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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Tianjin Jinran Public Utilities Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Note V	**31 December 2019** *RMB*	31 December 2018 *RMB*
ASSETS			
CURRENT ASSETS			
Cash and bank balances		**801,489,613.57**	663,444,724.36
Held-for-trading financial assets	*1*	**402,665,901.82**	606,575,890.41
Bills receivable		**–**	143,200,000.00
Trade receivables	*2*	**257,408,694.41**	85,190,395.82
Receivables financing	*3*	**74,681,820.20**	51,615,158.62
Prepayments		**1,858,248.24**	1,264,754.10
Other receivables		**2,301,073.75**	3,968,845.97
Inventories	*4*	**5,045,314.04**	2,135,759.24
Other current assets		**31,688,149.81**	5,800,254.04
Total current assets		**1,577,138,815.84**	1,563,195,782.56
NON-CURRENT ASSETS			
Long-term equity investments		**49,157,852.84**	45,695,863.48
Fixed assets	*5*	**865,647,024.18**	839,676,408.47
Construction in progress	*6*	**2,913,728.81**	3,926,065.93
Intangible assets		**11,368,940.78**	11,735,671.62
Deferred tax assets		**31,958,589.99**	29,354,862.88
Total non-current assets		**961,046,136.60**	930,388,872.38
TOTAL ASSETS		**2,538,184,952.44**	2,493,584,654.94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2019

	Note V	31 December 2019 RMB	31 December 2018 RMB
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	7	**395,694,120.33**	349,393,394.75
Contract liabilities		**194,167,667.39**	195,796,913.70
Employee benefits payable		**16,943,843.27**	16,832,231.28
Taxes payable	8	**41,767,220.60**	40,252,589.68
Other payables		**24,483,281.26**	43,107,692.71
Provisions		**–**	1,612,720.00
Total current liabilities		**673,056,132.85**	646,995,542.12
NON-CURRENT LIABILITIES			
Deferred income		**107,083,734.91**	91,549,549.52
Total non-current liabilities		**107,083,734.91**	91,549,549.52
Total liabilities		**780,139,867.76**	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		**282,870.77**	1,317,309.05
Surplus reserve		**127,472,293.73**	121,554,718.66
Retained earnings		**660,737,707.61**	662,272,428.34
Total equity attributable to shareholders of the Parent		**1,762,756,004.29**	1,759,407,588.23
Non-controlling interests		**(4,710,919.61)**	(4,368,024.93)
Total shareholders' equity		**1,758,045,084.68**	1,755,039,563.30
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,538,184,952.44**	2,493,584,654.94

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Note V	**2019** *RMB*	2018 *RMB*
Revenue	*9*	**1,501,277,165.08**	1,519,525,521.08
Less: Cost of sales	*9*	**1,517,046,540.18**	1,483,518,754.04
Taxes and surcharges		**2,828,691.23**	1,660,875.80
Administrative expenses		**31,882,994.14**	29,300,558.98
Finance costs	*10*	**(20,763,525.77)**	(17,960,859.14)
including: interest income		**21,362,581.89**	18,701,463.11
Add: Other income	*11*	**11,609,675.67**	15,103,303.00
Investment income	*12*	**20,357,179.55**	15,444,702.92
including: share of profit of an associate		**3,915,204.68**	1,081,141.28
Credit impairment losses		**4,541,556.98**	(416,447.41)
Asset impairment losses		**(1,035,000.00)**	–
Operating profit		**5,755,877.50**	53,137,749.91
Add: Non-operating income	*13*	**28,253.11**	142,720.06
Less: Non-operating expenses		**1,545,648.07**	65,220.68
Total profit		**4,238,482.54**	53,215,249.29
Less: Income tax expense	*14*	**198,522.88**	13,764,748.80
Net profit		**4,039,959.66**	39,450,500.49
Classified by continuity of operations			
Profit from continuing operations		**4,039,959.66**	39,450,500.49
Classified by ownership			
Profit attributable to shareholders of the Parent		**4,382,854.34**	39,720,652.39
Profit attributable to non-controlling interests		**(342,894.68)**	(270,151.90)
Other comprehensive income, net of tax		**–**	–
Total comprehensive income		**4,039,959.66**	39,450,500.49
Including:			
Total comprehensive income attributable to shareholders of the Parent		**4,382,854.34**	39,720,652.39
Total comprehensive income attributable to non-controlling interests		**(342,894.68)**	(270,151.90)
Earnings per share *(RMB/Share)*	*16*		
Basic		**0.002**	0.022
Diluted		**0.002**	0.022

I. BASIC INFORMATION

Tianjin Jinran Public Utilities Company Limited, 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 the 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 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 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 a 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. The share transfer was completed on 20 June 2016, 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 a 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 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 State-owned Assets Supervision Commission of Tianjin Municipal Government.

I. BASIC INFORMATION (Continued)

The principal activities of 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 27 March 2020. According to the articles of association of the Company, the financial statements will be submitted to the shareholders' meeting for approval.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with "Accounting Standards for Business Enterprises – General Principles" issued by the Ministry of Finance of the People's Republic of China, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (Accounting Standards for Business Enterprises, collectively).

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 Leases Standard

In 2018, the Ministry of Finance issued the revised Accounting Standard for Business Enterprises No. 21 – Leases (the "New Leases Standard"). The New Leases Standard introduces a single model similar to the current accounting treatment of finance leases, requiring the lessor to recognise right-of-use assets and lease liabilities for all the leases, except for short-term leases and leases of low-value assets, and recognise depreciation and interest expense, respectively. The Group has accounted for leases under the revised leases standard since 1 January 2019. As a practical expedient, the Group did not reassess whether a contract is, or contains, a lease at the date of initial application. According to the transitional requirements, the Group did not restate comparative information. Instead, the Group recognised the cumulative effect of the initial application of the New Leases Standard as an adjustment to the opening balance of retained earnings of 2019 at the date of initial application:

(1) For leases previously classified as operating leases, the Group recognised lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application, and measured right-of-use assets based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

For operating leases of low-value assets and operating leases for which the lease term ends within 12 months before initial application, the Group applied a simplified approach and did not recognise the right-of-use assets and lease liabilities.

III. CHANGES IN ACCOUNTING POLICIES (Continued)

The New Leases Standard (Continued)

The Group reconciled the outstanding minimum lease payments for significant operating leases disclosed in 2018 financial statements with lease liabilities included in the balance sheet as at 1 January 2019 based on the present value of the minimum lease payments discounted using the incremental borrowing rate of the Group as the lessee as at 1 January 2019 as follows:

Minimum lease payments for significant operating leases as at 31 December 2018	44,800.00
Less: Minimum lease payments under the simplified approach	44,800.00
Including: short-term leases	44,800.00
	–
Weighted average incremental borrowing rate	4.35%
Discounted operating lease commitments as at 1 January 2019	–
Lease liabilities as at 1 January 2019	–

All the significant operating lease contracts of the Group are short-term leases or leases of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term. Therefore, the implementation of the New Leases Standard has had no significant impact on the consolidated and company statement of financial position as at 1 January 2019 and consolidated and company financial statements for the year ended 31 December 2019.

In addition, the cash paid by the Group for the repayment of the principal and interest of the lease liabilities is included in the statement of cash flows as cash outflows from financing activities, and the payments for short-term leases and leases of low-value assets accounted for using the practical expedients and variable lease payments not included in the measurement of the lease liabilities are still included in cash outflows from operating activities.

Changes in presentation of financial statements

To meet the requirements of《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) and《關於修訂印發合併財務報表格式(2019版)的通知》(財會 [2019] 16號), in the statement of financial position, the amount previously presented in "bills receivable and trade receivables" shall be presented separately in "bills receivable" and "trade receivables"; the amount previously presented in "bills payable and trade payables" shall be presented separately in "bills payable" and "trade payables"; the bills receivable at fair value through other comprehensive income are separately presented in "receivables financing"; the "interests receivable" in "other receivables" is changed to reflect only the outstanding interests on financial instruments that expired and can be collected at the balance sheet date (the interests on the financial instrument accrued using the effective interest method are included in the outstanding amount of the corresponding financial instrument); the portion of "deferred income" within one year or less amortisation period or is expected 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.

III. CHANGES IN ACCOUNTING POLICIES (Continued)

Changes in presentation of financial statements (Continued)

The cumulative effects of the retrospective adjustments caused by the above changes in accounting policies on the financial statements are as follows:

The Group

2019

	Before changes	Changes in accounting policies	After changes
	Closing balance for 2018	Other changes in presentation of financial statements	Opening balance for 2019
Cash and bank balances	662,221,710.66	1,223,013.70	663,444,724.36
Bills receivable and trade receivables	280,005,554.44	(280,005,554.44)	–
Bills receivable	–	143,200,000.00	143,200,000.00
Trade receivables	–	85,190,395.82	85,190,395.82
Receivables financing	–	51,615,158.62	51,615,158.62
Other receivables	5,191,859.67	(1,223,013.70)	3,968,845.97
Bills payable and trade payables	349,393,394.75	(349,393,394.75)	–
Trade payables	–	349,393,394.75	349,393,394.75
Current portion of non-current liabilities	5,003,954.91	(5,003,954.91)	–
Deferred income	86,545,594.61	5,003,954.91	91,549,549.52

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

	2019	2018
Financial assets measured at fair value through profit or loss		
Structured deposits	**402,665,901.82**	606,575,890.41
	402,665,901.82	606,575,890.41

At 31 December 2019, the Group purchased structured deposits amounting to RMB402,665,901.82. These structured deposits were issued by 平安银行 and 民生银行, respectively, with guaranteed principals, variable 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 华夏银行, 上海银行 and 中信银行, respectively). As the expected annual return rates of these structured deposits are linked to variable which was 3-month USD LIBOR interest rate announced by Reuters and maturity periods are within 120 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. 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:

	2019	2018
Within 1 year	**255,400,003.03**	84,475,260.94
1 to 2 years	**2,136,345.85**	2,778,067.52
2 to 3 years	**2,431,160.96**	2,501,273.51
Over 3 years	**8,945,827.05**	11,192,646.28
	268,913,336.89	100,947,248.25
Less: Provision for bad debts of trade receivables	**11,504,642.48**	15,756,852.43
	257,408,694.41	85,190,395.82

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

	Opening balance	**Provision for the year**	**Reversal during the year**	**Closing balance**
2019	**15,756,852.43**	**715,800.55**	**(4,968,010.50)**	**11,504,642.48**
2018	15,271,405.02	2,282,226.61	(1,796,779.20)	15,756,852.43

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

2. Trade receivables (Continued)

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

In 2019, the Group provided bad debts of RMB715,800.55 (2018: RMB2,282,226.61), and reversed bad debts of RMB4,968,010.50 (2018: RMB1,796,779.20).

The category of trade receivables is analysed below:

	2019				2018			
	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	**10,933,947.12**	**4.1**	**10,933,947.12**	**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	**257,979,389.77**	**95.9**	**570,695.36**	**0.2**	85,352,490.63	84.6	162,094.81	0.2
	268,913,336.89	**100.0**	**11,504,642.48**	**4.3**	**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:

	2019			2018		
	Estimated carrying amount arising from default	**Expected credit loss rate**	**Lifetime expected credit loss**	Estimated carrying amount arising from default	Expected credit loss rate	Lifetime expected credit loss
1 to 6 months	**250,721,670.74**	**–**	**–**	83,673,781.14	–	–
6 months to 1 year	**4,678,332.29**	**5.0%**	**233,916.61**	801,479.80	5.0%	40,073.99
1 to 2 years	**1,829,145.85**	**10.0%**	**182,914.59**	762,903.52	10.0%	76,290.35
2 to 3 years	**731,160.96**	**20.0%**	**146,232.19**	–	20.0%	–
Over 3 years	**19,079.93**	**40.0%**	**7,631.97**	114,326.17	40.0%	45,730.47
	257,979,389.77	**0.2%**	**570,695.36**	85,352,490.63	0.2%	162,094.81

3. Receivables financing

	2019	2018
Bank acceptance bills receivable	**74,681,820.20**	51,615,158.62
	74,681,820.20	51,615,158.62

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

4. Inventories

	2019	2018
Gas	**185,446.10**	219,724.83
Gas appliances	**4,859,867.94**	1,916,034.41
	5,045,314.04	2,135,759.24

As at 31 December 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.

2019

	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	–	1,710,844.26	36,298,420.10	20,041.94	1,238,889.71	–	39,268,196.01
Transferred from construction in progress	1,332,319.04	43,140,669.22	107,398.19	–	12,800.00	–	44,593,186.45
Disposal or scrap	–	6,775,889.23	636,138.83	310,568.00	948,456.13	–	8,671,052.19
Closing balance	48,957,958.58	1,220,969,204.02	146,401,358.32	6,373,151.43	8,917,314.76	4,558,482.24	1,436,177,469.35
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	1,106,771.65	45,797,276.07	4,090,415.01	378,240.98	493,467.73	–	51,866,171.44
Disposal or scrap	–	1,016,122.32	496,992.89	279,511.20	853,830.47	–	2,646,456.88
Closing balance	14,514,788.64	491,438,746.08	43,498,897.76	5,088,188.40	5,364,452.63	2,747,063.24	562,652,136.75
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	34,443,169.94	729,530,457.94	96,907,952.31	1,225,246.15	3,540,197.84	–	865,647,024.18
At beginning 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

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

5. Fixed assets (Continued)

2018

	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 31 December 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:

2019

	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	**4,542,443.52**	**4,542,443.52**
Disposal or scrap	**–**	**–**
Closing balance	**43,915,206.38**	**43,915,206.38**
Impairment provision		
Opening balance	**–**	**–**
Provision	**–**	**–**
Disposal or scrap	**–**	**–**
Closing balance	**–**	**–**
Net carrying amount		
At end of the year	**109,110,373.34**	**109,110,373.34**
At beginning of the year	**113,652,816.86**	**113,652,816.86**

	Pipelines	Total
At 31 December 2018	113,652,816.86	113,652,816.86

6. Construction in progress

The Group had no construction materials.

Construction in progress

	2019			2018		
	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	**1,810,688.81**	**(1,035,000.00)**	**775,688.81**	1,788,025.93	–	1,788,025.93
Mines	**408,920.27**	**(408,920.27)**	**–**	408,920.27	(408,920.27)	–
	4,357,649.08	**(1,443,920.27)**	**2,913,728.81**	4,334,986.20	(408,920.27)	3,926,065.93

The movements of construction in progress in 2019 are as follows:

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Buildings	**2,138,040.00**	**–**	**–**	**–**	**2,138,040.00**
Pipeline reconstruction	**–**	**38,947,087.76**	**34,379,599.06**	**4,567,488.70**	**–**
Gas stations and others	**1,788,025.93**	**10,236,250.27**	**10,213,587.39**	**–**	**1,810,688.81**
Connecting pipe renovation	**–**	**811,548.17**	**–**	**811,548.17**	**–**
Mines	**408,920.27**	**–**	**–**	**–**	**408,920.27**
	4,334,986.20	**49,994,886.20**	**44,593,186.45**	**5,379,036.87**	**4,357,649.08**

The movements of construction in progress in 2018 are as follows:

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Building	2,138,040.00	–	–	–	2,138,040.00
Pipeline reconstruction	–	35,634,719.69	35,234,315.95	400,403.74	–
Gas station 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	–
Mine	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:

	2019	2018
Within 1 year	**333,394,586.93**	301,996,278.75
1 to 2 years	**47,576,765.50**	42,156,631.53
Over 2 years	**14,722,767.90**	5,240,484.47
	395,694,120.33	349,393,394.75

8. Taxes payable

	2019	2018
Value-added tax	**40,532,792.44**	30,392,226.91
Corporate income tax	**–**	8,627,250.83
Others	**1,234,428.16**	1,233,111.94
	41,767,220.60	40,252,589.68

9. Revenue and cost of sales

	2019		2018	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal operations	**1,501,277,165.08**	**1,517,046,540.18**	1,519,525,521.08	1,483,518,754.04
	1,501,277,165.08	**1,517,046,540.18**	1,519,525,521.08	1,483,518,754.04

Revenue is stated as follows:

	2019	2018
Revenue from contracts with customers	**1,495,772,577.92**	1,514,087,355.65
Rentals	**5,504,587.16**	5,438,165.43
	1,501,277,165.08	1,519,525,521.08

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

9. Revenue and cost of sales (Continued)

Disaggregation of revenue from contracts with customers is as follows:

	2019
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	**1,430,757,033.36**
Sales of gas appliances and others	**7,732,603.10**
Revenue recognised over time	
Gas connection income	**54,160,832.71**
Gas transportation	**3,122,108.75**
	1,495,772,577.92

	2018
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	1,406,548,565.09
Sales of gas appliances and others	13,799,479.54
Revenue recognised over time	
Gas connection income	89,764,193.35
Gas transportation	3,975,117.67
	1,514,087,355.65

Revenue recognised that was included in contract liabilities at the beginning of the year:

	2019	2018
Sales of piped gas	**121,019,292.83**	126,008,432.13
Gas connection income	**21,868,998.58**	68,264,896.54
Sales of gas appliances and others	**5,707,195.23**	12,019,868.97
	148,595,486.64	206,293,197.64

9. Revenue and cost of sales (Continued)

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

Sales of piped gas

The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.

Sales of gas appliances and others

The performance obligation is satisfied upon delivery of the products and short-term advances are normally required before delivering the products.

Gas connection

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

Gas transportation

The performance obligation is satisfied over time as services are rendered and the payment is generally due within 90 to 180 days from the date of rendering the services.

As at 31 December 2019, the transaction price allocated to the remaining performance obligation was RMB193,802,948.59 and the Group will recognise this revenue in future upon delivery of the products or when gas connection being completed.

10. Finance costs

	2019	2018
Interest income	**(21,362,581.89)**	(18,701,463.11)
Foreign exchange differences	**(1,590.59)**	422,982.35
Others	**600,646.71**	317,621.62
	(20,763,525.77)	(17,960,859.14)

All the interest income of the Group is generated from current deposits, time deposits and seven-day notice deposits.

11. Other income

	2019	2018
Government grants related to daily operation	**11,609,675.67**	15,103,303.00
	11,609,675.67	15,103,303.00

Government grants related to daily operation are as follows:

	2019	2018	Relevant to asset/income
Tax refund *(note 1)*	**1,630,040.62**	9,256,599.38	Income
Deferred income *(note 2)*	**7,490,379.05**	5,633,288.49	Asset/income
Others *(note 3)*	**2,489,256.00**	213,415.13	Income
	11,609,675.67	15,103,303.00	

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 (2018: RMB9,256,599.38).

Note 2: The deferred income represented government grants related to the Group's daily operation and pipeline reconstruction projects.

Note 3: The Group received a subsidy from Chadian Street agency of the 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 during the year.

12. Investment income

	2019	2018
Income from long-term equity investments under the equity method	**3,915,204.68**	1,081,141.28
Income from held-for-trading financial assets held	**16,441,974.87**	14,363,561.64
	20,357,179.55	15,444,702.92

13. Non-operating income

	2019	2018
Others	**28,253.11**	142,720.06
	28,253.11	142,720.06

14. Income tax expense

	2019	2018
Current income tax expense	**2,802,249.99**	19,250,927.90
Deferred tax expense	**(2,603,727.11)**	(5,486,179.10)
	198,522.88	13,764,748.80

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

	2019	2018
Total profit	**4,238,482.54**	53,215,249.29
Income tax expense at statutory or applicable tax rate *(note 1)*	**1,059,620.63**	13,303,812.33
Income not subject to tax	**(978,801.17)**	(270,285.32)
Deductible expenses of previous periods	**(309,522.28)**	–
Expenses not deductible for tax	**27,234.42**	319,315.32
Adjustments in respect of current tax of previous periods	**(1,620.53)**	23,557.62
Deductible temporary differences and tax losses not recognised	**401,611.81**	388,348.85
Tax expense at the Group's effective tax rate	**198,522.88**	13,764,748.80

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 the payment of dividend for the 12 months ended 31 December 2019.

16. Earnings per share

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

	2019	2018
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**4,382,854.34**	39,720,652.39
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

In the year of 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 optimise management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2019 (the "**Year**"), the Group reported a revenue of approximately RMB1,501,277,000 (2018: approximately RMB1,519,526,000), representing a decrease of approximately 1% as compared with the year ended 31 December 2018 (the "**Previous Year**"). The gross profit margin decreased from approximately 2.26% for the Previous Year to a loss of approximately 1.24% for the Year. The profit before tax from continuing operations for the year ended 31 December 2019 amounted to approximately RMB4,238,000 (2018: approximately RMB53,215,000), representing a decrease of approximately 92% from the Previous Year.

The decline in financial performance of the Group was mainly attributable to: (i) a decrease in the gas connection income as the property market in the Company's governing areas was relatively sluggish for the year of 2019 and there were fewer newly completed property projects in these areas, leading to a decrease in demand of piped gas connection service from the Group; and (ii) an increase in the unit purchase price of pipeline gas due to the shortage of upstream gas supply resources. In the coming financial 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 Year, the Group has continued to implement its formulated development strategies to sell piped gas and provide piped gas connections to the users in the Group's operational locations in Tianjin and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, which is followed by gas connection, and sales of gas appliances and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group is generally funded by equity financing.

As at 31 December 2019, the Group had cash and cash equivalent of approximately RMB457,658,000 which was principally denominated in RMB (2018: RMB511,286,000), and the Group had no bank borrowings.

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 is only minimal.

The Group's gearing ratio (total liabilities to total asset ratio) as at 31 December 2019 was approximately 0.31 (as at 31 December 2018: approximately 0.30).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The Board has adopted a policy for investment that on the premises that the Company can carry on its operations normally, for the purpose of increasing the utilisation of capital, the Company intends to purchase principal-guaranteed wealth management products and structured deposit products with its idle funds and the total purchase amount of which shall not exceed RMB1 billion. The general manager of the Company has been authorised by the Board to confirm with the banks/financial institutions the types, amounts, periods and other relevant details of the wealth management products and structured deposit products to be subscribed and to sign, on behalf of the Company, relevant legal documents with the banks/financial institutions in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the articles of association of the Company (the "**Articles**") and other applicable laws and regulations.

As at 31 December 2019, the "held-for-trading financial assets" balance was RMB402,665,901.82, which represented the total fair value amount from the subscriptions of wealth management products and interest rate-linked structured deposit products issued by (i) Ping An Bank Co., Ltd.（平安銀行股份有限公司）("**Ping An Bank**"), which was announced on 25 October 2019 (the "**Ping An Bank Announcement**") and (ii) China Minsheng Bank Corp., Ltd.（中國民生銀行股份有限公司）("**Minsheng Bank**") which was announced on 31 October 2019 (the "**Minsheng Bank Announcement**", together with Ping An Bank Announcement, the "**Wealth Management Product Announcements**"), respectively.

Each of Ping An Bank and Minsheng Bank is a licensed bank established under the laws of the PRC.

As at 31 December 2019, the fair value of each wealth management product and interest rate-linked structured deposit product subscribed to by the Company was determined in accordance with the Accounting Standards for Business Enterprises in the PRC and calculated in accordance with net return formula as announced in each of the Wealth Management Product Announcements. The table below sets out the fair value of the existing wealth management product and interest rate-linked structured deposit product as at 31 December 2019, its relative size to the total asset as at 31 December 2019, its relative size to the total asset as the date of subscription, its performance in terms of the expected annualised rate of return in accordance with the disclosure of each Wealth Management Product Announcement and the realisation of the return receivable from each wealth management product and interest rate-linked structured deposit product.

Wealth Management Product Announcements	**Amount of principal**	**Fair value as at 31 December 2019**	**Size of principal subscription amount relative to the total asset of the Company as at 31 December 2019**	**Size of principal subscription amount relative to the total asset of the Company as at the date of subscription**	**As at 31 December 2019, the expected annualised rate of return in accordance with the disclosure of each Wealth Management Product Announcement**	**Realisation of the return receivable from each wealth management product and interest rate-linked structured deposit product**
	RMB	*RMB*	*%*	*%*	*%*	
Ping An Bank Announcement	200,000,000.00	201,395,068.49	7.88 *(Note 1)*	7.00 *(Note 2)*	3.80 *(Note 3)*	Unrealised *(Note 4)*
Minsheng Bank Announcement	200,000,000.00	201,270,833.33	7.88 *(Note 1)*	7.00 *(Note 2)*	3.75 *(Note 3)*	Unrealised *(Note 4)*

Notes

1 The total assets figure used as the denominator to calculate the relative size of each subscription to the Company's total asset as at 31 December 2019, represents the audited total assets of the Company as at 31 December 2019 of RMB2,538,184,952.44.

2 The total assets figure used as the denominator to calculate the relative size of each subscription to the Company's total asset as at the date of subscription for each wealth management product and interest rate-linked structured deposit product, represents the unaudited total assets of the Company as at 30 June 2019 of RMB2,858,796,326.95 published in the interim results announcement of the Company for the six months ended 30 June 2019.

3 This figure represents the expected annualised rate of return based on the performance of the underlying link (i.e. 3-month USD LIBOR interest rate) of each wealth management product and interest rate-linked structured deposit product.

4 In accordance with each of the Wealth Management Product Announcements, the return from each of the wealth management product and interest rate-linked structured deposit product is not redeemable before the maturity date, and each of the wealth management product and interest rate-linked structured deposit product is undue as at 31 December 2019, as such the return arising from the wealth management product and interest rate-linked structured deposit product has not been realised until their respective maturity dates.

According to the terms of each agreement of the wealth management products and interest rate-linked structured deposit products, no dividend will be paid.

Save as disclosed in this announcement, the Group has no significant investment, or any material acquisitions or disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2019.

CHARGES ON THE GROUP'S ASSETS

There was no charges on the Group's assets as at 31 December 2019 and 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in this announcement, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

CONTINGENT LIABILITIES

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

STAFF AND EMOLUMENT POLICY

As at 31 December 2019, the Group had a workforce of 787 full-time employees (2018: 812). The total employee costs were approximately RMB128,743,133 (2018: RMB127,080,146).

Emoluments of employees were determined by the common practice of the industry as well as individual performance of employees. 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 employees. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees.

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 framework documents such as the Plan of Action for the Prevention of Air Pollution（《大氣污染防治行動計劃》）, 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 United States 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 Utilisation Policy (《天然氣利用政策》) issued in 2013 further indicates the future development direction for China's natural gas utilisation. In urban gas field, China's new urbanisation 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 in 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 maximise 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 maximise 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, optimise management methods and means and promote the pre-control safety management, so as to ensure safe operation; and

- 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.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

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

During the year ended 31 December 2019, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CODE")

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company's corporate governance practices are based on the code provisions as set out in the Code contained in Appendix 14 to the Listing Rules.

The Company had complied with all the code provisions as set out in the Code contained in Appendix 14 to the Listing Rules during the year ended 31 December 2019.

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 the year ended 31 December 2019 and each of the two years ending 31 December 2020 and 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.

Renewal of continuing connected transactions in relation to gas transportation

On 8 March 2019, 津燃華潤燃氣有限公司 (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 31 December 2019 were RMB7,600,000 and RMB9,120,000, and for the year ending 31 December 2020 is RMB10,950,000, respectively.

Jinran China Resources is held as to 51% by Tianjin Gas 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 announcement of the Company dated 8 March 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 Yumin is a subsidiary of Tianjin Gas and hence 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 announcement of the Company dated 1 April 2019.

Continuing connected transaction in relation to gas supply

Renewal of the gas supply contract dated 20 September 2018

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. In any event, the total transaction amount (tax inclusive) under the 2019 Gas Supply Contract for the year ended 31 December 2019 should 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 ended 31 December 2019 exceeds 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 announcements of the Company dated 26 April 2019 and 14 May 2019, and the circular of the Company dated 3 June 2019.

Supplemental agreement to the 2019 Gas Supply Contract

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.

Renewal of the 2019 Gas Supply Contract

As the 2019 Gas Supply Contract has expired on 31 December 2019, on 11 November 2019, the Company and Jinran China Resources entered into the conditional gas supply contract for the period from 1 January 2020 to 31 December 2020 (the "**2020 Gas Supply Contract**"). The total transaction amount (tax inclusive) under the 2020 Gas Supply Contract for the year ending 31 December 2020 shall not exceed RMB1,879,000,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap for the 2020 Gas Supply Contract for the year ending 31 December 2020 exceeds 5%, the 2020 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 11 November 2019 and the circular of the Company dated 11 December 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 high pressure gas pipelines extending from the intersection of Dong Jin Road（東金路）and Yang Bei Road（楊北公路）in Dongli District（東麗區）, Tianjin to the intersection of Xin Gang No.8 Road（新港八號路）and Yue Jin Road（躍進路）in Tanggu District（塘沽區）, Tianjin, measuring approximately 30 km, 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 "**Renewed Gas Pipeline Lease Agreement**"). The new annual caps (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), is the maximum gas pipeline lease fee payable by Binhai Gas Group to the Company pursuant to the Gas Pipeline Lease Agreement under the Renewed Gas Pipeline Lease Agreement.

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 Renewed 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 Renewed 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 announcement of the Company dated 30 April 2019.

Continuing connected transaction in relation to Entrusted Purchase Agreement

On 5 December 2019, the Company entered into an entrusted purchase agreement (the "**Entrusted Purchase Agreement**") with Jinran China Resources, pursuant to which the Company entrusted Jinran China Resources to purchase Internet of Things gas metres for the Company's plan for replacement of the existing gas metres for the Company's users in Heping District（和平區）, Hedong District（河東區）, Xiqing District（西青區）, Ninghe District（寧河區）, Hangu District（漢沽區）and part of the Jinnan District（津南區）in Tianjin with the Internet of Things gas metres for the period commencing on 5 December 2019 and ending on 31 December 2021. The aggregate purchase price under the Entrusted Purchase Agreement for the period from 5 December 2019 to 31 December 2019, and the years ending 31 December 2020 and 31 December 2021 shall not exceed RMB38,556,350, RMB49,999,600 and RMB49,999,600, respectively.

As the highest applicable percentage ratio under the Listing Rules for the annual cap for the purchase of gas metres under the Entrusted Purchase Agreement, on an annual basis, will be more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirements.

For details, please refer to the announcement of the Company dated 5 December 2019.

Subscription of Wealth Management Products and Structured Deposit 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 China Guangfa Bank Co., Ltd.*, Tianjin Branch（廣發銀行股份有限公司天津分行）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) for a term of investment from 27 March 2019 to 24 September 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 Qilu Bank Company Limited*, Tianjin Huayuan Branch（齊魯銀行股份有限公司天津華苑支行）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) for a term of investment from 3 April 2019 to 30 September 2019.

As 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 announcement of the Company dated 3 April 2019.

Everbright Bank Structured Deposit Agreement

On 11 September 2019, the Company entered into the structured deposit agreement (the "**Everbright Bank Structured Deposit Agreement**") with China Everbright Bank Co., Ltd., Tianjin Branch*（中國光大銀行股份有限公司天津分行）to subscribe for the structured deposit product with a fixed interest rate of 3.90% per annum in the subscription amount of RMB200 million (equivalent to approximately HK$222 million as at 11 September 2019) for a term of deposit from 11 September 2019 to 11 March 2020.

As the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Everbright Bank Structured Deposit Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Everbright Bank Structured Deposit 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 announcement of the Company dated 11 September 2019.

Ping An Bank Structured Deposit Agreement

On 25 October 2019, the Company entered into a structured deposit agreement (the "**Ping An Bank Structured Deposit Agreement**") with Ping An Bank to subscribe for an interest rate-linked structured deposit product named Structured Corporate Deposits (100% Principal-guaranteed and interest rate linked) Product of Ping An Bank*（平安銀行對公結構性存款（100%保本掛鈎利率）產品） in the subscription amount of RMB200 million (equivalent to approximately HK$220 million as at 25 October 2019) for a term of deposit from 25 October 2019 (inclusive) to 24 April 2020 (exclusive).

As the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Ping An Bank Structured Deposit Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Ping An Bank Structured Deposit 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 announcement of the Company dated 25 October 2019.

Minsheng Bank Structured Deposit Agreement

On 31 October 2019, the Company entered into the structured deposit agreement (the "**Minsheng Bank Structured Deposit Agreement**") with Minsheng Bank to subscribe for a structured deposit product named Interest rate-linked Structured Deposits Product*（掛鈎利率結構性存款產品） in the subscription amount of RMB200 million (equivalent to approximately HK$220 million as at 31 October 2019) for a term of deposit from 31 October 2019 (inclusive) to 8 April 2020 (exclusive).

As the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Minsheng Bank Structured Deposit Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Minsheng Bank Structured Deposit 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 announcement of the Company dated 31 October 2019.

Amendments of the Articles

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 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.

IMPORTANT EVENT(S) AFTER REPORTING PERIOD

The impact of Coronavirus Disease 2019 ("COVID-19")

After the outbreak of COVID-19 (the "**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC. The Company will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Company. As at the date of this announcement, the Company was not aware of any material adverse impact on the Group's operations and financial performance as a result of the COVID-19 outbreak.

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

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") 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 process and risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed and confirmed this results announcement and the consolidated results of the Company for the Year.

SCOPE OF WORK OF ERNST & YOUNG HUA MING LLP

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young Hua Ming LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young Hua Ming LLP in this respect did not constitute an assurance engagement in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young Hua Ming LLP on the preliminary announcement.

FORTHCOMING ANNUAL GENERAL MEETING OF THE COMPANY (THE "AGM") AND BOOK CLOSURE PERIOD

The AGM is expected to be held on 26 June 2020 at 3:00 pm at Floor 9, Gangao Tower, 18 Zhengzhou Road, Heping District, Tianjin, PRC and notice of the AGM will be published and despatched in the manner as required by the Listing Rules. To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 27 May 2020 to 26 June 2020 (both days inclusive) during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 26 May 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinrangongyong.com). The annual report of the Company for the year ended 31 December 2019 will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Tianjin, People's Republic of China, 27 March 2020

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.