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

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

(Stock Code: 9908)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Highlights

- Revenue for the Year was RMB1,988.6 million, representing an increase of 56.13% over last year.
- Profit attributable to the owners of the Company for the Year was RMB117.4 million, representing an increase of 26.92% over last year.
- Total sales volume of natural gas for the Year was 574 million m^3, representing an increase of 49.09% over last year.
- The Board has proposed a final dividend of RMB0.15 per share (tax inclusive) for the year ended 31 December 2021.

The board (the "**Board**") of directors (the "**Directors**") of JiaXing Gas Group Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**" or the "**Year**"), together with comparative figures for the corresponding year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	**1,988,553**	1,273,713
Cost of sales		**(1,750,883)**	(1,050,141)
Gross profit		**237,670**	223,572
Other income and gains	6	**11,592**	4,682
Selling and distribution costs		**(26,163)**	(22,269)
Administrative expenses		**(53,865)**	(47,010)
Impairment losses on financial and contract assets, net		**(2,294)**	(239)
Other expenses		**(7,209)**	(24,944)
Finance costs	8	**(8,966)**	(11,713)
Share of profits and losses of:			
Joint Ventures		**(4,204)**	(5,228)
Associates		**11,582**	8,611
PROFIT BEFORE TAX	7	**158,143**	125,462
Income tax expense	9	**(36,801)**	(29,980)
PROFIT FOR THE YEAR		**121,342**	95,482
Attributable to:			
Owners of the parent		**117,380**	92,520
Non-controlling interests		**3,962**	2,962
		121,342	95,482
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**121,342**	95,482
Attributable to:			
Owners of the parent		**117,380**	92,520
Non-controlling interests		**3,962**	2,962
		121,342	95,482
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted – For profit for the year (RMB)	11	**0.85**	0.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** **RMB'000**	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**494,280**	470,953
Investment properties		**220,203**	217,819
Right-of-use assets		**126,062**	130,655
Other intangible assets		**4,498**	4,309
Investments in joint ventures		**363,290**	210,251
Investments in associates		**15,006**	21,255
Financial assets at fair value through profit or loss		**18,347**	12,230
Deferred tax assets		**134,228**	148,373
Other non-current assets		**7,274**	8,581
Total non-current assets		**1,383,188**	1,224,426
CURRENT ASSETS			
Inventories		**60,574**	8,176
Trade and bills receivables	*12*	**144,942**	89,585
Contract assets		**7,786**	15,928
Prepayments, other receivables and other assets		**32,705**	21,828
Financial assets at fair value through profit or loss		**9,894**	10,728
Debt investment at amortised cost		**60,000**	–
Pledged deposits		**14,862**	2,031
Cash and cash equivalents		**258,664**	342,317
Total current assets		**589,427**	490,593
CURRENT LIABILITIES			
Trade and bills payables	*13*	**242,898**	137,594
Other payables and accruals		**58,837**	61,158
Contract liabilities		**94,837**	110,570
Interest-bearing bank borrowings	*14*	**20,720**	–
Tax payable		**6,072**	8,967
Lease liabilities		**11,763**	11,008
Total current liabilities		**435,127**	329,297
NET CURRENT ASSETS		**154,300**	161,296
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,537,488**	1,385,722

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**344,076**	364,229
Interest-bearing bank borrowings	*14*	**223,780**	114,500
Lease liabilities		**144,859**	152,560
Total non-current liabilities		**712,715**	631,289
Net assets		**824,773**	754,433
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**137,845**	137,845
Reserves		**664,193**	597,815
		802,038	735,660
Non-controlling interests		**22,735**	18,773
TOTAL EQUITY		**824,773**	754,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION

JiaXing Gas Group Co., Ltd. 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, Zhejiang Province, the PRC.

The principal business activities of the Group during the year 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) others, including the provision of natural gas transportation services, the sale of vapour and construction materials, and the leasing of properties in Mainland China.

On 16 July 2021, the concert parties, namely Zhejiang Taiding Investment Company Limited ("Taiding"), Fengye Holdings Group Company Limited ("Fengye"), Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華), entered into a concert party agreement with respect to their interests in the Company. Pursuant to the concert party agreement, Fengye, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2021 to 15 July 2023. Concert parties have interests in each other's interests. As of 31 December 2021, 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 were no controlling shareholders for the Company.

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

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the financial position and performance of the Group.

4. SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

Revenue from continuing operations of approximately RMB313,097,000 (2020: RMB61,031,000) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of goods	**1,795,831**	1,103,787
Provision of construction services	**127,770**	108,909
Provision of installation and management services	**51,833**	49,045
Provision of transportation services	**4,354**	3,966
Others	**2,380**	1,071
	1,982,168	1,266,778
Revenue from other sources		
Gross rental income	**13,137**	13,349
	1,995,305	1,280,127
Less: Government surcharges	**(6,752)**	(6,414)
	1,988,553	1,273,713

Revenue from contracts with customers

(i) Disaggregated revenue information

Sales of PNG	**1,495,828**	877,238
Sales of LNG	**140,928**	133,719
Sales of LPG	**109,120**	54,267
Sales of vapour	**28,022**	22,197
Sales of construction materials	**11,467**	15,263
Sales of other gas	**8,808**	–
Sales of electricity	**1,658**	1,103
Provision of construction services	**127,770**	108,909
Provision of installation and management services	**51,833**	49,045
Provision of gas transportation services	**4,354**	3,966
Others	**2,380**	1,071
	1,982,168	1,266,778
Timing of revenue recognition		
Goods or services transferred at a point in time	**1,802,565**	1,108,824
Services transferred over time	**179,603**	157,954
Total revenue from contracts with customers	**1,982,168**	1,266,778

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

	2021 ***RMB'000***	2020 *RMB'000*
Provision of installation and management services	**47,418**	46,716
Provision of construction services	**48,317**	20,449
Sales of goods	**14,835**	18,182
	110,570	85,347

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

(ii) *Performance obligations*

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

Sales of goods

The performance obligation is satisfied upon delivery of the PNG, LNG, LPG, vapour and construction materials, and payment is generally due within 30 to 180 days from delivery. In addition, the Group received prepayments before delivery from part of its customers.

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

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

Provision of transportation services

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

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

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**94,837**	110,570
After one year	**344,076**	364,229
	438,913	474,799

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

6. OTHER INCOME AND GAINS

	2021 *RMB'000*	2020 *RMB'000*
Other income		
Interest income	**3,476**	1,193
Dividends received from financial assets at fair value through profit or loss	**191**	62
Government grants	**8**	3,081
Others	**635**	346
	4,310	4,682
Gains		
Gain on disposal of items of Right-of-use assets	**4,302**	–
Fair value gain on financial assets at fair value through profit or loss	**2,980**	–
	7,282	–
	11,592	4,682

7. PROFIT BEFORE TAX

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

	Notes	2021 *RMB'000*	2020 *RMB'000*
Cost of inventories sold		**1,654,998**	966,997
Cost of services provided		**95,885**	83,144
Depreciation of property, plant and equipment		**35,650**	43,603
Depreciation of investment properties		**9,754**	7,061
Depreciation of right-of-use assets		**9,120**	9,427
Amortisation of intangible assets		**1,761**	1,221
Lease payments not included in the measurement of lease liabilities		**140**	378
Auditor's remuneration		**2,506**	2,293
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**51,811**	40,616
Pension scheme contributions		**4,303**	202
Social security contributions and accommodation benefits		**5,552**	1,257
Foreign exchange loss		**6,677**	21,690
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	*12*	**2,129**	185
Impairment of financial assets included in prepayments, other receivables and other assets		**165**	54
Fair value (gains)/losses on financial assets at fair value through profit or loss	*6*	**(2,980)**	2,669
Dividend income from financial assets at fair value through profit or loss	*6*	**(191)**	(62)
Bank interest income	*6*	**(3,476)**	(1,193)
Loss on disposal of items of property, plant and equipment		**670**	117
Gain on disposal of items of right-of-use assets	*6*	**(4,302)**	–

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on interest-bearing bank borrowings	**6,648**	8,447
Interest expense on leases liabilities	**8,314**	9,340
Total interest expense on financial liabilities not at fair value through profit or loss	**14,962**	17,787
Less: Interest capitalised	**(5,996)**	(6,074)
	8,966	11,713

9. INCOME TAX EXPENSE

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

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

The major components of income tax expense are as follows:

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
Income tax in the PRC for the year	**22,656**	27,643
Deferred tax	**14,145**	2,337
Total tax charge for the year	**36,801**	29,980

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

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**158,143**	125,462
Tax at the statutory tax rate	**39,536**	31,366
Expenses not deductible for tax	**104**	68
Income not subject to tax	**(995)**	(608)
Profits attributable to joint ventures and associates	**(1,844)**	(846)
Tax charge at the Group's effective rate	**36,801**	29,980

10. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Interim – RMB0.12 (2020: Nil) per ordinary share	**16,541**	–
Proposed final dividends – RMB0.15 (2020: RMB0.25) per ordinary share	**20,677**	34,461
	37,218	34,461

The proposed final dividend for the year ended 31 December 2021 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 137,844,500 (2020: 117,147,334) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**117,380**	92,520

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**137,844,500**	117,147,334

12. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**139,835**	90,507
Bills receivable	**9,848**	1,690
	149,683	92,197
Impairment	**(4,741)**	(2,612)
	144,942	89,585

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

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

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:

	2021	2020
	RMB'000	*RMB'000*
Within one year	**138,962**	85,258
Over one year	**5,980**	4,327
	144,942	89,585

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**2,612**	2,427
Impairment losses, net *(note 7)*	**2,129**	185
At end of year	**4,741**	2,612

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

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

As at 31 December 2021

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

As at 31 December 2020

		Past due			
	Current	Less than 6 months	6 to 12 months	Over 1 year	Total
Expected credit loss rate	0.19%	18.69%	1.06%	100.00%	2.83%
Gross carrying amount *(RMB'000)*	87,543	289	1,990	2,375	92,197
Expected credit losses *(RMB'000)*	162	54	21	2,375	2,612

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

13. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**168,586**	127,520
Bills payable	**74,312**	10,074
	242,898	137,594

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**241,951**	135,312
1 to 2 years	**175**	1,338
Over 2 years	**772**	944
	242,898	137,594

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

14. INTEREST-BEARING BANK BORROWINGS

	2021			2020		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current						
Bank-loans – secured	**LPR* (1+20.18%)**	**2022**	**10,000**	–	–	–
	LPR+0.10%	**2022**	**900**	–	–	–
	LPR+0.05%	**2022**	**9,820**	–	–	–
			20,720			–
Non-Current						
Bank-loans – secured	**LPR* (1+20.18%)**	**2023**	**10,000**	LPR* (1+20.18%)	2022-2023	20,000
	LPR+0.10%	**2023-2029**	**53,600**	LPR+0.10%	2022-2029	54,500
	LPR+0.05%	**2023-2028**	**160,180**	LPR+0.05%	2022-2028	40,000
			223,780			114,500
			244,500			114,500

	2021 *RMB'000*	2020 *RMB'000*
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	**20,720**	–
In the second year	**34,440**	10,900
In the third to fifth years, inclusive	**79,020**	24,520
Beyond five years	**110,320**	79,080
	244,500	114,500

Notes:

1) All borrowings are in RMB.

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

	2021	2020
	RMB'000	*RMB'000*
Pledge of assets:		
Investment properties	**120,022**	130,932
Property, plant and equipment	**7,388**	15,635
Pledged deposits	**–**	2,031
	127,410	148,598

3) The Group's overdraft facilities amounting to RMB1,024,000,000 (2020: RMB954,000,000), of which RMB686,450,000 (2020: RMB186,423,000) had been utilised or expired as at the end of the reporting period, are secured by the pledge of certain of the Group's assets noted above.

15. SHARE CAPITAL

Shares

	2021	2020
	RMB'000	*RMB'000*
Issued and fully paid:		
137,844,500 (2020: 137,844,500) ordinary shares	**137,845**	137,845

	Number of shares	Nominal value *RMB'000*
At 31 December 2021	**137,844,500**	137,845

16. CONTINGENT LIABILITIES

	2021	2020
	RMB'000	*RMB'000*
Guaranteed bank loan of Hangjiaxin	**446,326**	506,326

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

President Xi Jinping of the PRC announced at the General Assembly of the United Nations that the PRC would strive to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. In 2021, under the guidance of the goals of peaking of carbon emissions and carbon neutrality, the PRC experienced extensive and profound systematic changes, involving various aspects such as the mode of economic development, the mode of production, and people's lifestyle. On 22 September 2021, the CPC Central Committee and the State Council published the Opinions on Implementing the New Development Philosophy Completely, Accurately and Comprehensively to Properly Carrying out Work for Peaking of Carbon Emissions and Carbon Neutrality, which specifies the working principles of "exercising nationwide planning, prioritizing conservation, leveraging the strengths of the government and the market, coordinating efforts on the domestic and international fronts, and guarding against risks". The energy industry was most positively affected by the policy reform. Natural gas, which is low-carbon, clean, efficient, convenient and economical, is widely used in different aspects of life, such as electricity, industrial production, chemical engineering and heating. It is the main source to meet the energy demand and realize the low-carbon transformation of the energy structure.

The Outline of the 14th Five-Year Plan for National Economic and Social Development and 2035 Long-range Objectives of Jiaxing City published in March 2021 by the government of Jiaxing, where the Group is located, specifies that efforts should be made to strengthen the guarantee of energy supply, to improve the infrastructure of oil and gas, to complete the construction of the storage and transportation station for emergency peak shaving in Dushan, Jiaxing. It also specifies the need to strengthen the interconnection between the natural gas pipeline network and the surrounding areas, as well as the need to strengthen the emergency support capability of the natural gas pipeline network, and complete the construction of phase II Zhejiang-Shanghai connection line and the transmission pipelines of the storage and transportation station for LNG emergency peak-shaving.

In January 2022, the Development and Reform Commission of Jiaxing published the 14th Five-Year Plan for Energy Development of Jiaxing, which specifies natural gas as the transitional energy to replace coal, and specifies that efforts should be made to continuously carry out the coal-to-gas transition in the industrial sector, and encourage coal-fired thermal power enterprises to conduct the coal-to-gas transition.

Results Review

The Group, the largest PNG operator in Jiaxing, a major prefecture-level city in Zhejiang Province, is mainly engaged in PNG (subject to concessions), LNG and LPG, as well as the provision of construction and installation services. As at the end of the Reporting Period, we provided gas supply services for approximately 406,000 residential users and 1,959 industrial and commercial users.

In 2021, the Group's total gas sales volume was 574 million m^3, representing an increase of 49.09% compared with 2020. However, the gas consumption cost has increased due to a rise in upstream gas price. Under the requirements of the Notice on Implementing the Spirit of Zhejiang Provincial Government's Special Conference on Natural Gas Supply Guarantee and Properly Carrying out Work in Subsidizing Losses on Differences between Residential Gas Purchase and Sales Prices in the Heating Season in 2021 issued by Zhejiang Provincial Department of Finance, Zhejiang Provincial Development and Reform Commission and Zhejiang Provincial Department of Housing and Urban-Rural Development ("**Notice**"), the Group should keep the residential gas prices relatively stable and not adjust them in principal. As a result of the unchanged gas price offered to residential users, the cost rise surpassed the price increase, and as a result our sales profit did not increase in the same pace as the rise in sales volume. For the Year, the net profit attributable to shareholders was RMB121.3 million representing an increase of 27.02% from RMB95.5 million last year. According to the Notice, all local governments should provide subsidies for losses resulting from the non-adjustment of residential gas prices by the city gas enterprises, according to the specific operation situation of the enterprises. The subsidizing work is expected to be carried out in 2022.

As at the end of the Reporting Period, the Group operated a natural gas pipeline network in its operating area, with the total length of 999.69 km (comprising 672.75 km of self-constructed pipeline network and 326.94 km of leased urban pipeline network, and excluding 59.46 km of urban pipeline network under construction, among which 19.99 km was self-constructed).

Development Strategy and Outlook

The Group is deeply engaged in the natural gas industry, which is a public utility industry under strong policy guidance. The Group makes efforts to accelerate the operation of the Dushan Port project of Zhejiang Hangjiaxin Clean Energy Company Limited* (浙江杭嘉鑫清潔能源有限公司) ("**Hangjiaxin**") , and seizes opportunities to increase sales and benefit from favorable policies. Meanwhile, with our teams, technology and experience in clean energy operation and service, the Group competes for other clean energy projects to develop into a more comprehensive and integrated energy service provider which helps achieve the goals of "peaking of carbon emissions" and "carbon neutrality" in local areas.

FINANCIAL OVERVIEW

Revenue

For the Year, the revenue of the Group was RMB1,988.6 million, representing an increase of 56.13% compared with RMB1,273.7 million last year, mainly due to the increase in the gas sales volume and the average unit selling price of natural gas.

Gross Profit

For the Year, the gross profit of the Group was RMB237.7 million, representing an increase of 6.31% compared with RMB223.6 million last year, mainly due to the increase in the natural gas sales volume.

Other Income and Gains

For the Year, the other income and gains of the Group were RMB11.6 million, representing an increase of 146.81% compared with RMB4.7 million last year, because the Company reasonably planned the use of funds raised, the interest income increased compared with the same period of last year, and the income from disposal of assets increased.

Finance Costs

For the Year, the finance costs of the Group were RMB9.0 million, representing a decrease of 23.08% compared with RMB11.7 million last year, mainly due to the decrease in interest expenses as a result of the reduction of short-term borrowings compared with the same period of last year.

Income Tax Expense

For the Year, the income tax expense of the Group increased from RMB30.0 million last year to RMB36.8 million. The effective tax rate for the Year was 23.28%.

Profit Attributable to Owners of the Parent

For the Year, the profit attributable to owners of the parent was RMB117.4 million, representing an increase of 26.92% compared with RMB92.5 million last year, mainly due to the increase in gross profit as a result of the increase in the natural gas sales volume.

Liquidity, Financial Position and Capital Structure

As at 31 December 2021, the current assets of the Group amounted to RMB589.4 million (31 December 2020: RMB490.6 million), of which cash and bank balance were equivalent to RMB273.5 million.

As at 31 December 2021, the current ratio (current assets/current liabilities) of the Group was 1.35 (31 December 2020: 1.49) and the asset-liability ratio (total liabilities/total assets) was 58.19% (31 December 2020: 56.01%). As of 31 December 2021, the utilised bank loans were RMB244.5 million, all of which were denominated in RMB, with the annual interest rate of 4.57%-4.75%. All the utilised bank loans are floating interest rate loans. As at 31 December 2021, the unutilised bank credit balance was RMB337.6 million. As at 31 December 2021, the Group also had lease liabilities of RMB156.6 million, of which RMB11.8 million is analyzed as current portion, and RMB144.8 million analyzed as non-current portion.

The gearing ratio of the Group was about 13.73% as at 31 December 2021 (as at 31 December 2020: about 15.18%). The ratio was calculated as net debt divided by total capital and net debt of the Group. As at 31 December 2021, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

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

Contingent Liabilities

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

As at 31 December 2021, the Group had no other material contingent liabilities.

Financial Guarantee Obligations

As at 31 December 2021, the Group provided a guarantee to the bank for a loan of RMB446.3 million (31 December 2020: RMB506.3 million) granted to the joint venture company Hangjiaxin.

Pledge of Assets

As at 31 December 2021, the Group pledged certain assets to obtain banking facilities granted to the Group. The total carrying amounts of pledged assets of the Group are as follows:

	31 December 2021 ***(RMB million)*** **(Audited)**	31 December 2020 *(RMB million)* (Audited)
Pledge of assets:		
Investment properties	**120.0**	130.9
Property, plant and equipment	**7.4**	15.6
Pledged deposits	**–**	2.0

Material Acquisition and Disposal

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

Human Resources and Employee Compensation

As at 31 December 2021, the Group had a total of 363 (31 December 2020: 362) employees in the PRC. The total employee costs of the Group for the Year were approximately RMB63.1 million. The Group further strengthens the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management team, managers at various positions, professional technicians and service employees, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages which are determined with reference to their qualifications and performance to incentivise them for hard work and better customer service.

Material Litigation

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

EVENTS AFTER THE REPORTING PERIOD

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

PROCEEDS FROM THE GLOBAL OFFERING AND USE OF PROCEEDS

H shares of the Company (the "**H Share(s)**") were officially listed on the Stock Exchange on 16 July 2020. A total of 37,844,500 H Shares were issued by the Company by way of a global offering, at an offer price of HK$10.00 per H Share, with the net proceeds (after deducting the listing expense) of approximately HK$334.0 million (equivalent to RMB302.1 million) from its initial public offering. The Group has used the proceeds and will continue to allocate and use the proceeds for the purposes specified in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2020. As of 31 December 2021, the details of the use of the above net proceeds are as follows:

Designated use of net proceeds	% of net proceeds from the global offering	Net proceeds from the global offering and use of proceeds Allocated amount *(RMB'000)*	Utilised *(RMB'000)*	Unutilised *(RMB'000)*	Expected to be utilised prior to the following date
Funding our payment of the registered capital of Hangjiaxin and providing shareholder's loan to Hangjiaxin by batches	80%	241,697	204,550	37,147	By the end of 2022
Upgrading our pipeline network (including urban pipeline network and end-user pipeline network) and operational facilities of the Group in Jiaxing	10%	30,212	24,125	6,087	By the end of 2022
Working capital and general corporate purposes	10%	30,212	26,283	3,929	By the end of 2022
Total	100%	302,121	254,958	47,163	

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 10 June 2022. A notice convening the AGM will be published and despatched to the shareholders of the Company in accordance with the requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange in due course.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.15 (tax inclusive) per share for the Year (the "**2021 Final Dividend**") with an aggregate amount of RMB20,676,675 (tax inclusive) to shareholders (whether holders of H Shares or domestic Shares) of the Company whose names appear on the Company's register of members as on Tuesday, 21 June 2022, subject to the approval by the shareholders of the Company at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2021 Final Dividend is expected to be paid around Tuesday, 5 July 2022.

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

TAX

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the 2021 Final Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H Share register of members on Tuesday, 21 June 2022.

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

The Company will determine the country of domicile of the individual H Shareholders based on the registered address as recorded in the H Share register of members of the Company on Tuesday, 21 June 2022. If the country of domicile of an individual H Shareholders is not the same as the registered address or if the individual H Shareholders would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Shareholders shall notify and provide relevant supporting documents to the Company on or before Wednesday, 15 June 2022. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CLOSURE OF REGISTER OF MEMBERS

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

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Monday, 6 June 2022
Closure of register of members (both days inclusive)	Tuesday, 7 June 2022 to Friday, 10 June 2022
Record date	Friday, 10 June 2022

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 15 June 2022
Closure of register of members (both days inclusive)	Thursday, 16 June 2022 to Tuesday, 21 June 2022
Record date	Tuesday, 21 June 2022

During the above closure periods, no transfer of H Shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the 2021 Final Dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration, by no later than the aforementioned latest times.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board is of the view that throughout the Reporting Period, the Company has complied with all the code provisions of the CG Code effective during the year with the exception of code provisions A.2.1 and E.1.5.

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

Pursuant to code provision E.1.5 of the CG Code, the issuer should have a policy on payment of dividends. The Company has not adopted a formal dividend policy. As the Company is still in its development phase and the performance will continue to be impacted by the relevant industry's and economic outlook in the foreseeable future, the Board is of the opinion that it is not appropriate to adopt a dividend policy at this stage. There is no assurance that dividends of any amount will be declared or be distributed in any year. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL STATEMENTS

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

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

PUBLICATION OF ANNUAL RESULTS AND THE 2021 ANNUAL REPORT

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

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

Jiaxing, the PRC
28 March 2022

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

* *For identification purpose only*