天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

(Stock Code: 01265)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS

- Revenue of approximately RMB778,935,000 was recorded for the six months ended 30 June 2019.
- Gross loss of approximately RMB11,686,000 was recorded for the six months ended 30 June 2019.
- Net profit of approximately RMB1,772,000 was recorded for the six months ended 30 June 2019.
- The Board does not propose an interim dividend for the six months ended 30 June 2019.

RESULTS

The board (the "Board") of directors (the "Directors") of Tianjin Jinran Public Utilities Company Limited (the "Company") is pleased to present the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 (the "Period") together with the unaudited comparative figures for the six months ended 30 June 2018 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2019
Renminbi Yuan

	Note V	**30 June 2019 (Unaudited)**	31 December 2018 (Audited/ Restated)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		**1,121,007,028.29**	662,221,710.66
Held-for-trading financial assets	*1*	**404,237,534.25**	606,575,890.41
Bills receivable	*2*	**170,697,119.24**	194,815,158.62
Trade receivables	*3*	**225,798,556.27**	85,190,395.82
Prepayments		**4,192,895.56**	1,264,754.10
Other receivables		**5,298,804.31**	5,191,859.67
Inventories	*4*	**2,316,667.32**	2,135,759.24
Other current assets		**15,967,134.50**	5,800,254.04
Total current assets		**1,949,515,739.74**	1,563,195,782.56
NON-CURRENT ASSETS			
Long-term equity investments		**48,684,177.66**	45,695,863.48
Fixed assets	*5*	**816,820,222.15**	839,676,408.47
Construction in progress	*6*	**3,926,065.93**	3,926,065.93
Intangible assets		**11,548,651.33**	11,735,671.62
Deferred tax assets		**28,301,470.14**	29,354,862.88
Total non-current assets		**909,280,587.21**	930,388,872.38
TOTAL ASSETS		**2,858,796,326.95**	2,493,584,654.94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 June 2019
Renminbi Yuan

	Note V	**30 June 2019 (Unaudited)**	31 December 2018 (Audited/ Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	*7*	**784,561,883.99**	349,393,394.75
Contract liabilities		**164,217,610.22**	195,796,913.70
Employee benefits payable		**4,199,472.56**	16,832,231.28
Taxes payable	*8*	**30,792,023.80**	40,252,589.68
Other payables		**22,755,366.59**	43,107,692.71
Provisions		**–**	1,612,720.00
Total current liabilities		**1,006,526,357.16**	646,995,542.12
NON-CURRENT LIABILITIES			
Deferred income		**89,146,949.01**	91,549,549.52
Total non-current liabilities		**89,146,949.01**	91,549,549.52
Total liabilities		**1,095,673,306.17**	738,545,091.64
SHAREHOLDERS' EQUITY			
Share capital		**183,930,780.00**	183,930,780.00
Capital reserve		**790,332,352.18**	790,332,352.18
Specialised reserve		**7,629,085.26**	1,317,309.05
Surplus reserve		**127,472,293.73**	121,554,718.66
Retained earnings		**658,350,908.99**	662,272,428.34
Total equity attributable to shareholders of the Parent		**1,767,715,420.16**	1,759,407,588.23
Non-controlling interests		**(4,592,399.38)**	(4,368,024.93)
Total shareholders' equity		**1,763,123,020.78**	1,755,039,563.30
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,858,796,326.95**	2,493,584,654.94

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019
Renminbi Yuan

	Note V	**For the six months ended 30 June 2019 (Unaudited)**	For the six months ended 30 June 2018 (Unaudited)
Revenue	*9*	**778,935,036.73**	760,337,070.47
Less: Cost of sales	*9*	**788,412,984.58**	740,074,390.05
Taxes and surcharges		**2,208,163.41**	699,376.13
Administrative expenses		**14,319,277.76**	11,364,823.74
Finance costs	*10*	**(10,047,216.62)**	(9,615,552.56)
including: interest income		**10,275,884.26**	9,811,186.72
Add: Other income	*11*	**6,521,897.13**	5,440,720.13
Investment income	*12*	**12,958,082.10**	6,858,807.75
including: share of profit of an associate		**3,372,876.62**	596,615.98
Credit impairment losses		**198,250.41**	–
Operating profit		**3,720,057.24**	30,113,560.99
Add: Non-operating income	*13*	**11,046.34**	–
Less: Non-operating expenses		**181,548.35**	65,161.50
Total profit		**3,549,555.23**	30,048,399.49
Less: Income tax expense	*14*	**1,777,873.96**	7,531,564.97
Net profit		**1,771,681.27**	22,516,834.52
Classified by continuity of operations			
Profit from continuing operations		**1,771,681.27**	22,516,834.52
Classified by ownership			
Profit attributable to shareholders of the Parent		**1,996,055.72**	22,646,527.12
Profit attributable to non-controlling interests		**(224,374.45)**	(129,692.60)
Other comprehensive income, net of tax		**–**	–
Total comprehensive income		**1,771,681.27**	22,516,834.52
Including:			
Total comprehensive income attributable to shareholders of the Parent		**1,996,055.72**	22,646,527.12
Total comprehensive income attributable to non-controlling interests		**(224,374.45)**	(129,692.60)
Earnings per share (RMB/Share)	*16*		
Basic		**0.001**	0.012
Diluted		**0.001**	0.012

I. BASIC INFORMATION

Tianjin Jinran Public Utilities Company Limited (the "Company"), formerly named Tianjin Tianlian Public Utilities Company Limited (天津天聯公用事業股份有限公司), is a joint stock limited company registered in Tianjin, the People's Republic of China (the "PRC") on 16 December 1998. The Company's overseas listed foreign shares ("H Shares") were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's office address and headquarters is located at No.18 Zhengzhou Road, Heping District, Tianjin.

The Company's original registered capital was RMB2 million. Pursuant to a resolution of the shareholders' meeting passed on 26 November 2001, the registered capital of the Company was increased from RMB2,000,000.00 to RMB2,849,618.00 with a premium of RMB19,150,382.00 by contribution from existing shareholders and new investors.

Pursuant to a resolution passed on 12 December 2001, the registered capital of the Company was increased from RMB2,849,618.00 to RMB69,500,000.00, divided into 69,500,000 Domestic Shares of RMB1 each, by capitalisation of reserves of the Company as at 30 November 2001. Such transformation of the Company was approved by 津股批[2001]22號《關於同意天津市天聯天然氣有限公司整體變更為天津天聯公用事業股份有限公司的批復》issued by Tianjin Municipal Government on 26 December 2001.

Pursuant to a resolution of the shareholders' meeting passed on 28 August 2002, each of Domestic Shares of RMB1 was sub-divided into 10 Domestic Shares of RMB0.1 each. The registered capital of the Company after the sub-division of shares was 695 million Domestic Shares of RMB0.1 each.

The Company issued 300,000,000 H Shares and converted 30,000,000 Domestic Shares into H Shares by way of placing for listing of H Shares on the Growth Enterprise Market (the "GEM") of the Stock Exchange on 9 January 2004. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB64,667,255.43 from the new issue of shares by way of public offer and placing (including share capital of RMB33,000,000.00 and share premium of RMB31,667,255.43).

On 18 April 2005, Tianjin Leason Investment Group Company Limited (天津聯盛投資集團有限公司) ("Leason") and Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) ("Tianjin Gas") entered into a share transfer agreement in relation to the sale of 174,125,000 Domestic Shares (representing 17.5% of the total issued share capital of the Company) by Leason to Tianjin Gas at a price of RMB0.23 per share amounting to a total consideration of RMB40,048,750.00.

On 28 December 2005, Leason and Tianjin Wanshun Real Estate Company Limited (天津市萬順置業有限公司) ("Tianjin Wanshun") entered into a share transfer agreement in relation to the sale of 220,025,000 Domestic Shares (representing 22.31% of the total issued share capital of the Company) by Leason to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB63,807,250.00. On the same day, Ms. Liang Jingqi and Tianjin Wanshun entered into a share transfer agreement in relation to the sale of 13,900,000 Domestic Shares (representing 1.40% of the total issued share capital of the Company) by Ms. Liang to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB4,031,000.00.

I. BASIC INFORMATION (CONTINUED)

On 29 May 2007, as approved by the Ministry of Commerce of the People's Republic of China, the Company changed to a foreign investment limited liability company. The Company obtained the certificate of approval and the business licence on 4 June 2007 and 2 August 2007, respectively.

On 13 March 2008, the Company issued 154,600,000 H Shares at a price of HKD1.90 per share (par value of RMB0.10 each) and converted 15,460,000 Domestic Shares into H Shares by way of placing of new shares on the GEM. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 (including share capital of RMB17,006,000.00 and the premium of RMB236,003,696.34).

Pursuant to the announcement of the Company dated on 5 October 2009, the Company entered into an Assets Acquisition Agreement with Tianjin Gas, pursuant to which the Company conditionally agreed to acquire assets from Tianjin Gas. To satisfy the consideration, the Company issued 689,707,800 Domestic Shares (par value of RMB0.10 each) to Tianjin Gas on 7 April 2011 and the transaction was completed on 11 April 2011. The Domestic Shares enjoy equal interests as that of the H Shares. Upon the completion of the transaction, the total issued share capital of the Company increased to RMB183.93 million.

The Company's listing has been transferred from the GEM to the Main Board of the Stock Exchange since 18 October 2011.

Pursuant to a resolution passed on 20 June 2012, the Company changed its name from Tianjin Tianlian Public Utilities Company Limited (天津天聯公用事業股份有限公司) to Tianjin Jinran Public Utilities Company Limited (天津津燃公用事業股份有限公司). A new business licence under the new name of the Company was issued by the Tianjin Administration of Industry and Commerce Bureau (天津市工商行政管理局) on 17 August 2012.

On 1 September 2014, Tianjin Gas and Tianjin Wanshun entered into a share transfer agreement for the transfer of 235,925,000 Domestic Shares (representing 12.82% of the total issued share capital of the Company) by Tianjin Wanshun to Tianjin Gas at a price of RMB0.50 per share amounting to a total consideration of RMB117,962,500.00. The share transfer was completed on 11 February 2015. Since then, Tianjin Gas held 64.12% of the total issued share capital of the Company, and Tianjin Wanshun was no longer the shareholder of the Company.

On 16 October 2014, Tianjin Gas and Tianjin Beacon Coatings Company Limited (天津燈塔塗料有限公司) ("Beacon Coatings") entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares (representing 6.42% of the total issued share capital of the Company) by Beacon Coatings to Tianjin Gas at nil consideration, subject to the obtaining of the approvals from the relevant government authorities. Upon the completion of the registration procedures of the share transfer, Tianjin Gas held 70.54% of the total issued share capital of the Company, and Beacon Coatings was no longer the shareholder of the Company.

Pursuant to the announcement of the Company dated on 13 January 2015, the registration of the transfer of all equity interests in Tianjin Gas held by the State-owned Assets Supervision Commission of Tianjin Municipal Government to Tianjin Energy Investment Company Limited (天津能源投資集團有限公司) ("Tianjin Energy") has been completed. Immediately following the completion of the aforesaid equity transfer, the Company's holding company became Tianjin Gas, the Company's ultimate holding company became Tianjin Energy, and all shares were held by the State-owned Assets Supervision Commission of Tianjin Municipal Government.

I. BASIC INFORMATION (CONTINUED)

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the sale and distribution of piped gas, the lease of pipelines, the operation and management of gas pipeline infrastructure, the sale and installation of gas appliances, investment, operation of urban gas (subject to obtaining a valid qualification certificate), import and export according to the state regulations for enterprises, pipeline project, investment consultation, mining investment, the lease of self-owned buildings and the lease of facilities of gas stations.

These financial statements were approved and authorised for issue by the board of directors of the Company on 28 August 2019.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2018. Except for the accounting policy changes disclosed in Note III, the accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2018 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year ended 2018 prepared pursuant to the accounting standards for business enterprises.

The financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. CHANGES IN ACCOUNTING POLICIES

The New Lease Standard

In 2018, the Ministry of Finance announced the revised "Accounting Standard for Business Enterprises No.21 – Lease" (the "New Lease Standard"). The New Lease Standard adopts the single accounting model as the current accounting for a finance lease, a lessee is required to recognise a right-of-use asset and a lease liability for all leases except short-term leases and low-value asset leases. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability. The Group began to implement the accounting treatment by following the above newly revised standards from 1 January 2019 and chose not to re-assess whether the existing contract is, or contains, a lease at the date of initial application. According to provisions of transition, no comparatives will be restated and the difference between the New Lease Standard and the current Lease Standard at the date of initial application is recognised retrospectively as an adjustment to the opening balance of retained earnings as at 1 January 2019.

(1) For operating leases prior to the date of initial application, the Group recognises the lease liability at the present value of the remaining lease payment amount based on the incremental borrowing rate at the date of initial application. The right-of-use asset is recognised in accordance with the equal amount of the lease liability for each lease and the Group makes necessary adjustments according to the prepaid rental.

The Group has elected a simplified accounting method which does not recognise a right-of-use asset or lease liability for low-value asset operating leases and operating leases to be completed within 12 months before the date of initial application.

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The New Lease Standard (continued)

For the outstanding minimum lease payables of significant operating leases disclosed in the financial statements for the year ended 2018, the Group reconciled them to the present value using the incremental borrowing rate at 1 January 2019. The adjustment process for the difference between the present value and the lease liability in the statement of financial position as at 1 January 2019 is as follows:

Minimum lease payables of significant operating leases as at 31 December 2018	44,800.00
Less: Minimum lease payables under the simplified method	44,800.00
Including: short-term leases	44,800.00
Minimum lease payables under New Lease Standard as at 1 January 2019	–
Weighted average incremental borrowing rate as at 1 January 2019	4.35%
Lease liability as at 1 January 2019	–

Impacts of the adoption of the New Lease Standard on items of the statement of financial position at 1 January 2019 are as follows:

Consolidated statement of financial position

	1 January 2019 under new standards for lease	**Assuming implementing the original standards for lease**	**Impact**
Prepayments	1,264,754.10	1,264,754.10	–
Other payables	(43,107,692.71)	(43,107,692.71)	–
Right-of-use asset	–	–	–
Lease liability	–	–	–
	(41,842,938.61)	(41,842,938.61)	–

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The New Lease Standard (continued)

Impacts of the adoption of the New Lease Standard on the financial statements for the six months ended 30 June 2019 are as follows:

Consolidated statement of financial position

	30 June 2019 under new standards for lease	Assuming implementing the original standards for lease	Impact
Prepayments	4,192,895.56	4,192,895.56	–
Other payables	(22,755,366.59)	(22,755,366.59)	–
Right-of-use asset	–	–	–
Lease liability	–	–	–
	(18,562,471.03)	(18,562,471.03)	–

Consolidated statement of profit or loss

	For the six months ended 30 June 2019 under new standards for lease	Assuming implementing the original standards for lease	Impact
Cost of sales	788,412,984.58	788,412,984.58	–
Administrative expenses	14,319,277.76	14,319,277.76	–
	802,732,262.34	802,732,262.34	–

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Changes in presentation of financial statements

According to 《關於修訂印發2019年度一般企業財務報表格式的通知》（財會[2019]6號）, "Bills receivable and trade receivables" was divided into "Bills receivable" and "Trade receivables" items, "Bills payable and trade payables" was divided into "Bills payable" and "Trade payables" items, the portion of "Deferred income" within one year or less amortisation period or expect to be amortised in one year (including one year) shall be included in "Deferred income" and not be classified as current liabilities in the statement of financial position. The Group has retrospectively adjusted the comparative amounts correspondingly. This change of accounting policy has had no impact on the consolidated and company net profit and equity.

IV. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	Before 1 April 2019, the Group's revenue from sales of piped gas, gas connection and gas transportation and rent was taxable to output VAT at a tax rate of 10% and other revenues were taxable to output VAT at a tax rate of 16% which was levied after deducting deductible input VAT for the current period. Since 1 April 2019, the Group's revenue from sales of piped gas, gas connection and gas transportation and rent is taxable to output VAT at a tax rate of 9% and other revenues are taxable to output VAT at a tax rate of 13%.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Education supplementary tax	–	It is levied at 3% on the turnover taxes paid.
Local education supplementary tax	–	It is levied at 2% on the turnover taxes paid.
Corporate income tax	–	Corporate income tax is levied at 25% on the taxable profit.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Held-for-trading financial assets

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Financial assets measured at fair value through profit or loss		
Structured deposits	**404,237,534.25**	606,575,890.41
	404,237,534.25	606,575,890.41

At 30 June 2019, the Group purchased structured deposits amounting to RMB404,237,534.25. These structured deposits were issued by 廣發銀行 and 齊魯銀行, respectively, with guaranteed principals, variables returns, and not redeemable before the maturity date by the Group (31 December 2018：the Group purchased structured deposits amounting to RMB606,575,890.41 issued by 華夏銀行, 上海銀行 and 中信銀行, respectively). As the expected annual return rates of these structured deposits are linked to variables such as final exchange rate level announced by Reuters HKDFIX (US dollar against HK dollar rate) and the middle price of the spot exchange rate announced by Reuters TKFE (Euro against US dollar rate) and maturity periods are within 90 days, these structured deposits are classified as financial assets measured at fair value through profit or loss and presented as held-for-trading financial assets.

2. Bills receivable

	30 June 2019 (Unaudited)	31 December 2018 (Audited/ Restated)
Commercial acceptance bills	**61,551,234.66**	143,200,000.00
Bank acceptance bills	**109,145,884.58**	51,615,158.62
	170,697,119.24	194,815,158.62

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables

The credit period of trade receivables is usually 90 to 180 days. The trade receivables bear no interest.

The ageing of trade receivables based on the invoice date is analysed below:

	30 June 2019 (Unaudited)	31 December 2018 (Audited/ Restated)
Within 1 year	**225,261,654.14**	84,475,260.94
1 to 2 years	**2,575,819.86**	2,778,067.52
2 to 3 years	**2,501,273.51**	2,501,273.51
Over 3 years	**11,130,970.78**	11,192,646.28
	241,469,718.29	100,947,248.25
Less: Provision for bad debts of trade receivables	**15,671,162.02**	15,756,852.43
	225,798,556.27	85,190,395.82

The movements in the provision for bad debts of trade receivables are as follows:

	Opening balance	**Provision for the period/year**	**Reversal during the period/year**	**Closing balance**
30 June 2019 (Unaudited)	**15,756,852.43**	**175,985.09**	**(261,675.50)**	**15,671,162.02**
31 December 2018 (Audited)	15,271,405.02	2,282,226.61	(1,796,779.20)	15,756,852.43

For the six months ended 30 June 2019, the Group provided bad debts of RMB175,985.09 (2018: RMB2,282,226.61), and reversed bad debts of RMB261,675.50 (2018: RMB1,796,779.20).

3. Trade receivables (continued)

The category of trade receivables is analysed below:

	30 June 2019 (Unaudited)				31 December 2018 (Audited)			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount	Percentage (%)	Amount	Accruing percentage (%)
Provision for bad debts on individual basis of expected credit losses	**15,333,082.12**	**6.3**	**15,333,082.12**	**100.0**	15,594,757.62	15.4	15,594,757.62	100.0
Provision for bad debts by credit risk characteristic group of expected credit losses	**226,136,636.17**	**93.7**	**338,079.90**	**0.1**	85,352,490.63	84.6	162,094.81	0.2
	241,469,718.29	**100.0**	**15,671,162.02**	**6.5**	100,947,248.25	100.0	15,756,852.43	15.6

The expected credit losses of trade receivables for the Group by ageing are as follows:

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Estimated carrying amount arising from default	Expected credit loss rate	Expected credit losses	Estimated carrying amount arising from default	Expected credit loss rate	Expected credit losses
1 to 6 months	**220,935,977.22**	**–**	**–**	83,673,781.14	–	–
6 months to 1 year	**4,325,676.92**	**5.0%**	**216,283.84**	801,479.80	5.0%	40,073.99
1 to 2 years	**760,655.86**	**10.0%**	**76,065.59**	762,903.52	10.0%	76,290.35
2 to 3 years	**–**	**20.0%**	**–**	–	20.0%	–
Over 3 years	**114,326.17**	**40.0%**	**45,730.47**	114,326.17	40.0%	45,730.47
	226,136,636.17	**0.1%**	**338,079.90**	85,352,490.63	0.2%	162,094.81

4. Inventories

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Gas	**215,961.69**	219,724.83
Gas appliances	**2,100,705.63**	1,916,034.41
	2,316,667.32	2,135,759.24

As at 30 June 2019, the management of the Group considered that, there was no provision for impairment of inventories (31 December 2018: Nil).

5. Fixed assets

The Group had no fixed assets pending for disposal.

For the six months ended 30 June 2019 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	47,625,639.54	1,182,893,579.77	110,631,678.86	6,663,677.49	8,614,081.18	4,558,482.24	1,360,987,139.08
Purchase	–	676,848.83	2,648,456.05	12,068.97	68,982.82	–	3,406,356.67
Transferred from construction in progress	–	–	–	–	–	–	–
Disposal or scrap	–	8,717.49	–	310,568.00	–	–	319,285.49
Closing balance	47,625,639.54	1,183,561,711.11	113,280,134.91	6,365,178.46	8,683,064.00	4,558,482.24	1,364,074,210.26
Accumulated depreciation							
Opening balance	13,408,016.99	446,657,592.33	39,905,475.64	4,989,458.62	5,724,815.37	2,747,063.24	513,432,422.19
Provision	549,426.10	23,142,293.84	2,083,206.75	196,193.54	251,648.47	–	26,222,768.70
Disposal or scrap	–	–	–	279,511.20	–	–	279,511.20
Closing balance	13,957,443.09	469,799,886.17	41,988,682.39	4,906,140.96	5,976,463.84	2,747,063.24	539,375,679.69
Impairment provision							
Opening balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
At end of the period	33,668,196.45	713,761,824.94	65,296,944.27	1,399,320.62	2,693,935.87	–	816,820,222.15
At beginning of the period	34,217,622.55	736,235,987.44	64,731,694.97	1,614,501.99	2,876,601.52	–	839,676,408.47

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (continued)

2018 (Audited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	47,631,489.54	1,148,980,208.96	102,934,984.51	7,250,687.78	8,269,684.18	4,558,482.24	1,319,625,537.21
Purchase	–	379,920.52	7,696,694.35	75,504.71	344,397.00	–	8,496,516.58
Transferred from construction in progress	–	35,234,315.95	–	–	–	–	35,234,315.95
Disposal or scrap	5,850.00	1,700,865.66	–	662,515.00	–	–	2,369,230.66
Closing balance	47,625,639.54	1,182,893,579.77	110,631,678.86	6,663,677.49	8,614,081.18	4,558,482.24	1,360,987,139.08
Accumulated depreciation							
Opening balance	12,301,245.35	401,111,135.06	35,751,941.51	5,170,454.84	5,183,850.63	2,747,063.24	462,265,690.63
Provision	1,106,771.64	45,546,457.27	4,153,534.13	415,267.28	540,964.74	–	51,762,995.06
Disposal or scrap	–	–	–	596,263.50	–	–	596,263.50
Closing balance	13,408,016.99	446,657,592.33	39,905,475.64	4,989,458.62	5,724,815.37	2,747,063.24	513,432,422.19
Impairment provision							
Opening balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
At end of the year	34,217,622.55	736,235,987.44	64,731,694.97	1,614,501.99	2,876,601.52	–	839,676,408.47
At beginning of the year	35,330,244.19	747,869,073.90	61,188,534.75	2,020,516.06	3,073,169.26	–	849,481,538.16

As at 30 June 2019, the Group had no fixed assets pending certificates of property ownership (31 December 2018: Nil).

5. Fixed assets (continued)

Fixed assets leased out under an operating lease are as follows:

For the six months ended 30 June 2019 (Unaudited)

	Pipelines	Total
Cost		
Opening balance	153,025,579.72	153,025,579.72
Purchase	–	–
Transferred from construction in progress	–	–
Disposal or scrap	–	–
Closing balance	153,025,579.72	153,025,579.72
Accumulated depreciation		
Opening balance	39,372,762.86	39,372,762.86
Provision	2,271,221.76	2,271,221.76
Disposal or scrap	–	–
Closing balance	41,643,984.62	41,643,984.62
Impairment provision		
Opening balance	–	–
Provision	–	–
Disposal or scrap	–	–
Closing balance	–	–
Net carrying amount		
At end of the period	111,381,595.10	111,381,595.10
At beginning of the period	113,652,816.86	113,652,816.86

	31 December 2018 (Audited)
Pipelines	113,652,816.86

6. Construction in progress

The Group had no construction materials.

Construction in progress

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Gross carrying amount	**Provision for impairment**	**Carrying amount**	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	**2,138,040.00**	**–**	**2,138,040.00**	2,138,040.00	–	2,138,040.00
Gas stations and others	**1,788,025.93**	**–**	**1,788,025.93**	1,788,025.93	–	1,788,025.93
Mines	**408,920.27**	**(408,920.27)**	**–**	408,920.27	(408,920.27)	–
	4,334,986.20	**(408,920.27)**	**3,926,065.93**	4,334,986.20	(408,920.27)	3,926,065.93

The movements of construction in progress for the six months ended 30 June 2019 are as follows: (Unaudited)

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Buildings	**2,138,040.00**	**–**	**–**	**–**	**2,138,040.00**
Pipeline reconstruction	**–**	**323,848.90**	**–**	**323,848.90**	**–**
Gas station and others	**1,788,025.93**	**–**	**–**	**–**	**1,788,025.93**
Connecting pipe renovation	**–**	**138,126.41**	**–**	**138,126.41**	**–**
Mines	**408,920.27**	**–**	**–**	**–**	**408,920.27**
	4,334,986.20	**461,975.31**	**–**	**461,975.31**	**4,334,986.20**

The movements of construction in progress in 2018 are as follows: (Audited)

	Opening balance	Addition	Transferred to fixed assets	Other transfer out	Closing balance
Buildings	2,138,040.00	–	–	–	2,138,040.00
Pipeline reconstruction	–	35,634,719.69	35,234,315.95	400,403.74	–
Gas stations and others	1,113,733.50	714,292.43	–	40,000.00	1,788,025.93
Connecting pipe renovation	–	1,887,561.92	–	1,887,561.92	–
Mines	408,920.27	–	–	–	408,920.27
	3,660,693.77	38,236,574.04	35,234,315.95	2,327,965.66	4,334,986.20

7. Trade payables

The trade payables are non-interest-bearing and generally have an average payment term of 60 days.

The ageing of trade payables based on the invoice date is analysed below:

	30 June 2019 (Unaudited)	31 December 2018 (Audited/ Restated)
Within 1 year	**752,358,351.37**	301,996,278.75
1 to 2 years	**27,462,844.65**	42,156,631.53
Over 2 years	**4,740,687.97**	5,240,484.47
	784,561,883.99	349,393,394.75

8. Taxes payable

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Value-added tax	**31,491,940.55**	30,392,226.91
Corporate income tax	**(1,907,350.11)**	8,627,250.83
Others	**1,207,433.36**	1,233,111.94
	30,792,023.80	40,252,589.68

9. Revenue and cost of sales

	For the six months ended 30 June 2019 (Unaudited)		For the six months ended 30 June 2018 (Unaudited)	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal operations	**778,935,036.73**	**788,412,984.58**	760,337,070.47	740,074,390.05
	778,935,036.73	**788,412,984.58**	760,337,070.47	740,074,390.05

Revenue is stated as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Sales of piped gas	**755,833,014.07**	710,123,335.64
Gas connection income	**15,587,249.23**	39,858,822.93
Gas transportation and rent income	**4,253,620.24**	5,370,851.91
Sales of gas appliances and others	**3,261,153.19**	4,984,059.99
	778,935,036.73	760,337,070.47

Rent income is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Operating lease	**2,727,272.72**	2,710,892.71
	2,727,272.72	2,710,892.71

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Revenue and cost of sales (continued)

Decomposition of revenue generated from contracts with customers:

	For the six months ended 30 June 2019 (Unaudited)
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	**755,833,014.07**
Sales of gas appliances and others	**3,261,153.19**
Revenue recognised over time	
Gas connection income	**15,587,249.23**
Gas transportation and rent income	**4,253,620.24**
	778,935,036.73

	For the six months ended 30 June 2018 (Unaudited)
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	710,123,335.64
Sales of gas appliances and others	4,984,059.99
Revenue recognised over time	
Gas connection income	39,858,822.93
Gas transportation and rent income	5,370,851.91
	760,337,070.47

10. Finance costs

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Interest income	**(10,275,884.26)**	(9,811,186.72)
Others	**228,667.64**	195,634.16
	(10,047,216.62)	(9,615,552.56)

All the interest income of the Group is generated from current deposits, time deposits and certificates of deposit.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other income

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Government grants related to daily operation	**6,521,897.13**	5,440,720.13
	6,521,897.13	5,440,720.13

Government grants related to daily operation:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)	**Relevant to asset/income**
Tax refund *(Note 1)*	**1,630,040.62**	3,201,239.25	Income
Deferred income *(Note 2)*	**2,402,600.51**	2,239,480.88	Asset/income
Others *(Note 3)*	**2,489,256.00**	–	Income
	6,521,897.13	5,440,720.13	

Note 1: According to 《南政發(1998)54號》 issued by the General Office of Changqing Science, Industry & Trade Zone in Jinnan District, Tianjin, the Group is eligible for tax preferential treatment. The Group recognised the refund of CIT, IIT and VAT actually received according to the government preferential policy of RMB1,630,040.62 (for the six months ended 30 June 2018: RMB3,201,239.25).

Note 2: The deferred income was related to the Group's daily operation and pipelines reconstruction projects.

Note 3: The Group received a subsidy from Chadian Street agency of People's Government of Tianjin Binhai New Area for the project of the shift from coal to gas of Tianjin Chadian Street of RMB2,489,256.00.

12. Investment income

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Income from long-term equity investments under the equity method	**3,372,876.62**	596,615.98
Income from wealth management products and structured deposits	**9,585,205.48**	6,262,191.77
	12,958,082.10	6,858,807.75

13. Non-operating income

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Others	**11,046.34**	–
	11,046.34	–

14. Income tax expense

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Current income tax expense	**724,481.22**	7,239,584.12
Deferred tax expense	**1,053,392.74**	291,980.85
	1,777,873.96	7,531,564.97

14. Income tax expense (continued)

The reconciliation from total profit to income tax expense is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Total profit	**3,549,555.23**	30,048,399.49
Income tax expense at statutory or applicable tax rate *(note 1)*	**887,388.81**	7,512,099.88
Income not subject to tax	**(843,219.16)**	(149,154.00)
Expenses not deductible for tax	**1,512,565.52**	3,313.75
Adjustments in respect of current tax of previous periods	**(1,620.53)**	23,557.62
Deductible temporary differences and tax losses not recognised	**222,759.32**	141,747.72
Tax expense at the Group's effective tax rate	**1,777,873.96**	7,531,564.97

Note 1: The income tax of the Group is calculated based on the estimated taxable income gained in China and the applicable tax rate.

15. Dividend

The Directors of the Company do not recommend an interim dividend for the six months ended 30 June 2019.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Earnings per share

	For the six months ended 30 June 2019 (Unaudited) RMB/Share	For the six months ended 30 June 2018 (Unaudited) RMB/Share
Basic earnings per share continuing operations	**0.001**	0.012
Diluted earnings per share continuing operations	**0.001**	0.012

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of the basic earnings per share and diluted earnings per share is as follows:

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 30 June 2018 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	**1,996,055.72**	22,646,527.12
Shares		
Weighted average number of ordinary shares in issue of the Company	**1,839,307,800.00**	1,839,307,800.00

The Company did not have potentially dilutive ordinary shares as at the date of approval of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2019, in order to maintain the sustainable development of the Group, the Board and the management have committed to, on one hand, developing new markets, and as the consumption of original users decreases, explore new gas users and, on the other hand, enhancing internal control and cost management, as well as taking the initiative to optimize its management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the Period, the Group reported a revenue of approximately RMB778,935,000 (for the six months ended 30 June 2018: approximately RMB760,337,000), representing an increase of approximately 2% as compared with the corresponding period of last year. The gross profit margin decreased from approximately 2.57% for the six months ended 30 June 2018 to a loss of approximately 1.50% for the Period. Profit before tax from continuing operations of the Group amounted to approximately RMB3,550,000 (for the six months ended 30 June 2018: approximately RMB30,048,000), representing a decrease of approximately 88%.

The decline in financial performance of the Group was mainly attributable to: (1) a decrease in the gas connection income since the property market in the Group's governing areas was relatively sluggish for the first half of 2019, where there were fewer newly completed property projects, resulting in a decrease in demand of piped gas connection service from the Group; and (2) an increase in the natural gas safety production expenses compared with the same period last year as this year the Group decided to: (i) strengthen the maintenance of the safety facilities; and (ii) commence the maintenance work in the first quarter of 2019 while such work mostly commenced in the third and fourth quarters of 2018. In the second half of the year, the Group will further enhance market expansion efforts, seize the opportunity of the shift from coal to gas, and explore profit growth points.

Segmental Information Analysis

During the Period, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, followed by gas connection, gas transportation and sales of gas appliances.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, total equity attributable to shareholders of the Company amounted to approximately RMB1,767,715,000 (31 December 2018: approximately RMB1,759,408,000). As of 30 June 2019, the Company had a registered capital of RMB183,930,780 comprising 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the "Share(s)"), which consisted of 1,339,247,800 domestic shares ("Domestic Share(s)") and 500,060,000 H shares ("H Share(s)"). The Group is generally funded by equity financing. As at 30 June 2019, the Group did not have any bank borrowing (31 December 2018: Nil).

As at 30 June 2019, the Group had net current assets of approximately RMB942,989,000 (31 December 2018: approximately RMB916,200,000 (restated)), including cash and cash equivalent of approximately RMB920,070,000 (31 December 2018: approximately RMB511,286,000) which was principally denominated in Renminbi.

The Group mostly uses Renminbi in its ordinary business operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates in its ordinary business operation is only minimal.

Significant Investments

Save as disclosed in this announcement, the Group did not have significant investments for the six months ended 30 June 2019. Details of the income derived from wealth management products and the wealth management products subscribed by the Company during the Period are set out in note V.1 and note V.12 to key items of the consolidated financial statements and the paragraph headed "Subscription of Wealth Management Products" in this announcement.

Material Acquisition And Disposal

During the Period, there had been no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Future Plans For Material Investments Or Capital Assets

The Group had no specific plan for material investments or capital assets as at 30 June 2019.

Charges On The Group's Assets

As at 30 June 2019, none of the Group's assets was pledged as security for liability.

Gearing Ratio

The Group's gearing ratio (total liabilities to total asset ratio) as at 30 June 2019 was approximately 0.38 (31 December 2018: approximately 0.30).

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities or guarantees (31 December 2018: Nil).

Treasury Policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Staff and Emolument Policy

As at 30 June 2019, the Group had a workforce of 788 full-time employees (30 June 2018: 835). Total staff costs amounted to approximately RMB54,850,000 for the six months ended 30 June 2019 (30 June 2018: RMB50,950,000).

Emoluments of employees were determined pursuant to the common practice of the industry as well as individual performance. In addition to regular salaries, the Group also paid discretionary bonus to eligible employees subject to the Group's operating results and individual performance of the employees. The Group also made contributions to medical welfare and retirement funds as well as other benefits to all employees.

DIVIDEND

No dividends were declared or proposed during the Period. The Directors do not recommend an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

PROSPECTS

Development of the PRC Gas Sector

During the "13th Five-Year Plan", optimising energy structure and managing environmental pollution at the national level will be the most significant driving force for natural gas consumption in China. Since 2013, China has successively released such framework documents such as the Plan of Action for the Prevention of Air Pollution* (《大氣污染防治行動計劃》), the Detailed Rules for Implementation of the Action Plans for the Prevention and Control of Air Pollution in the Beijing-Tianjin-Hebei Region* and the Surrounding Regions (《京津冀及周邊地區落實大氣污染防治行動計劃實施細則》), and the Plan for Strengthening the Prevention and Control of Atmospheric Pollution in Energy Industry* (《能源行業加強大氣污染防治工作方案》). In November 2014, China and the USA issued a joint statement in respect of dealing with climate change in Beijing, formally proposing for the first time that China's carbon emissions will reach its peak in 2030 and China will put effort for early achievement. In accordance with the Action Plan for Energy Development Strategy (2014-2020)* (《能源發展戰略行動計劃(2014-2020年)》) released by the State Council, the proportion of natural gas among primary energy consumption will increase to 10% or more by 2020.

The new Natural Gas Utilization Policy* (《天然氣利用政策》) issued in 2013 further indicates the future development direction for China's natural gas utilization. In urban gas field, China's new urbanization is being promoted constantly. The annual average population of gasification is around 30 million people and national urban gasification rate will reach more than 60% by 2020. As a result, natural gas will become the main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities. Buses in large and medium-scale cities will also gradually become clean gas-fueled. Liquefied natural gas (LNG) vehicles will further expand to intercity coaches and heavy trucks, and the application of LNG to ships and trains will begin. Natural gas will become a competitive fuel in public transportation. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc, will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjin, Hebei and Shandong, Yangtze River delta and the Pearl River delta. It is expected that by 2020, urban and industrial consumption will account for over 60% of the total gas consumption. Domestic and overseas consulting agencies forecast that natural gas consumption will reach 300 billion to 360 billion cubic meters by 2020.

Looking ahead, based on the analysis in respect of external environment and inner abilities as well as resources, the Company is positioned as a clean energy integrated solution provider, aiming to maximize returns for its shareholders. The Company plans to expand in the following areas:

- On the premise of ensuring the strategic direction and business needs, lay emphasis on five principles, which are strategic orientation, economical efficiency, financing matching, risk prevention and order of priority, to achieve continuing growth of net cash flows.

- Continue to improve the financial management system, with a view to reducing operating costs, and maximize the benefits from project operations.

- Continue to strengthen the support of scientific and technological innovation to the businesses of the Company, enhance the introduction and development of advanced technologies, as well as apply such advanced technologies to the production management and the internal management.

- Continue to improve the operation management system and mechanism, with emphasis on operation security, optimize management methods and means and promote the pre-control safety management, so as to ensure safe operation.

- Continue to strengthen the talent team construction, drive management change with strategic change, expand existing businesses with incremental business and inspire employees with entrepreneurial teams, so as to contribute a chain reaction to the corporation.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Directors' Interests in Contracts

Save as disclosed in this announcement, no contract of significance to which the Company or its subsidiaries was a party and in which a Director or supervisor of the Company (the "Supervisors") had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

Corporate Governance

For the Period, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Arrangements to Purchase Shares or Debentures

At no time during the Period was the Company or its subsidiaries a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Code of Conduct Regarding Securities Transactions by Directors and Supervisors

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules has been adopted as a code of securities transactions for Directors and Supervisors of the Company (the "Code"). The Company, having made specific enquiries with the Directors and Supervisors, confirms that, during the Period, all the Directors and Supervisors have complied with the required standards set out in the Code for securities transaction by the Directors and Supervisors.

AUDIT COMMITTEE

The Board established an audit committee (the "Audit Committee") on 3 December 2003 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting system and risk management and internal control systems of the Group. During the Period, the Audit Committee comprised three independent non-executive Directors, namely Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed the unaudited interim results for the Period.

SIGNIFICANT EVENTS

Continuing Connected Transaction in relation to pipeline construction and design services

The pipeline and construction and design agreement dated 29 April 2016 has expired on 31 December 2018. On 4 January 2019, the Company and 天津能源投資集團有限公司 (Tianjin Energy Investment Company Limited*, "Tianjin Energy") entered into the pipeline works agreement (the "Pipeline Works Framework Agreement") in respect of the provision of pipeline construction and design services by Tianjin Energy and/or its associated companies upon successful bids for gas pipeline construction and design services contracts put out to tender from time to time by the Group in accordance with the tendering procedures set by the Group from time to time for the period from the effective date of the Pipeline Works Framework Agreement (i.e. 4 January 2019) to 31 December 2021. The annual cap for the transactions contemplated under the Pipeline Works Framework Agreement for each of the three years ending 31 December 2021 is RMB30,000,000.

Tianjin Energy owns the entire equity interest in 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*, "Tianjin Gas"), a controlling shareholder of the Company which holds approximately 70.54% of the total issued share capital of the Company. Pursuant to Rule 14A.07(1) of the Listing Rules, Tianjin Energy is a connected person of the Company, and the entering into of the Pipeline Works Framework Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio for the aforesaid annual cap is, on an annual basis, more than 0.1% but less than 5%, the Pipeline Works Framework Agreement is subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 4 January 2019 and 22 January 2019.

Amendments to the Articles of Association of the Company

The shareholders of the Company had approved a special resolution at an extraordinary general meeting of the Company held on 5 March 2019 to amend the articles of association of the Company in respect of the expansion of the scope of business of the Company. For details, please refer to the announcement of the Company dated 9 January 2019 and the circular of the Company dated 16 January 2019.

Appointment of Deputy General Manager

Ms. Sha Cai Ping（沙彩萍）has been appointed as the deputy general manager of the Company, with effect from 15 February 2019. For details, please refer to the announcement of the Company dated 15 February 2019.

Renewal of continuing connected transactions in relation to gas transportation

On 8 March 2019, 津燃華潤燃氣集團有限公司（Jinran China Resources Gas Co., Ltd.*, "Jinran China Resources"）and the Company entered into a natural gas transportation contract (the "New Gas Transportation Contract") in respect of the renewal of provision of gas transportation services through the gas pipelines owned and managed by the Company for natural gas transmission by Jinran China Resources for the period from 1 January 2018 to 31 December 2020. The annual caps for the gas transportation fees contemplated under the New Gas Transportation Contract for the year ended 31 December 2018, and for the years ending 31 December 2019 and 31 December 2020 are RMB7,600,000, RMB9,120,000 and RMB10,950,000, respectively.

Jinran China Resources is held as to 51% by Tianjin Gas (a controlling shareholder of the Company holding 1,297,547,800 Domestic Shares, representing approximately 70.54% of the total issued shares of the Company) and is hence a connected person of the Company, and the entering into of the New Gas Transportation Contract between Jinran China Resources and the Company constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the highest annual cap in respect of the New Gas Transportation Contract is more than 0.1% but less than 5%, the transactions contemplated under New Gas Transportation Contract are subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from independent shareholders' approval requirements.

For details, please refer to the announcement of the Company dated 8 March 2019.

Continuing connected transaction in relation to the Supplemental Agreement to the 2017 Gas Supply Contract

Reference is made to the announcements of the Company dated 31 October 2014, 30 December 2014, 29 December 2017, 28 February 2018 and 5 March 2018, and the circular of the Company dated 12 December 2014 in relation to, inter alia, the gas supply contract dated 31 October 2014 (the "2017 Gas Supply Contract") entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company for the 12 months ended 31 December 2017.

On 5 March 2018, the Company entered into the supplemental agreement to the 2017 Gas Supply Contract with Jinran China Resources, agreeing that the unit price of natural gas provided by Jinran China Resources to the Company for the period from 1 November 2017 to 31 December 2017 was RMB2.45 per cubic metre (tax included).

According to the notice regarding adjustment to the unit price issued by Jinran China Resources on 25 September 2018, Jinran China Resources estimated the unit price of natural gas supplied by Jinran China Resources to the Company for the period from November 2017 to March 2018 to be RMB2.43 per cubic metre (tax included). On 8 March 2019, Jinran China Resources and the Company entered into the supplemental agreement to the 2017 Gas Supply Contract have, agreeing to set the unit price of natural gas supplied by Jinran China Resources to the Company for the period commencing from 1 November 2017 to 31 December 2017 to be RMB2.43 per cubic metre (tax included).

Save as disclosed above, all the terms of the 2017 Gas Supply Contract remain unchanged.

For details, please refer to the Company's announcement dated 8 March 2019.

Subscription of Wealth Management Products

China Guangfa Bank Wealth Management Agreement

On 27 March 2019, the Company entered into the wealth management agreement ("China Guangfa Bank Wealth Management Agreement") with 廣發銀行股份有限公司（天津分行）(China Guangfa Bank Co., Ltd. (Tianjin Branch)*) to subscribe for the wealth management product named China Guangfa Bank Xin-Plus-Xin No.16 Renminbi Structured Deposit*（廣發銀行「薪加薪16號」人民幣結構性存款）in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 27 March 2019).

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the China Guangfa Bank Wealth Management Agreement exceeds 5% but is less than 25%, the transaction contemplated under the China Guangfa Bank Wealth Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For details, please refer to the Company's announcement dated 27 March 2019.

Qilu Bank Wealth Management Agreement

On 3 April 2019, the Company entered into the wealth management agreement (the "Qilu Bank Wealth Management Agreement") with 齊魯銀行股份有限公司（天津華苑支行）(Qilu Bank Company Limited (Tianjin Huayuan Branch)*) to subscribe for the wealth management product named Duigong Structured Deposit Product of Qilu Bank*（齊魯銀行對公結構性存款產品）in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 3 April 2019).

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Qilu Bank Wealth Management Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Qilu Bank Wealth Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For details, please refer to the Company's announcement dated 3 April 2019.

Connected transaction in relation to purchase of gas meters

On 1 April 2019, the Company entered into a material purchase agreement (the "Purchase Agreement") with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd.*, "Tianjin Yumin"), pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase a maximum quantity of 75,000 gas meters at an aggregate maximum purchase price of RMB25,350,000 (equivalent to approximately HK$29,659,500 as at 1 April 2019).

Tianjin Gas is a controlling shareholder of the Company which holds approximately 70.54% of the registered capital of the Company and hence a connected person of the Company. Tianjin Yumin is a subsidiary of Tianjin Gas and thus also a connected person of the Company. Pursuant to the Listing Rules, the entering into of the Purchase Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio for the Purchase Agreement is more than 0.1% but below 5%, the Purchase Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 1 April 2019.

Renewal of continuing connected transaction in relation to gas supply

As the gas supply contract dated 20 September 2018 expired on 31 December 2018, on 26 April 2019, the Company and Jinran China Resources entered into a gas supply contract (the "2019 Gas Supply Contract") for the period from 1 January 2019 to 31 December 2019. The total transaction amount (tax inclusive) under the 2019 Gas Supply Contract for the year ending 31 December 2019 shall not exceed RMB1,915,200,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the 2019 Gas Supply Contract for the year ending 31 December 2019 exceed 5%, the 2019 Gas Supply Contract is subject to, inter alia, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 26 April 2019 and the circular of the Company dated 3 June 2019.

Jinran China Resources has, during the interim period (being 1 January 2019 up to the date when the 2019 Gas Supply Contract takes effect, the "Interim Period") pending the approval of the independent shareholders of the Company, continued to, but without receiving any payment for, supply of natural gas to the Company to ensure the continuous and uninterrupted supply of natural gas to areas of Tianjin. In light of the above, the Company and Jinran China Resources entered into a supplemental agreement to the 2019 Gas Supply Contract on 14 May 2019. It was agreed that, amongst other things, the amount of RMB61,100,000 (being 32,500,000 cubic metres of natural gas times by the price per cubic metre of natural gas supplied of RMB1.88 (tax inclusive) shall be paid by the Company to Jinran China Resources for part of the natural gas supplied during the Interim Period.

For details, please refer to the announcement of the Company dated 14 May 2019.

Continuing connected transaction in relation to the renewal of annual caps under the Gas Pipeline Lease Agreement

On 25 April 2016, the Company and 天津濱海燃氣集團有限公司 (Tianjin Binhai Gas Group Company Limited*, "Binhai Gas Group") entered into the gas pipeline lease agreement (the "Gas Pipeline Lease Agreement") in respect of the lease of the Beihuan Pipeline, which is owned and managed by the Company, to Binhai Gas Group for natural gas transmission for the period from 1 May 2016 to 30 April 2019. Pursuant to the Gas Pipeline Lease Agreement, the Company is entitled, at its absolute discretion, to renew the Gas Pipeline Lease Agreement based on the same terms and conditions for a further term of two years upon expiration of the original term, subject to compliance with the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

On 30 April 2019, the Board has resolved to exercise the discretion to extend the term for a further two years ending 30 April 2021 on the same terms and conditions contemplated under the Gas Pipeline Lease Agreement. The new annual caps, being RMB6,000,000 for each of the renewed years i.e. 1 May 2019 to 30 April 2020 and 1 May 2020 to 30 April 2021 (the "New Annual Caps"), is the maximum gas pipeline lease fee payable by Binhai Gas Group to the Company pursuant to the Gas Pipeline Lease Agreement under the renewal of the Gas Pipeline Lease Agreement.

Tianjin Gas is the controlling shareholder of the Company which owns approximately 70.54% of the registered capital in the Company. Pursuant to Rule 14A.07 of the Listing Rules, Tianjin Gas is a connected person of the Company. Binhai Gas Group is a wholly-owned subsidiary of Tianjin Gas and thus also a connected person of the Company. Pursuant to the Listing Rules, the renewal of the Gas Pipeline Lease Agreement constitutes a continuing connected transaction of the Company.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the renewal of the Gas Pipeline Lease Agreement in respect of the New Annual Caps, on an annual basis, will be more than 0.1% but less than 5%, the transactions contemplated under the Gas Pipeline Lease Agreement are subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from independent shareholders' approval requirements.

For details, please refer to the Company's announcement dated 30 April 2019.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no important event affecting the Group which has occurred after the end of the Period and up to the date of this announcement.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhao Wei
Chairman

Tianjin, the People's Republic of China, 28 August 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman), Ms. Tang Jie and Mr. Wang Quan Hong, three non-executive Directors, namely Mr. Hou Shuang Jiang, Mr. Wang Jin and Mr. Zhao Heng Hai, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

* *for identification purpose only*