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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 2021**

HIGHLIGHTS

- Revenue of approximately RMB785,183,000 was recorded for the six months ended 30 June 2021.
- Gross loss of approximately RMB7,417,000 was recorded for the six months ended 30 June 2021.
- Net loss of approximately RMB7,005,000 was recorded for the six months ended 30 June 2021.
- Loss before tax of approximately RMB6,483,000 was recorded for the six months ended 30 June 2021.
- The Board does not propose an interim dividend for the six months ended 30 June 2021.

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 2021 (the “Period”) together with the unaudited comparative figures for the six months ended 30 June 2020 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

Renminbi Yuan

	<i>Note IV</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,129,906,351.21	1,255,927,702.26
Trade receivables	<i>1</i>	136,314,188.40	152,282,858.20
Receivables financing	<i>2</i>	39,802,076.51	52,544,172.97
Prepayments		3,264,902.76	1,391,903.61
Other receivables		3,514,883.90	2,777,508.14
Inventories	<i>3</i>	6,728,772.04	5,961,689.00
Other current assets		22,000,284.23	29,405,984.37
Total current assets		<u>1,341,531,459.05</u>	<u>1,500,291,818.55</u>
NON-CURRENT ASSETS			
Long-term equity investments		48,564,086.17	49,037,075.45
Fixed assets	<i>4</i>	839,324,548.40	858,919,973.98
Construction in progress	<i>5</i>	3,247,912.71	2,292,888.87
Intangible assets		11,567,795.96	11,716,464.50
Deferred tax assets		35,623,727.48	36,146,224.85
Total non-current assets		<u>938,328,070.72</u>	<u>958,112,627.65</u>
TOTAL ASSETS		<u><u>2,279,859,529.77</u></u>	<u><u>2,458,404,446.20</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

Renminbi Yuan

	<i>Note IV</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	6	151,367,935.51	217,219,648.96
Contract liabilities		234,913,850.59	305,027,206.60
Employee benefits payable		4,072,912.82	15,511,880.82
Taxes payable	7	19,098,141.86	49,647,052.03
Other payables		115,417,832.17	22,567,117.17
Total current liabilities		524,870,672.95	609,972,905.58
NON-CURRENT LIABILITIES			
Deferred income		101,401,055.38	103,891,515.73
Total non-current liabilities		101,401,055.38	103,891,515.73
Total liabilities		626,271,728.33	713,864,421.31
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,332,352.18	790,332,352.18
Specialised reserve		8,437,542.55	419,169.16
Surplus reserve		128,078,287.68	128,078,287.68
Retained earnings		547,848,055.10	646,616,369.62
Total equity attributable to shareholders of the Parent		1,658,627,017.51	1,749,376,958.64
Non-controlling interests		(5,039,216.07)	(4,836,933.75)
Total shareholders' equity		1,653,587,801.44	1,744,540,024.89
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,279,859,529.77	2,458,404,446.20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

Renminbi Yuan

		For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
	Note IV		
Revenue	8	785,182,665.72	676,488,965.42
Less: Cost of sales	8	790,404,318.11	675,076,234.74
Taxes and surcharges		2,195,663.39	1,477,654.97
Administrative expenses		16,186,701.46	11,902,616.85
Finance costs	9	(14,477,637.38)	(7,631,964.45)
including: interest income		14,643,015.01	7,828,623.34
Add: Other income	10	2,490,460.35	7,070,694.65
Investment income	11	(220,171.23)	3,509,790.82
including: share of profit/(loss) of an associate		(220,171.23)	(901,567.63)
Credit impairment losses		610,774.99	(77,622.55)
Operating profit/(loss)		(6,245,315.75)	6,167,286.23
Add: Non-operating income		6.54	633.81
Less: Non-operating expenses		237,400.26	295,700.14
Total profit/(loss)		(6,482,709.47)	5,872,219.90
Less: Income tax expense	12	522,497.37	4,188,223.28
Net profit/(loss)		(7,005,206.84)	1,683,996.62
Classified by continuity of operations			
Profit/(loss) from continuing operations		(7,005,206.84)	1,683,996.62
Classified by ownership			
Profit/(loss) attributable to shareholders of the Parent		(6,802,924.52)	1,712,991.33
Profit/(loss) attributable to non-controlling interests		(202,282.32)	(28,994.71)
Other comprehensive income, net of tax		—	—
Total comprehensive income		(7,005,206.84)	1,683,996.62
Including:			
Total comprehensive income attributable to shareholders of the Parent		(6,802,924.52)	1,712,991.33
Total comprehensive income attributable to non-controlling interests		(202,282.32)	(28,994.71)
Earnings/(loss) per share (RMB/Share)	14		
Basic		(0.004)	0.001
Diluted		(0.004)	0.001

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Renminbi Yuan

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 and its predecessor is Tianjin Tianlian Gas Company Limited (天津市天聯天然氣有限公司). 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 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 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 at a price of HKD0.25 per share (par value of RMB0.10 each) 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 of the Stock Exchange. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 (including 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 with fair value of RMB590,001,734.68 from Tianjin Gas. The value of shares is estimated based on the valuation of transferred asset conducted by valuer. 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) held 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%, increased from 51.3%, 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) held 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%, increased from 64.12%, 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 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)

Pursuant to the announcement of the Company dated on 1 April 2020, the registration of the transfer of all equity interests in Tianjin Energy held by the State-owned Assets Supervision Commission of Tianjin Municipal Government to Tianjin State-owned Capital Investment Management Co., Ltd. (天津國有資本投資運營有限公司) (“Tianjin Capital”) 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 Capital, and all shares were held by the State-owned Assets Supervision Commission of Tianjin Municipal Government.

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 August 2021.

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 2020. The accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2020 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year ended 2020 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. Taxes

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	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% which was levied after deducting deductible input VAT for the current period.
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.

IV. Notes to Key Items of the Consolidated Financial Statements

1. 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 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	136,701,030.19	142,330,792.68
1 to 2 years	860,870.62	11,744,957.36
2 to 3 years	307,200.00	307,200.00
Over 3 years	10,563,722.57	10,629,318.13
	148,432,823.38	165,012,268.17
<i>Less: Provision for bad debts of trade receivables</i>	12,118,634.98	12,729,409.97
	136,314,188.40	152,282,858.20

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

1. Trade receivables (Continued)

The category of trade receivables is analysed below:

	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage	Amount	Accruing percentage		Amount	Percentage	Amount	Accruing percentage	
		(%)		(%)			(%)		(%)	
Provision for bad debts on individual basis	11,693,203.74	7.9	11,693,203.74	100.0	-	11,333,177.12	6.9	11,333,177.12	100.0	-
Provision for bad debts by credit risk characteristic group	136,739,619.64	92.1	425,431.24	0.3	136,314,188.40	153,679,091.05	93.1	1,396,232.85	0.9	152,282,858.20
	148,432,823.38	100.0	12,118,634.98	8.2	136,314,188.40	165,012,268.17	100.0	12,729,409.97	7.7	152,282,858.20

The provision for bad debts of trade receivables by credit risk characteristic group are as follows:

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	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	128,457,155.47	-	-	137,393,116.54	-	-
6 months to 1 year	8,243,874.72	5.0%	412,193.74	4,842,718.14	5.0%	242,135.91
1 to 2 years	7,327.60	10.0%	732.76	11,410,685.36	10.0%	1,141,068.54
2 to 3 years	-	20.0%	-	-	20.0%	-
Over 3 years	31,261.85	40.0%	12,504.74	32,571.01	40.0%	13,028.40
	136,739,619.64	0.3%	425,431.24	153,679,091.05	0.9%	1,396,232.85

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 2021 (Unaudited)	12,729,409.97	424,313.02	(1,035,088.01)	12,118,634.98
31 December 2020 (Audited)	11,504,642.48	1,254,767.49	(30,000.00)	12,729,409.97

For the six months ended 30 June 2021, the Group provided bad debts of RMB424,313.02 (2020: RMB1,254,767.49), and reversed bad debts of RMB1,035,088.01 (2020: RMB30,000.00).

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

2. Receivables financing

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptance bills receivable	<u>39,802,076.51</u>	<u>52,544,172.97</u>
	<u>39,802,076.51</u>	<u>52,544,172.97</u>

3. Inventories

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Gas	198,468.02	193,880.86
Gas appliances	<u>6,530,304.02</u>	<u>5,767,808.14</u>
	<u>6,728,772.04</u>	<u>5,961,689.00</u>

As at 30 June 2021, the management of the Group considered that, there was no provision for impairment of inventories (31 December 2020: Nil).

4. Fixed assets

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Fixed assets	838,181,103.64	857,776,529.22
Disposal of fixed assets	<u>1,143,444.76</u>	<u>1,143,444.76</u>
	<u>839,324,548.40</u>	<u>858,919,973.98</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

4. Fixed assets (Continued)

Fixed assets

For the six months ended 30 June 2021 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,990,991.60	1,226,201,315.49	183,064,852.51	6,228,856.40	10,239,104.71	4,558,482.24	1,479,283,602.95
Purchase	-	617,477.34	9,916,622.88	-	89,142.62	-	10,623,242.84
Transferred from construction in progress	-	-	-	-	-	-	-
Disposal or scrap	-	275,329.00	685,013.29	736,226.33	81,897.68	-	1,778,466.30
Closing balance	<u>48,990,991.60</u>	<u>1,226,543,463.83</u>	<u>192,296,462.10</u>	<u>5,492,630.07</u>	<u>10,246,349.65</u>	<u>4,558,482.24</u>	<u>1,488,128,379.49</u>
Accumulated depreciation							
Opening balance	15,651,060.00	536,137,032.78	48,038,518.63	5,290,016.46	5,765,074.20	2,747,063.24	613,628,765.31
Provision	568,746.04	23,881,568.45	4,989,975.00	112,213.39	428,765.28	-	29,981,268.16
Disposal or scrap	-	159,030.01	616,511.97	691,816.15	73,707.91	-	1,541,066.04
Closing balance	<u>16,219,806.04</u>	<u>559,859,571.22</u>	<u>52,411,981.66</u>	<u>4,710,413.70</u>	<u>6,120,131.57</u>	<u>2,747,063.24</u>	<u>642,068,967.43</u>
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	<u>-</u>	<u>-</u>	<u>5,994,508.25</u>	<u>59,716.88</u>	<u>12,664.29</u>	<u>1,811,419.00</u>	<u>7,878,308.42</u>
Net carrying amount							
At end of the period	<u>32,771,185.56</u>	<u>666,683,892.61</u>	<u>133,889,972.19</u>	<u>722,499.49</u>	<u>4,113,553.79</u>	<u>-</u>	<u>838,181,103.64</u>
At beginning of the period	<u>33,339,931.60</u>	<u>690,064,282.71</u>	<u>129,031,825.63</u>	<u>879,123.06</u>	<u>4,461,366.22</u>	<u>-</u>	<u>857,776,529.22</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

4. Fixed assets (Continued)

Fixed assets (Continued)

2020 (Audited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening 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
Purchase	33,033.02	1,921,415.21	40,394,948.76	29,504.97	1,743,555.33	–	44,122,457.29
Transferred from construction in progress	–	10,177,932.55	–	–	–	–	10,177,932.55
Disposal or scrap	–	6,867,236.29	3,731,454.57	173,800.00	421,765.38	–	11,194,256.24
Closing balance	<u>48,990,991.60</u>	<u>1,226,201,315.49</u>	<u>183,064,852.51</u>	<u>6,228,856.40</u>	<u>10,239,104.71</u>	<u>4,558,482.24</u>	<u>1,479,283,602.95</u>
Accumulated depreciation							
Opening 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
Provision	1,136,271.36	47,453,392.57	7,501,834.48	315,480.06	780,210.42	–	57,187,188.89
Disposal or scrap	–	2,755,105.87	2,962,213.61	113,652.00	379,588.85	–	6,210,560.33
Closing balance	<u>15,651,060.00</u>	<u>536,137,032.78</u>	<u>48,038,518.63</u>	<u>5,290,016.46</u>	<u>5,765,074.20</u>	<u>2,747,063.24</u>	<u>613,628,765.31</u>
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	<u>–</u>	<u>–</u>	<u>5,994,508.25</u>	<u>59,716.88</u>	<u>12,664.29</u>	<u>1,811,419.00</u>	<u>7,878,308.42</u>
Net carrying amount							
At end of the year	<u>33,339,931.60</u>	<u>690,064,282.71</u>	<u>129,031,825.63</u>	<u>879,123.06</u>	<u>4,461,366.22</u>	<u>–</u>	<u>857,776,529.22</u>
At beginning of the year	<u>34,443,169.94</u>	<u>729,530,457.94</u>	<u>96,907,952.31</u>	<u>1,225,246.15</u>	<u>3,540,197.84</u>	<u>–</u>	<u>865,647,024.18</u>

As at 30 June 2021, the Group had no fixed assets pending certificates of property ownership (31 December 2020: Nil).

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

4. Fixed assets (Continued)

Fixed assets (Continued)

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

For the six months ended 30 June 2021 (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	<u>153,025,579.72</u>	<u>153,025,579.72</u>
Accumulated depreciation		
Opening balance	48,457,649.90	48,457,649.90
Provision	2,271,221.76	2,271,221.76
Disposal or scrap	—	—
Closing balance	<u>50,728,871.66</u>	<u>50,728,871.66</u>
Impairment provision		
Opening balance	—	—
Provision	—	—
Disposal or scrap	—	—
Closing balance	<u>—</u>	<u>—</u>
Net carrying amount		
At end of the period	<u>102,296,708.06</u>	<u>102,296,708.06</u>
At beginning of the period	<u>104,567,929.82</u>	<u>104,567,929.82</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

4. Fixed assets (Continued)

Fixed assets (Continued)

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

2020 (Audited)

	Pipelines	Total
Cost		
Opening balance	153,025,579.72	153,025,579.72
Purchase	—	—
Transferred from construction in progress	—	—
Disposal or scrap	—	—
Closing balance	<u>153,025,579.72</u>	<u>153,025,579.72</u>
Accumulated depreciation		
Opening balance	43,915,206.38	43,915,206.38
Provision	4,542,443.52	4,542,443.52
Disposal or scrap	—	—
Closing balance	<u>48,457,649.90</u>	<u>48,457,649.90</u>
Impairment provision		
Opening balance	—	—
Provision	—	—
Disposal or scrap	—	—
Closing balance	<u>—</u>	<u>—</u>
Net carrying amount		
At end of the year	<u>104,567,929.82</u>	<u>104,567,929.82</u>
At beginning of the year	<u>109,110,373.34</u>	<u>109,110,373.34</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

4. Fixed assets (Continued)

Disposal of fixed assets

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Pipelines	<u>1,143,444.76</u>	<u>1,143,444.76</u>
	<u>1,143,444.76</u>	<u>1,143,444.76</u>

5. Construction in progress

The Group had no construction materials.

Construction in progress

	30 June 2021 (Unaudited)			31 December 2020 (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
Pipeline reconstruction	1,016,158.49	–	1,016,158.49	74,346.67	–	74,346.67
Gas stations and others	1,128,714.22	(1,035,000.00)	93,714.22	1,115,502.20	(1,035,000.00)	80,502.20
Mines	408,920.27	(408,920.27)	–	408,920.27	(408,920.27)	–
	<u>4,691,832.98</u>	<u>(1,443,920.27)</u>	<u>3,247,912.71</u>	<u>3,736,809.14</u>	<u>(1,443,920.27)</u>	<u>2,292,888.87</u>

The movements of construction in progress for the six months ended 30 June 2021 (Unaudited) are as follows:

	Opening balance	Addition	Transferred to fixed assets/ intangible assets	Other transfer out	Closing balance
Buildings	2,138,040.00	–	–	–	2,138,040.00
Pipeline reconstruction	74,346.67	941,811.82	–	–	1,016,158.49
Gas stations and others	1,115,502.20	13,212.02	–	–	1,128,714.22
Mines	408,920.27	–	–	–	408,920.27
	<u>3,736,809.14</u>	<u>955,023.84</u>	<u>–</u>	<u>–</u>	<u>4,691,832.98</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

5. Construction in progress (Continued)

Construction in progress (Continued)

The movements of construction in progress in 2020 (Audited) are as follows:

	Opening balance	Addition	Transferred to fixed assets/ intangible assets	Other transfer out	Closing balance
Buildings	2,138,040.00	–	–	–	2,138,040.00
Pipeline reconstruction	–	9,870,646.19	9,796,299.52	–	74,346.67
Gas stations and others	1,810,688.81	441,163.40	1,136,350.01	–	1,115,502.20
Mines	408,920.27	–	–	–	408,920.27
	<u>4,357,649.08</u>	<u>10,311,809.59</u>	<u>10,932,649.53</u>	<u>–</u>	<u>3,736,809.14</u>

6. 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 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	128,651,053.38	181,036,283.48
1 to 2 years	17,196,427.87	27,240,977.73
Over 2 years	5,520,454.26	8,942,387.75
	<u>151,367,935.51</u>	<u>217,219,648.96</u>

7. Taxes payable

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Value-added tax	17,925,269.00	48,433,401.26
Others	1,172,872.86	1,213,650.77
	<u>19,098,141.86</u>	<u>49,647,052.03</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

8. Revenue and cost of sales

	For the six months ended 30 June 2021 (Unaudited)		For the six months ended 30 June 2020 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>785,182,665.72</u>	<u>790,404,318.11</u>	<u>676,488,965.42</u>	<u>675,076,234.74</u>
	<u>785,182,665.72</u>	<u>790,404,318.11</u>	<u>676,488,965.42</u>	<u>675,076,234.74</u>

Revenue is stated as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Revenue from contracts with customers	782,430,372.14	673,736,671.84
Rentals	<u>2,752,293.58</u>	<u>2,752,293.58</u>
	<u>785,182,665.72</u>	<u>676,488,965.42</u>

Disaggregation of revenue from contracts with customers is as follows:

	For the six months ended 30 June 2021 (Unaudited)
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	764,676,364.07
Sales of gas appliances and others	776,991.16
Revenue recognised over time	
Gas connection income	15,622,305.41
Gas transportation	<u>1,354,711.50</u>
	<u>782,430,372.14</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

8. Revenue and cost of sales (Continued)

Disaggregation of revenue from contracts with customers is as follows: (Continued)

	For the six months ended 30 June 2020 (Unaudited)
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	660,675,464.69
Sales of gas appliances and others	307,199.97
Revenue recognised over time	
Gas connection income	11,464,042.82
Gas transportation	1,289,964.36
	<u>673,736,671.84</u>

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

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Sales of piped gas	160,524,056.49	96,645,915.38
Gas connection income	15,008,019.16	9,360,150.58
Sales of gas appliances and others	<u>151,355.24</u>	<u>172,194.69</u>
	<u>175,683,430.89</u>	<u>106,178,260.65</u>

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.

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

8. Revenue and cost of sales (Continued)

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

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 30 June 2021, the transaction price allocated to the remaining performance obligation was RMB234,906,512.22 (31 December 2020: RMB305,009,696.23) and the Group will recognise this revenue in future upon delivery of the products or when gas connection being completed.

9. Finance costs

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Interest income	(14,643,015.01)	(7,828,623.34)
Others	<u>165,377.63</u>	<u>196,658.89</u>
	<u>(14,477,637.38)</u>	<u>(7,631,964.45)</u>

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

10. Other income

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Government grants related to daily operation	<u>2,490,460.35</u>	<u>7,070,694.65</u>
	<u>2,490,460.35</u>	<u>7,070,694.65</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

10. Other income (Continued)

Government grants related to daily operation:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)	Relevant to asset/income
Tax refund (<i>note 1</i>)	–	4,203,766.24	Income
Deferred income (<i>note 2</i>)	2,490,460.35	2,449,271.43	Asset/income
Others (<i>note 3</i>)	–	417,656.98	Income
	<u>2,490,460.35</u>	<u>7,070,694.65</u>	

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, no refund was recognized for the six months ended 30 June 2021 (for the six months ended 30 June 2020: the Group recognised the refund of CIT, IIT and VAT actually received according to the government preferential policy of RMB4,203,766.24).

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

Note 3: For the six months ended 30 June 2020, the Group received a subsidy from Human Resources and Social Security Bureau of Heping District, Tianjin for job stabilisation of RMB417,656.98.

11. Investment income

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Loss from long-term equity investments under the equity method	(220,171.23)	(901,567.63)
Income from held-for-trading financial assets held	–	4,411,358.45
	<u>(220,171.23)</u>	<u>3,509,790.82</u>

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

12. Income tax expense

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Current income tax expense	–	3,595,311.06
Deferred tax expense	<u>522,497.37</u>	<u>592,912.22</u>
	<u>522,497.37</u>	<u>4,188,223.28</u>

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

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Total profit/(loss)	(6,482,709.47)	5,872,219.90
Income tax expense at statutory or applicable tax rate (<i>note 1</i>)	(1,620,677.37)	1,468,054.97
Investment loss not deductible for tax	55,042.81	225,391.91
Expenses not deductible for tax	1,942,337.14	2,435,462.78
Adjustments in respect of current tax of previous periods	–	(1,620.53)
Deductible temporary differences and tax losses not recognised	<u>145,794.79</u>	<u>60,934.15</u>
Tax expense at the Group's effective tax rate	<u>522,497.37</u>	<u>4,188,223.28</u>

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

13. Dividend

The Directors of the Company do not recommend an interim dividend for the six months ended 30 June 2021.

IV. Notes to Key Items of the Consolidated Financial Statements (Continued)

14. Earnings/(loss) per share

	For the six months ended 30 June 2021 (Unaudited) RMB/Share	For the six months ended 30 June 2020 (Unaudited) RMB/Share
Basic earnings/(loss) per share		
Continuing operations	<u>(0.004)</u>	<u>0.001</u>
Diluted earnings/(loss) per share		
Continuing operations	<u>(0.004)</u>	<u>0.001</u>

The calculation of basic earnings/(loss) per share is based on the net profit/(loss) 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/(loss) per share and diluted earnings/(loss) per share is as follows:

	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Earnings/(loss)		
Net profit/(loss) for the period attributable to ordinary shareholders of the Company	<u>(6,802,924.52)</u>	<u>1,712,991.33</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,839,307,800.00</u>	<u>1,839,307,800.00</u>

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 2021, mostly recovered from Novel Coronavirus Disease (“COVID-19”) that created a challenging environment for the Group’s business, the Board and the management have committed to re-establish the sustainable development of the Group by on one hand enhancing the revenue-earning potential of the Group by promoting value-added services to existing customers and looking for new markets, and, on the other hand managing the expenses of the Group by optimizing the cost efficiency and streamlining daily operations of the Group.

FINANCIAL REVIEW

For the Period, the Group reported a revenue of approximately RMB785,183,000 (for the six months ended 30 June 2020: approximately RMB676,489,000), representing an increase of approximately 16% as compared with the corresponding period of last year. The gross profit margin decreased from approximately 0.01% loss for the six months ended 30 June 2020 to approximately 0.94% loss for the Period. Profit before tax from continuing operations of the Group decreased from approximately RMB5,872,000 profit for the six months ended 30 June 2020 to approximately RMB6,483,000 loss for the six months ended 30 June 2021.

The financial performance of the Group during the period was mixed. The main reasons for the increase in the Group’s revenue in the first half of 2021 compared with the same period last year are: (1) the government authorities have adjusted the terminal gas prices in the first half of 2021, which is higher than that of same period last year; and (2) the increase in gas consumption by some industrial and commercial users due to the recovery from COVID-19. However, the Group has suffered a loss before tax for the six months ended 30 June 2021 because of a decrease in price difference between the natural gas purchasing price borne and selling prices enjoyed by the Company in April and May 2021, which was resulted from an increase in city-gate price of natural gas in Tianjin since April 2021 but an upward adjustment of end-user selling price made by the relevant government authorities in Tianjin only in June 2021. As a result, the Group’s profit before tax for the six months ended 30 June 2021 has decreased compared with the same period last year.

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 2021, total equity attributable to shareholders of the Company amounted to approximately RMB1,658,627,000 (31 December 2020: approximately RMB1,749,377,000). As at 30 June 2021, 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 2021, the Group did not have any bank borrowing (31 December 2020: Nil).

As at 30 June 2021, the Group had net current assets of approximately RMB816,661,000 (31 December 2020: approximately RMB890,319,000), including cash and cash equivalent of approximately RMB262,151,000 (31 December 2020: approximately RMB499,386,000) 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. During the Period, the Group did not employ in any major financial instruments for hedging purposes.

Significant Investments

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 and other laws and regulations.

The Group did not have significant investments for the six months ended 30 June 2021.

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.

Charges on the Group’s Assets

As at 30 June 2021, 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 2021 was approximately 0.27 (31 December 2020: approximately 0.29).

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities or guarantees (31 December 2020: 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 2021, the Group had a workforce of 739 full-time employees (30 June 2020: 771). Total staff costs amounted to approximately RMB57,918,558.13 for the six months ended 30 June 2021 (30 June 2020: RMB45,792,690).

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 2021 (for the six months ended 30 June 2020: Nil).

PROSPECTS

Development of the PRC Gas Sector

In line with and benefit from China's Vision 2035 (2035年遠景目標) envisaging that the carbon emission of China will be stabilized and decreased, implying a trend of using relatively cleaner energy source, and China's 14th Five Year Plan, aiming to in the next five year enhance the reserves and productivity (增儲上產) of oil and natural gas and at the same time speed up the construction of natural gas pipeline, perfecting the grid network for oil and natural gas, the Group expects that the PRC natural gas sector and natural gas consumption will experience a persistent growth. The Group may be particularly benefited from such growth as it is also emphasized in the 14th Five-Year Plan that Beijing, Tianjin, and Hebei shall jointly prevent and control (京津冀協同防控) air pollution, and that northern China shall be promoted to use cleaner energy for heating purpose. Together with policy 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》), the Group remains optimistic about the PRC gas sector as a whole and that natural gas will remain as a preferred energy source in the PRC.

It is prospected that 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.

In the second half of 2021, the Company will continue to (i) facilitate the Possible Transfer (as defined in the announcement of the Company dated 24 June 2021) of the domestic shares of the Company by Tianjin Gas to 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd* (“Jinran China Resources”)); (ii) tackle the issue of single gas source by studying the commercial and technical feasibility of adopting new gas sources, including liquefied natural gas (LNG); (iii) promote value-added services and strive to create new momentum for corporate development by establishing communication channels with existing customers; (iv) identify significant customers by exploring customers’ needs in the current market share; (v) prioritize market expansion and develop new customers by promoting and marketing the Company’s supply of natural gas; and (vi) study and develop new financial products to enhance its capital yield by working closely with selected banks and financial institutions.

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.

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 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

Amendments to the Articles of Association of the Company

The shareholders of the Company had approved a special resolution at the annual general meeting (the “AGM”) of the Company held on 25 June 2021 to amend the articles of association of the Company according to the Company Law of the People’s Republic of China (the “PRC”), the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Reply of the State Council on Adjusting the Provisions to Matters Including the Notice Period for Convention of General Meetings Applicable to Overseas Listed Companies (No. 97 [2019] of the State Council) and other relevant laws and regulations and regulatory provisions, and with reference to the actual condition. For details, please refer to the announcement of the Company dated 27 April 2021 and the circular of the Company dated 30 April 2021.

Change of Directors and Supervisors

Due to his other work arrangements, Mr. Zhang Jinlin retired as a non-executive Director with effect from the conclusion of the AGM convened and held on 25 June 2021 and did not offer himself for re-election at the AGM. At the AGM, Ms. Hou Yuling was elected as a new non-executive Director.

On the other hand, as Mr. Yang Hu Ling reached the age of retirement, he retired as a Supervisor with effect from the conclusion of the AGM and did not offer himself for re-election at the AGM. Due to her desires to devote more time to her personal matters, Ms. Hao Li tendered her resignation as a Supervisor with effect from the conclusion of the AGM. Mr. Sun Guoqing and Ms. Zhang Tingting were elected as new Supervisors. For details, please refer to the announcement of the Company dated 16 April 2021, and the circular of the Company dated 30 April 2021.

Renewal of continuing connected transaction in relation to gas supply

As the gas supply contract dated 11 November 2019 and entered into between the Company and Jinran China Resources expired on 31 December 2020, on 9 February 2021, the Company and Jinran China Resources entered into a new gas supply contract for the period from 1 January 2021 to 31 December 2021. For details, please refer to the announcement of the Company dated 9 February 2021 and the circular of the Company dated 15 March 2021.

Continuing Connected Transaction in relation to the Gas Provision to Taihua Gas

On 15 April 2021, the Company entered into a new gas provision contract (the “New Gas Provision Contract”) with 天津泰華燃氣有限公司 (Tianjin Taihua Gas Co., Ltd*, “Taihua Gas”) in respect of gas provision for the three years ending 31 December 2023. For details, please refer to the announcement of the Company dated 15 April 2021 and the circular of the Company dated 9 June 2021.

Disposal Of Target Assets Of Jining Branch Company

Reference are made to the announcements (the “Announcements”) of the Company dated 4 September 2020 and 24 September 2020 in relation to the potential disposal of all the assets and liabilities (excluding the outstanding amount due from 天津津燃公用事業股份有限公司集寧分公司 (Tianjin Jinran Public Utilities Company Limited, Jining Branch) (“Jining Branch Company”) to the Company) of Jining Branch Company to be disposed of through the listing-for-sale at 天津產權交易中心 (Tianjin Property Rights Exchange). The Company resolved to adjust the base price for the disposal contemplated from approximately RMB103,080,200 to approximately RMB91,332,200. For details, please refer to the announcement of the Company dated 20 August 2021.

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, 27 August 2021

* *for identification purposes only*

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