjiaxin and did not receive any dividend.

References are made to the announcement of the Group dated 8 May 2023 and the circular of the Group dated 24 May 2023. The Group purchased 10% equity interest of Yancheng Xingzhou Jiayuan Real Estate Development Co., Ltd. (鹽城星洲佳源房地產開發有限公司) ("**Xingzhou Jiayuan**") from Urban Economics Pte, which shall be satisfied by way of pro tanto set-off against an equivalent amount of the debt owed by Zhejiang Jiayuan Shencheng Real Estate Group Co., Ltd ("**Jiayuan Shencheng**") to the Group. Urban Economics Pte has agreed to settle such amount of debt on behalf of Jiayuan Shencheng given that Urban Economics Pte also owes an associated company of Jiayuan Shencheng a debt. As at 30 June 2023, the carrying amount of such equity interest was approximately RMB23,775,000 (unaudited), representing approximately 8.52% (unaudited) of the Group's total assets as at 30 June 2023. During the Reporting Period, the Group recorded an unrealised loss of approximately RMB408,000 (unaudited) from its investment in Xingzhou Jiayuan and did not receive any dividend. As at 30 June 2023, Xingzhou Jiayuan had commenced construction of 18 residential buildings and had sold more than 700 residential units in pre-sale. Given the firm support of the PRC government in the real estate market and the steady progress of the real estate project of the Xingzhou Jiayuan, the Directors are of the view that the investment in Xingzhou Jiayuan will bring positive financial impacts to the Group and the Group could realise its investment through the possible future dividend distribution of Xingzhou Jiayuan that will take place after it has accumulated profit from the sales of the real estate project. Based on the above, the Group is optimistic on the future prospect of Xingzhou Jiayuan.

On 18 August 2023, the Group entered into an equity transfer agreement to conditionally purchase an additional 10% equity interest of Xingzhou Jiayuan from Urban Economics Pte, which shall be satisfied by way of pro tanto set-off against an equivalent amount of the debt owed by Jiayuan Shencheng to the Group. Urban Economics Pte has agreed to settle such amount of debt on behalf of Jiayuan Shencheng given that Urban Economics Pte also owes an associated company of Jiayuan Shencheng a debt. For further details, please refer to the announcement of the Company dated 18 August 2023.

Save as disclosed, during the Reporting Period, the Group did not hold any significant investment and the Group does not have any future plans for material investments or capital assets as at the date of this report.

Material Acquisition and Disposal

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

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

Human Resources and Employee Compensation

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

During the Period, the total employee costs of the Group were approximately RMB30.6 million (six months ended 30 June 2022: RMB32.0 million). The Group further strengthens the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, managers at various positions, professional technicians and service employees, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages which are determined with reference to their qualifications and performance to incentivise them for hard work and better customer service.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 18 to the interim condensed consolidated financial information on page 52, there is no significant event occurred after the Reporting Period.

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

The H Shares were officially listed on the Stock Exchange on 16 July 2020. A total of 37,844,500 H Shares were issued by the Company by way of a global offering, at an offer price of HK\$10.00 per H Share, with the net proceeds (after deducting the listing expense) of approximately HK\$334.0 million (equivalent to RMB302.1 million) from its initial public offering. The Group had fully allocated and used the above net proceeds by 31 December 2022 for the purposes specified in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of 30 June 2023, so far as known to the Directors of the Company, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including those they are taken or deemed to have under such provisions of the SFO) are as follows:

Long Positions in the Domestic Shares of the Company:

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

Notes:

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

Save as disclosed above, as at 30 June 2023, 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 30 June 2023, so far as is known to the Directors, the interests or short positions of the persons (other than the Directors, Supervisors or chief executives of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO are as follows:

Long Positions in the Shares of the Company:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) (Note 13)	H Shares	Beneficial owner	6,250,000 (L)	16.51%	4.53%
Flat Glass Group Co., Ltd. (福萊特玻璃集團股份有限公司) (Note 13)	H Shares	Interest in a controlled corporation	6,250,000 (L)	16.51%	4.53%
Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) (Note 14)	H Shares	Beneficial owner	5,700,000 (L)	15.06%	4.14%
Jiaxing Jinyuan Investment Co., Ltd.* (嘉興金源投資有限公司) (Note 14)	H Shares	Interest in a controlled corporation	5,700,000 (L)	15.06%	4.14%
Shen Xiaohong (沈小紅) (Note 14)	H Shares	Interest in a controlled corporation	5,700,000 (L)	15.06%	4.14%
Mingyuan Group Investment Limited (Note 15)	H Shares	Beneficial owner	5,300,000 (L)	14.00%	3.84%
Shum Tin Ching (沈天晴) (Note 15)	H Shares	Interest in a controlled corporation	5,300,000 (L)	14.00%	3.84%
Wang Xinmei (Note 16)	H Shares	Interest of spouse	5,300,000 (L)	14.00%	3.84%
Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) (Note 17)	H Shares	Beneficial owner	2,771,000 (L)	7.32%	2.01%
Liu Zhenjiang (劉振江) (Note 17)	H Shares	Interest in a controlled corporation	2,771,000 (L)	7.32%	2.01%
Dan Hongying (但紅英) (Note 18)	H Shares	Interest of spouse	2,771,000 (L)	7.32%	2.01%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fail to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CORPORATE GOVERNANCE HIGHLIGHTS

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

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

Pursuant to C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. However, the role of the chairman and the chief executive officer of the Company is not separated and are performed by the same individual, Mr. Sun Lianqing.

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% when it will pay the 2023 Interim Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees or trustees, or other organizations or groups) listed on the H share register of members on Monday, 25 September 2023.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company will determine the country of domicile of the individual H Shareholders based on the registered address as recorded in the H share register of members of the Company on Monday, 25 September 2023. If the country of domicile of an individual H Shareholder is not the same as the registered address or if the individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 19 September 2023. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

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

CLOSURE OF REGISTER OF MEMBERS

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

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

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

During the above closure periods, no transfer of H Shares will be registered. To be eligible to qualify for the 2023 Interim Dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, by no later than the aforementioned latest times.

AUDIT COMMITTEE AND REVIEW ON INTERIM STATEMENTS

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

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

INDEPENDENT REVIEW REPORT



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

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent review report

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

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 52, 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 2023 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 2023

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

For the six months ended 30 June 2023

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

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

For the six months ended 30 June 2023

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve – safety fund RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation Reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2022 (audited)	137,845	271,226	69,965	14,444	(127)	-	348,331	841,684	35,825	877,509
Profit for the period	-	-	-	-	-	-	159,302	159,302	5,430	164,732
Other comprehensive income for the period:										
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(1,962)	-	-	(1,962)	-	(1,962)
Total comprehensive income for the period	-	-	-	-	(1,962)	-	159,302	157,340	5,430	162,770
Exchange differences on translation of foreign operations	-	-	-	-	-	31	-	31	-	31
Final 2022 dividend declared and paid	-	-	-	-	-	-	(27,569)	(27,569)	-	(27,569)
Distribution of dividends or profit to non-controlling interests by subsidiaries	-	-	-	-	-	-	(4,480)	(4,480)	-	(4,480)
Special reserve – safety fund	-	-	-	1,943	-	-	(1,943)	-	-	-
At 30 June 2023 (unaudited)	137,845	271,226*	69,965*	16,387*	(2,089)*	31*	473,641*	967,006	41,255	1,008,261

* These reserve accounts comprise the consolidated reserves of RMB829,161,000 in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		173,546	45,481
Adjustments for:			
Share of profits and losses of associates		(1,517)	2,629
Share of profits and losses of joint ventures		(137,882)	9,582
Finance costs		5,545	4,185
Depreciation of property, plant and equipment	9	25,667	20,225
Depreciation of right-of-use assets		5,596	4,869
Depreciation of investment properties		3,576	3,644
Amortisation of other intangible assets		1,105	959
Impairment of financial and contract assets	5	22,456	114
Fair value loss on financial assets at fair value through profit or loss	5	1,373	6,473
Loss on disposal of items of property, plant and equipment	5	3,079	869
Interest income		(1,078)	–
Gain on financial assets measured at amortised cost		(2,418)	–
Dividends received from financial assets at fair value through profit or loss		–	(185)
		99,048	98,845
Increase in trade and bills receivables		(171,746)	(19,523)
(Increase)/decrease in contract assets		(843)	1,372
Increase in pledged time deposits		(7,369)	(9,179)
Increase in prepayments, other receivables and other assets		(39,596)	(5,382)
Decrease/(increase) in inventories		(135,450)	37,851
Increase in trade and bills payables		267,572	63,490
Increase/(decrease) in other payables and accruals		190,344	(2,318)
Increase in contract liabilities		32,301	10,870
Cash generated from operations		234,261	176,026
Interest received		1,078	–
Tax paid		(14,948)	(7,841)
NET CASH FLOWS FROM OPERATING ACTIVITIES		220,391	168,185

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(25,613)	(36,567)
Additions to other intangible assets	(1,996)	(475)
Investment in an associate	(1,200)	(850)
Dividends received from an associate	–	8,580
Purchase of financial assets at fair value through profit or loss	(3,605)	(4,100)
Principal received from debt investment at amortised cost	1,000	–
Proceeds from disposal of financial assets at fair value through profit or loss	–	850
Dividends received from financial assets at fair value through profit or loss	–	185
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(31,414)	(32,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(32,049)	(20,677)
Interest paid	(6,505)	–
New bank loans	100,000	–
Repayment of interest-bearing bank borrowings	(12,220)	(5,360)
Payment of lease liabilities	(2,260)	(1,563)
Capital injection by non-controlling shareholders	–	2,450
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	46,966	(25,150)
NET INCREASE IN CASH AND CASH EQUIVALENTS	235,943	110,658
Cash and cash equivalents at beginning of period	220,691	258,664
Effect of exchange rate changes, net	4,199	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	460,833	369,322
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	480,702	393,363
Pledged deposits	(19,869)	(24,041)
CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	460,833	369,322

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. CORPORATE INFORMATION

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

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

On 16 July 2021, the concert parties, namely Zhejiang Taiding Investment Company Limited (“Taiding”), Fengye Holdings Group Company Limited (“Fengye”), Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華), entered into concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, Fengye, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2021 to 15 July 2023. Concert parties have interests in each other’s interests. As of 30 June 2023, the concert parties held an approximately 25.42% equity interest of the Company, while Jiaxing City Investment & Development Group Co., Ltd. held an approximately 23.76% equity interest of the Company. Accordingly, there was no single controlling shareholder for the Company.

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

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

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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, the PRC; (ii) the provision of construction installation services; and (iii) other activities, including the provision of gas storage services, the provision of natural gas transportation services, the sale of vapour, electricity and construction materials, and the leasing of properties. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	1,218,105	1,304,538

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

Seasonality of operations

The principal business activities of the Group included the distribution and sale of PNG, LNG, LPG and vapour, the provision of construction services, installation and management services as the main contractor of construction, and gas transportation services. Historically, higher sales revenue is usually expected during the winter months due to higher gas consumption for heating. This information is provided only to allow for a better understanding of the results. Management has concluded that the Group's business is not "highly seasonal" in accordance with IAS 34.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

4. REVENUE

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

5. PROFIT BEFORE TAX

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

6. INCOME TAX

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

Hong Kong profits tax is to be provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "New Corporate Income Tax Law"), except for a small and micro enterprise of the Group in Mainland China. For qualified small low-profit enterprises, whose annual taxable income shall be included in the taxable income at the reduced rate of 25%, the taxable income is taxed at a preferential rate of 20%.

The major components of income tax expense are as follows:

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

7. DIVIDENDS

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 137,844,500 (six months ended 30 June 2022: 137,844,500) in issue during the period.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)

Earnings

Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations	159,302	28,566
--	----------------	--------

	Number of shares For the six months ended 30 June	
	2023	2022

Shares

Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	137,844,500	137,844,500
---	--------------------	-------------

9. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

10. TRADE AND BILLS RECEIVABLES

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

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

11. TRADE AND BILLS PAYABLES

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

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

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

12. INTEREST-BEARING BANK BORROWINGS

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

12. INTEREST-BEARING BANK BORROWINGS (continued)

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

Analysed into:

Bank loans and borrowings repayable:

Within one year or on demand	84,640	34,440
In the second year	24,640	24,440
In the third to fifth years, inclusive	158,090	104,720
Beyond five years	44,190	60,180
	<u>311,560</u>	<u>223,780</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

12. INTEREST-BEARING BANK BORROWINGS (continued)

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

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

13. SHARE CAPITAL

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

14. CONTINGENT LIABILITIES

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

In December 2018, the Group's joint venture, Hangjiaxin, obtained a bank loan for investment in property, plant and equipment used in operation, which was guaranteed by the Group. By 30 June 2023, Hangjiaxin pledged its own property, plant and equipment used in operation as guarantee instead. The Group was released from the guarantee agreement, and no longer provide any guarantee for the bank loan borrowed by Hangjiaxin.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

15. CAPITAL COMMITMENTS

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

16. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name of related party	Relationship with the Group
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
Pinghu Natural Gas Co., Ltd. (“Pinghu Natural Gas”) (平湖市天然氣有限公司)	Associate
Jiaxing LPG Co., Ltd. (“Jiaxing LPG”) (嘉興市管道液化氣有限責任公司)	Associate
Jiaxing Jiatong New Energy Co., Ltd. (“Jiatong New Energy”) (嘉興市嘉通新能源股份有限公司)	Associate
Xingzhou Jiayuan (鹽城星洲佳源房地產開發有限公司)	Associate
Jiaxing Jiaran Ganghua Transportation Technology Co., Ltd. (“Ganghua Transportation”) (嘉興市嘉燃港華交通科技有限公司)	Associate
Jiaxing Pipeline Company Network Management Co., Ltd. (“Jiaxing Pipeline Company”) (嘉興市天然氣管網經營有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Hotel Management Co., Ltd. (“Qingyuan Hotel”) (嘉興市清園酒店管理有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Ecological Farm Co., Ltd. (“Ecological Farm”) (嘉興市清園生態農莊有限公司)	Company controlled by shareholders of the Company

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship (continued)

Name of related party	Relationship with the Group
Jiaxing Qingchi Hot Spring Tourism Development Co., Ltd. ("Qingchi Hot Spring") (嘉興市清池溫泉旅遊開發有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingyuan Hot Spring Management Co., Ltd. ("Qingyuan Hot Spring") (嘉興市清源溫泉管理有限公司)	Company controlled by shareholders of the Company
Jiaxing Qingchi Cultural Industry Development Co., Ltd. ("Qingchi Cultural Industry") (嘉興清池文化產業發展有限公司)	Company controlled by shareholders of the Company
Jiaxing Songjia Trading Co., Ltd. ("Songjia Trading") (嘉興市宋嘉貿易有限公司)	Company controlled by shareholders of the Company
Jiaxing Yunhe Hotel Co., Ltd. ("Yunhe Hotel") (嘉興市運河酒店有限公司)	Company controlled by shareholders of the Company
Jiaxing Salon International Hotel Co., Ltd. ("Salon International Hotel") (嘉興市沙龍國際賓館有限公司)	Company controlled by shareholders of the Company
Jiaxing Yuehe Inn Co., Ltd. ("Yuehe Inn") (嘉興市月河客棧有限公司)	Company controlled by shareholders of the Company
Flat Glass Group Co., Ltd. ("Flat Group") (福萊特玻璃集團股份有限公司)	Company controlled by a director of the Company
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 Yintai Properties Co., Ltd. ("Jiaxing Yintai") (嘉興胤泰置業有限公司)	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

Note: Gas and Refuelling Station and Jiaqing New Energy became subsidiaries of the Group on 21 September 2022 and 22 August 2022, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Joint ventures:			
<i>Sales of construction materials</i>			
Hangjiaxin	(i)	136	–
<i>Provision of construction services</i>			
Hangjiaxin	(ii)	–	1,934
<i>Rental income from</i>			
Hangjiaxin	(iii)	356	356
Jiaqing New Energy	(iii)	–	333
Gas and Refuelling Station	(iii)	–	71
		356	760
<i>Commission fee</i>			
Hangjiaxin	(ii)	1,069	–
<i>Sales of PNG to</i>			
Gas and Refuelling Station	(i)	–	3,800
Hangjiaxin	(i)	10	9
		10	3,809
Associates:			
<i>Purchase of LNG from</i>			
Jiatong New Energy	(iv)	6	21
<i>Purchase of PNG from</i>			
Pinghu Natural Gas	(iv)	1,837	10,828

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Others:			
<i>Sales of natural gas to</i>			
Flat Group	(i)	152,778	112,012
Qingyuan Hotel	(i)	1,116	804
Salon International Hotel	(i)	1,025	866
Yuehe Inn	(i)	562	730
Qingchi Cultural Industry	(i)	1,391	652
Yunhe Hotel	(i)	61	67
		156,933	115,131
<i>Sales of LPG to</i>			
Ecological Farm	(i)	24	22
<i>Provision of construction services to</i>			
Xingzhou Jiayuan	(ii)	7,293	–
Flat Group	(ii)	–	46
		7,293	46
<i>Rental income from</i>			
Qingyuan Hotel	(iii)	2,923	2,923
		2,923	2,923
<i>Purchase of natural gas from</i>			
Jiaxing Pipeline Company	(iv)	576,115	887,532

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

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

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Others (continued):			
<i>Purchase of construction materials from</i>			
Zhuji Jinfeng	(iv)	652	2,015
<i>Purchase of other products from</i>			
Songjia Trading	(iv)	–	19
<i>Receive of services from</i>			
Yunhe Hotel	(iv)	14	58
Qingyuan Hotel	(iv)	179	43
Qingchi Cultural Industry	(iv)	19	4
		212	105
<i>Rental expense from</i>			
Jiaxing Yintai	(iv)	117	–

Notes:

- (i) The sales to related parties were determined based on the prices and conditions offered by the related parties to their independent third-party customers.
- (ii) The prices of services provided to the related parties were determined based on the prices and conditions offered to the independent third-party customers of the Group.
- (iii) The rental income represents rentals of investment properties leased to the Group's related parties. The annual rentals were determined by agreement of the parties with reference to the market price of similar properties.
- (iv) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their independent third parties.
- (v) By 30 June 2023, the Company did not provide any guarantee for the bank loans of Hangjiixin. As of 30 June, 2023, the guarantee for a bank loan to Hangjiixin was RMB0 (as of 30 June, 2022: RMB446,577,000). 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 2023

16. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<i>Amounts due from related parties before provision</i>			
Jiaxing LPG	(i)	4,276	4,311
Hangjiaxin	(ii)	880	3,975
Qingyuan Hot Spring	(ii)	23	9,268
Qingyuan Hotel	(ii)	18,908	14,819
Qingchi Hot Spring	(ii)	813	813
Jiaxing Pipeline Company	(ii)	2,718	20,409
Salon International Hotel	(ii)	163	201
Yuehe Inn	(ii)	36	26
Pinghu Natural Gas	(ii)	4	–
Ecological Farm	(ii)	4	–
Gas and Refuelling Station	(ii)	–	213
Qingchi Cultural Industry	(ii)	2,506	1,811
Flat Group	(ii)	378	1,377
Xingzhou Jiayuan	(ii)	10,590	–
		41,299	57,223
<i>Bills receivable from related parties before provision</i>			
Hangjiaxin	(ii)	100,000	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties: (continued)

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<i>Amounts due to related parties</i>			
Hangjiaxin	(v)	208,454	–
Jiaxing Pipeline Company	(iii)	162,108	159,414
Pinghu Natural Gas	(iv)	–	2,963
Zhuji Jinfeng	(iv)	164	497
Yuehe Inn	(iv)	11	12
		370,737	162,886

Notes:

- (i) The amount due from Jiaxing LPG is non-trade in nature, unsecured and interest-free. The balance as at 30 June 2023 has been fully provided for impairment because Jiaxing LPG is under the situation of discontinuing its business and the directors of the Company do not expect the amount to be collectible. The Company also paid social security for staff of Jiaxing LPG.
- (ii) The amounts due from related parties of RMB37,023,000 in total as at 30 June 2023 (31 December 2022: RMB52,912,000) are trade in nature, unsecured, interest-free and repayable within 180 days.
- (iii) The amounts due to Jiaxing Pipeline Company of RMB162,108,000 as at 30 June 2023 (31 December 2022: RMB159,414,000) were trade in nature, unsecured, interest-free and repayable according to the contract term.
- (iv) The amounts due to related parties of RMB175,000 in total as at 30 June 2023 (31 December 2022: RMB3,472,000) were trade in nature, unsecured, interest-free and repayable within 180 days.
- (v) The amounts due to Hangjiaxin of RMB208,454,000 as at 30 June 2023 (31 December 2022: Nil) were trade in nature, unsecured, interest-free and repayable according to the contract term.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

16. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,603	2,608
Post-employment benefits	349	325
Total compensation paid to key management personnel	2,952	2,933

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	31 December	30 June	31 December
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets				
Bills receivable	173,109	16,211	173,109	16,211
Financial assets at fair value through profit or loss (current and non-current portions)	62,275	60,043	62,275	60,043
	235,384	76,254	235,384	76,254
Financial liabilities				
Interest-bearing bank and other borrowings (non-current portion)	226,920	189,340	225,107	187,115

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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

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

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2023 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 2023.

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

30 June 2023

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 2022 and 30 June 2023:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
As at 30 June 2023				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	1.03 to 3.00	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB2,042,000
		Discount for lack of marketability	N/A	10% increase/decrease in discount would result in decrease/increase in fair value by RMB2,042,000
As at 31 December 2022				
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	1.03 to 3.00	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB2,042,000
		Discount for lack of marketability	N/A	10% increase/decrease in discount would result in decrease/increase in fair value by RMB2,042,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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 2023

	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)	
Bills receivable	–	173,109	–	173,109
Financial assets at fair value through profit or loss	1,400	–	60,875	62,275
	1,400	173,109	60,875	235,384

As at 31 December 2022

	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)	
Bills receivable	–	16,211	–	16,211
Financial assets at fair value through profit or loss	2,773	–	57,270	60,043
	2,773	16,211	57,270	76,254

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Equity investments at fair value through profit or loss – unlisted:		
At 1 January	57,270	18,347
Purchases	3,605	4,100
Total gains or losses in other income recognised in the interim condensed consolidated statement of profit or loss	–	–
At 30 June	60,875	22,447

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value at the end of the period (2022: Nil).

18. EVENTS AFTER THE REPORTING PERIOD

Acting in Concert

Taiding, Mr. Xu Songqiang, Ms. Xu Hua and Zhuji Yujia are parties acting in concert pursuant to the acting in concert agreement dated 16 July 2023. 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.

Purchase of Additional 10% Equity Interest of Xingzhou Jiayuan

On 18 August 2023, the Group signed the equity transfer agreement with Urban Economics Pte to conditionally purchase additional 10% equity interest of Xingzhou Jiayuan from Urban Economics Pte, which shall be satisfied by way of pro tanto set-off against an equivalent amount of the debt owed by Zhejiang Jiayuan Shencheng Real Estate Group Co., Ltd (“**Jiayuan Shencheng**”) to the Group. Urban Economics Pte has agreed to settle such amount of debt on behalf of Jiayuan Shencheng given that Urban Economics Pte also owes an associated company of Jiayuan Shencheng a debt. This investment was provisionally approved by the Board of Directors of the Group on 18 August 2023. Furthermore, the Group will convene the extraordinary general meeting (the “**EGM**”) to consider and, if thought fit, approve, among other things, the equity transfer agreement. A circular containing, among others, details of the equity transfer agreement, the letter from the Independent Board Committee to the independent shareholders in relation to the equity transfer agreement, the letter from the independent financial adviser to the Independent Board Committee and the independent shareholders in relation to the equity transfer agreement will be despatched to the shareholders together with the notice of the EGM on or before 30 September 2023 which is more than 15 business days after the publication of this announcement as additional time is required for preparing and gathering the relevant information to be contained in the circular. Further details referred to the announcement on 18 August 2023.

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 2023.