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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

Renminbi Yuan

	Note IV	31 December 2021	31 December 2020
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,150,947,998.99	1,255,927,702.26
Trade receivables	1	157,289,566.44	152,282,858.20
Receivables financing	2	47,215,625.61	52,544,172.97
Prepayments		1,219,482.41	1,391,903.61
Other receivables		4,674,905.67	2,777,508.14
Inventories	3	4,661,939.14	5,961,689.00
Other current assets		23,237,847.47	29,405,984.37
Total current assets		1,389,247,365.73	1,500,291,818.55
NON-CURRENT ASSETS			
Long-term equity investments		49,135,974.84	49,037,075.45
Fixed assets	4	856,344,015.45	858,919,973.98
Construction in progress	5	4,873,348.18	2,292,888.87
Intangible assets		11,449,718.98	11,716,464.50
Deferred tax assets		34,323,816.28	36,146,224.85
Total non-current assets		956,126,873.73	958,112,627.65
TOTAL ASSETS		2,345,374,239.46	2,458,404,446.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2021**Renminbi Yuan*

	<i>Note IV</i>	31 December 2021	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	6	200,484,781.18	217,219,648.96
Contract liabilities		295,251,725.48	305,027,206.60
Employee benefits payable		16,294,651.30	15,511,880.82
Taxes payable	7	46,969,427.84	49,647,052.03
Other payables		31,249,026.50	22,567,117.17
Total current liabilities		590,249,612.30	609,972,905.58
NON-CURRENT LIABILITIES			
Deferred income		101,466,274.03	103,891,515.73
Total non-current liabilities		101,466,274.03	103,891,515.73
Total liabilities		691,715,886.33	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		298,057.88	419,169.16
Surplus reserve		128,277,523.13	128,078,287.68
Retained earnings		551,650,003.94	646,616,369.62
Total equity attributable to shareholders of the Parent		1,654,488,717.13	1,749,376,958.64
Non-controlling interests		(830,364.00)	(4,836,933.75)
Total shareholders' equity		1,653,658,353.13	1,744,540,024.89
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,345,374,239.46</u>	<u>2,458,404,446.20</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

Renminbi Yuan

	Note IV	2021	2020
Revenue	8	1,579,769,604.57	1,344,635,812.33
Less: Cost of sales	8	1,568,338,292.05	1,363,634,249.60
Taxes and surcharges		2,835,553.62	2,450,149.44
Administrative expenses		33,760,441.27	29,170,962.74
Finance costs	9	(29,988,723.92)	(21,794,469.69)
including: interest income		30,349,740.19	21,999,557.16
Add: Other income	10	5,645,680.60	9,330,887.88
Investment income	11	723,962.36	5,314,320.71
including: share of profit of an associate		723,962.36	902,962.26
Credit impairment losses		(3,284,418.07)	(1,224,767.49)
Operating profit/(loss)		7,909,266.44	(15,404,638.66)
Add: Non-operating income		12,596.38	23,193.32
Less: Non-operating expenses	12	4,894,624.73	2,449,168.23
Total profit/(loss)		3,027,238.09	(17,830,613.57)
Less: Income tax expense	13	1,822,408.57	(4,189,255.39)
Net profit/(loss)		<u>1,204,829.52</u>	<u>(13,641,358.18)</u>
Classified by continuity of operations			
Profit/(loss) from continuing operations		1,204,829.52	(13,641,358.18)
Classified by ownership			
Profit/(loss) attributable to shareholders of the Parent		1,431,633.17	(13,515,344.04)
Profit/(loss) attributable to non-controlling interests		(226,803.65)	(126,014.14)
Other comprehensive income, net of tax		—	—
Total comprehensive income		<u>1,204,829.52</u>	<u>(13,641,358.18)</u>
Including:			
Total comprehensive income attributable to shareholders of the Parent		1,431,633.17	(13,515,344.04)
Total comprehensive income attributable to non-controlling interests		(226,803.65)	(126,014.14)
Earnings/(loss) per share (RMB/Share)	15		
Basic		<u>0.001</u>	<u>(0.007)</u>
Diluted		<u>0.001</u>	<u>(0.007)</u>

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 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 RMB0.1 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 RMB0.1 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 RMB0.1 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 operation of gas; installation and repair of gas-fired appliance; gas vehicles refueling business (operated by branch offices); various types of engineering construction activities (for items that are subject to approval in accordance with the laws, business activities can only be conducted after obtaining approval(s) from the relevant departments, and the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail); technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; exclusive insurance agency business within the scope of the insurance company’s authorization (operating under the authorization); sales agent; lease of non-residential real estate; sales of non-electric household appliances; pipeline transportation over land; lease of special equipment (except for the items subject to approval by laws, business activities can be carried out independently with the business license in accordance with the laws); science and technology intermediary services; information consulting services; mining investment.

These financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2022. 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. 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:

	2021	2020
Within 1 year	158,322,786.06	142,330,792.68
1 to 2 years	3,826,207.83	11,744,957.36
2 to 3 years	334,271.98	307,200.00
Over 3 years	10,820,128.61	10,629,318.13
	173,303,394.48	165,012,268.17
<i>Less: Provision for bad debts of trade receivables</i>	16,013,828.04	12,729,409.97
	157,289,566.44	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:

	2021					2020				
					Net carrying amount					Net carrying amount
	Gross carrying amount		Provision for bad debts			Gross carrying amount		Provision for bad debts		
	Percentage		Accruing			Percentage		Accruing		
	Amount	(%)	Amount	percentage (%)		Amount	(%)	Amount	percentage (%)	
Provision for bad debts on individual basis	15,264,813.04	8.8	15,264,813.04	100.0	–	11,333,177.12	6.9	11,333,177.12	100.0	–
Provision for bad debts by credit risk characteristic group	158,038,581.44	91.2	749,015.00	0.5	157,289,566.44	153,679,091.05	93.1	1,396,232.85	0.9	152,282,858.20
	173,303,394.48	100.0	16,013,828.04	9.2	157,289,566.44	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:

	2021			2020		
	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	143,348,795.64	-	-	137,393,116.54	-	-
6 months to 1 year	14,578,798.77	5.0%	728,939.94	4,842,718.14	5.0%	242,135.91
1 to 2 years	81,065.83	10.0%	8,106.58	11,410,685.36	10.0%	1,141,068.54
2 to 3 years	-	20.0%	-	-	20.0%	-
Over 3 years	29,921.20	40.0%	11,968.48	32,571.01	40.0%	13,028.40
	158,038,581.44	0.5%	749,015.00	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 year	Reversal during the year	Closing balance
2021	12,729,409.97	4,793,272.42	(1,508,854.35)	16,013,828.04
2020	11,504,642.48	1,254,767.49	(30,000.00)	12,729,409.97

In 2021, the Group provided bad debts of RMB4,793,272.42 (2020: RMB1,254,767.49), and reversed bad debts of RMB1,508,854.35 (2020: RMB30,000.00).

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

2. Receivables financing

	2021	2020
Bank acceptance bills receivable	<u>47,215,625.61</u>	<u>52,544,172.97</u>
	<u>47,215,625.61</u>	<u>52,544,172.97</u>

3. Inventories

	2021	2020
Gas	185,615.39	193,880.86
Gas appliances	<u>4,476,323.75</u>	<u>5,767,808.14</u>
	<u>4,661,939.14</u>	<u>5,961,689.00</u>

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

4. Fixed assets

	2021	2020
Fixed assets	855,200,570.69	857,776,529.22
Disposal of fixed assets	<u>1,143,444.76</u>	<u>1,143,444.76</u>
	<u>856,344,015.45</u>	<u>858,919,973.98</u>

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

4. Fixed assets (Continued)

Fixed assets

2021

	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	–	8,473,873.79	39,630,325.34	86,545.34	965,671.06	–	49,156,415.53
Transferred from construction in progress	–	19,626,558.24	150,100.84	–	–	–	19,776,659.08
Disposal or scrap	–	10,657,917.05	2,873,749.84	824,021.33	109,909.71	–	14,465,597.93
Closing balance	<u>48,990,991.60</u>	<u>1,243,643,830.47</u>	<u>219,971,528.85</u>	<u>5,491,380.41</u>	<u>11,094,866.06</u>	<u>4,558,482.24</u>	<u>1,533,751,079.63</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	1,137,492.09	47,717,228.86	11,092,647.32	206,156.62	854,126.67	–	61,007,651.56
Disposal or scrap	–	508,091.09	2,586,374.86	770,831.66	98,918.74	–	3,964,216.35
Closing balance	<u>16,788,552.09</u>	<u>583,346,170.55</u>	<u>56,544,791.09</u>	<u>4,725,341.42</u>	<u>6,520,282.13</u>	<u>2,747,063.24</u>	<u>670,672,200.52</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>32,202,439.51</u>	<u>660,297,659.92</u>	<u>157,432,229.51</u>	<u>706,322.11</u>	<u>4,561,919.64</u>	<u>–</u>	<u>855,200,570.69</u>
At beginning 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>

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

4. Fixed assets (Continued)

Fixed assets (Continued)

2020

	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 31 December 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:

2021

	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	4,542,443.52	4,542,443.52
Disposal or scrap	—	—
Closing balance	<u>53,000,093.42</u>	<u>53,000,093.42</u>
Impairment provision		
Opening balance	—	—
Provision	—	—
Disposal or scrap	—	—
Closing balance	<u>—</u>	<u>—</u>
Net carrying amount		
At end of the year	<u>100,025,486.30</u>	<u>100,025,486.30</u>
At beginning of the year	<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

	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

	2021	2020
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

	2021			2020		
	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	2,257,639.57	–	2,257,639.57	74,346.67	–	74,346.67
Gas stations and others	1,512,668.61	(1,035,000.00)	477,668.61	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>6,317,268.45</u>	<u>(1,443,920.27)</u>	<u>4,873,348.18</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 in 2021 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	20,314,767.59	18,131,474.69	–	2,257,639.57
Gas stations and others	1,115,502.20	3,656,908.07	1,645,184.39	1,614,557.27	1,512,668.61
Mines	408,920.27	–	–	–	408,920.27
	<u>3,736,809.14</u>	<u>23,971,675.66</u>	<u>19,776,659.08</u>	<u>1,614,557.27</u>	<u>6,317,268.45</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 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:

	2021	2020
Within 1 year	152,575,459.64	181,036,283.48
1 to 2 years	31,837,262.82	27,240,977.73
Over 2 years	16,072,058.72	8,942,387.75
	<u>200,484,781.18</u>	<u>217,219,648.96</u>

7. Taxes payable

	2021	2020
Value-added tax	46,120,346.91	48,433,401.26
Others	849,080.93	1,213,650.77
	<u>46,969,427.84</u>	<u>49,647,052.03</u>

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

8. Revenue and cost of sales

	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>1,579,769,604.57</u>	<u>1,568,338,292.05</u>	<u>1,344,635,812.33</u>	<u>1,363,634,249.60</u>
	<u>1,579,769,604.57</u>	<u>1,568,338,292.05</u>	<u>1,344,635,812.33</u>	<u>1,363,634,249.60</u>

Revenue is stated as follows:

	2021	2020
Revenue from contracts with customers	1,574,265,017.39	1,339,131,225.17
Rentals	<u>5,504,587.18</u>	<u>5,504,587.16</u>
	<u>1,579,769,604.57</u>	<u>1,344,635,812.33</u>

Disaggregation of revenue from contracts with customers is as follows:

	2021	2020
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	1,512,089,594.53	
Sales of gas appliances and others	7,118,476.78	
Revenue recognised over time		
Gas connection income	53,015,276.65	
Gas transportation	<u>2,041,669.43</u>	
	<u>1,574,265,017.39</u>	
		2020
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas		1,279,266,996.45
Sales of gas appliances and others		634,777.17
Revenue recognised over time		
Gas connection income		57,107,337.54
Gas transportation		<u>2,122,114.01</u>
		<u>1,339,131,225.17</u>

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

8. Revenue and cost of sales (Continued)

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

	2021	2020
Sales of piped gas	180,216,668.17	127,063,955.19
Gas connection income	31,366,747.93	14,800,625.50
Sales of gas appliances and others	4,483,494.57	570,926.55
	<u>216,066,910.67</u>	<u>142,435,507.24</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.

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 2021, the transaction price allocated to the remaining performance obligation was RMB295,237,611.10 (31 December 2020: RMB305,009,696.23) and the Group will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

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

9. Finance costs

	2021	2020
Interest income	(30,349,740.19)	(21,999,557.16)
Foreign exchange differences	41,104.51	—
Others	319,911.76	205,087.47
	<u>(29,988,723.92)</u>	<u>(21,794,469.69)</u>

All the interest income of the Group is generated from current deposits and time deposits under cash and bank balances.

10. Other income

	2021	2020
Government grants related to daily operation	<u>5,645,680.60</u>	<u>9,330,887.88</u>
	<u>5,645,680.60</u>	<u>9,330,887.88</u>

Government grants related to daily operation are as follows:

	2021	2020	Relevant to asset/income
Deferred income (note 1)	4,970,914.67	4,709,464.66	Asset/income
Tax refund (note 2)	—	4,203,766.24	Income
Others (note 3)	<u>674,765.93</u>	<u>417,656.98</u>	Income
	<u>5,645,680.60</u>	<u>9,330,887.88</u>	

Note 1: The deferred income represented government grants related to the Group's daily operation and pipeline reconstruction projects.

Note 2: 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 in 2021 (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 3: The Group received a subsidy from Human Resources and Social Security Bureau of Heping District, Tianjin for job stabilisation of RMB674,765.93 (2020: RMB417,656.98).

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

11. Investment income

	2021	2020
Income from long-term equity investments under the equity method	723,962.36	902,962.26
Income from held-for-trading financial assets held	—	4,411,358.45
	<u>723,962.36</u>	<u>5,314,320.71</u>

12. Non-operating expenses

	2021	2020
Losses on scrap of non-current assets	701,582.08	1,306,425.25
Penalties and compensations	—	280,289.14
Others	4,193,042.65	862,453.84
	<u>4,894,624.73</u>	<u>2,449,168.23</u>

13. Income tax expense

	2021	2020
Current income tax expense	—	(1,620.53)
Deferred tax expense	1,822,408.57	(4,187,634.86)
	<u>1,822,408.57</u>	<u>(4,189,255.39)</u>

The reconciliation from total profit/(loss) to income tax expense is as follows:

	2021	2020
Total profit/(loss)	3,027,238.09	(17,830,613.57)
Income tax expense at the statutory or applicable tax rate (<i>note 1</i>)	756,809.52	(4,457,653.39)
Income not subject to tax	(180,990.59)	(225,740.57)
Expenses not deductible for tax	1,049,708.38	287,318.00
Adjustments in respect of current tax of previous periods	—	(1,620.53)
Tax losses utilised from previous periods	—	(38,771.75)
Deductible temporary differences and tax losses not recognised	196,881.26	247,212.85
Tax expense at the Group's effective tax rate	<u>1,822,408.57</u>	<u>(4,189,255.39)</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.

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

14. Dividend

The directors of the Company do not recommend the payment of dividend for the 12 months ended 31 December 2021.

15. Earnings/(loss) per share

	2021 RMB/Share	2020 RMB/Share
Basic earnings/(loss) per share		
Continuing operations	<u>0.001</u>	<u>(0.007)</u>
Diluted earnings/(loss) per share		
Continuing operations	<u>0.001</u>	<u>(0.007)</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 basic earnings/(loss) per share and diluted earnings/(loss) per share is as follows:

	2021	2020
Earnings/(loss)		
Net profit/(loss) for the year attributable to ordinary shareholders of the Company	<u>1,431,633.17</u>	<u>(13,515,344.04)</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

In the year of 2021, in order to mitigate the impact of COVID-19 while maintaining the sustainable development of the Group during this challenging time, the Board and the management have striven to, on one hand, develop new markets in light of the decrease in existing customers' consumption of natural gas by looking for new gas users switching from other energy sources, and, on the other hand, reduce the risk exposure of the Group by reviewing its existing and potential investments, enhancing internal control and cost management, as well as taking the initiative to optimise the Group's business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2021 (the “**Year**”), the Group recorded a revenue of approximately RMB1,579,770,000 (For the year ended 31 December 2020 (the “**Previous Year**”): approximately RMB1,344,636,000), representing an increase of approximately 17% from the Previous Year. The gross profit margin increased from a loss of approximately 1.60% for the Previous Year to a profit of approximately 0.54% for the Year. The profit before tax from continuing operations for the Year amounted to approximately RMB3,027,000 (Previous Year: loss before tax from continuing operations of approximately RMB17,831,000).

The improvement in financial performance of the Group was mainly attributed to (i) an increase in the Group's gross profit from sales of natural gas in light of an increase in selling price of natural gas to end users during the heating season of 2021/2022, comparing to the selling price of the prior heating season, and an increase in sales volume of natural gas in the Year comparing to that of the Previous Year; and (ii) an improved plan in using idle funds in the Year. Through entering into of deposit arrangements with various banks, the return of capital increased, resulting in an increase in interest income compared to that in the Previous Year.

SEGMENTAL INFORMATION ANALYSIS

During the Year, the Group has continued to implement its formulated development strategies to sell piped gas and provide piped gas connection 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 2021, the Group had (i) a balance of cash and cash equivalent of approximately RMB936,590,000 which was principally denominated in RMB (Previous Year: approximately RMB499,386,000), representing an increase of approximately 88% from the Previous Year, and (ii) trade payables of approximately RMB200,485,000 (Previously Year: approximately RMB217,220,000), representing a decrease of approximately 8% from Previous Year. The Group had no bank borrowings as at 31 December 2021.

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 2021 was approximately 0.29 (as at 31 December 2020: approximately 0.29).

SIGNIFICANT INVESTMENTS

The Board has adopted an investment policy that, on the premises that the Company can carry on its operations normally, the Company intends to purchase principal-guaranteed wealth management products and structured deposit products with its idle funds to enhance its utilisation of capital, 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 any significant investments for the Year.

MATERIAL ACQUISITION AND DISPOSAL

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

CHARGES ON THE GROUP'S ASSETS

There was no charges on the Group's assets as at 31 December 2021 (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities or guarantees (31 December 2020: Nil).

STAFF AND EMOLUMENT POLICY

As at 31 December 2021, the Group had a workforce of 738 full-time employees (31 December 2020: 751). The total employee costs were approximately RMB136,130,000 (Previous Year: approximately RMB116,781,000).

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 bonuses 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

In 2022, the Company will (i) focus on tackling the issue of single gas source by taking multiple measures to explore new sources; (ii) prioritize market expansion and develop new customers; (iii) further explore potential large users by identifying users' needs in the current market share, thereby defending the established markets; (iv) promote value-added services and strive to create new momentum for corporate growth; and (v) consider the resumption of the purchase of wealth management products or explore new financial products, when appropriate, to enhance its capital yield.

DIVIDENDS

The Board does not recommend the distribution of a dividend for the year ended 31 December 2021 (Previous Year: RMB0.05 (before considering any tax effect) per share).

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

During the Year, 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 has complied with all applicable code provisions set out in the Code contained in Appendix 14 to the Listing Rules in force during the Year.

SIGNIFICANT EVENTS DURING AND AFTER THE YEAR

Internal Restructuring of the Controlling Shareholders

Pursuant to the joint venture agreement and the supplemental agreement dated 2 November 2011 (the “**Joint Venture Restructuring Agreement**”) entered into between 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) (a controlling shareholder of the Company, “**Tianjin Gas**”) and China Resources Gas (Hong Kong) Investment Limited (a wholly-owned subsidiary of China Resources Gas Group Limited (the shares of which are listed on The Stock Exchange of Hong Kong Limited) (“**China Resources Gas (HK)**”), Tianjin Gas and China Resources Gas (HK) agreed to set up Jinran China Resources (owned as to 51% and 49% by Tianjin Gas and China Resources Gas (HK), respectively) and Tianjin Gas agreed to contribute by way of injection of all its natural gas-related business (including the domestic shares of the Company held by Tianjin Gas (the “**Target Shares**”)) and China Resources Gas (HK) will contribute by way of cash.

Up to the date of this announcement, Tianjin Gas and Jinran China Resources have entered into an agreement of intent to transfer the Target Shares to set out the next steps and procedures involved in the transfer of the Target Shares. The parties will execute a formal transfer agreement when the time is ripe.

Subject to the entering into of such formal transfer agreement and the conditions precedent thereunder being fulfilled or waived (as the case may be), Jinran China Resources (or its wholly-owned subsidiaries) and parties acting in concert with it will hold approximately 70.54% of the issued share capital of the Company. The Securities and Futures Commission of Hong Kong has granted Jinran China Resources a waiver from the obligation for mandatory unconditional cash offer pursuant to Note 6 to Rule 26.1 of the Code on Takeovers and Merger.

For further details, please refer to the announcements of the Company dated 8 January 2021, 8 February 2021, 8 March 2021, 9 April 2021, 7 May 2021, 8 June 2021, 24 June 2021 and 3 January 2022, respectively.

Amendments to the Articles of Association

Amendments have been made to the Articles of Association during the Year according to the Company Law of 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, and to update the scope of business of the Company.

For further details, please refer to the circulars of the Company dated 30 April 2021 and 7 October 2021, respectively.

Change of Directors, Supervisors and Financial Controller

At the past annual general meeting of the Company, Ms. Hou Yuling was elected as a new non-executive Director, and Mr. Sun Guoqing was elected as a new supervisor of the Company. Ms. Zhang Tingting was elected as a new supervisor at the staff representatives' meeting during the Year. During the Year, Mr. Zhang Jinlin retired as a non-executive Director, and each of Mr. Yang Hu Ling and Ms. Hao Li ceased to be a supervisor of the Company.

Ms. Du Bing has been appointed as the new financial controller of the Company during the Year.

Change of Principal Place of Business in Hong Kong

With effect from 8 March 2021, the Company's principal place of business in Hong Kong has been changed to 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

Continuing Connected Transactions - Renewal of Gas Supply Transactions

As the gas supply contract dated 11 November 2019 between the Company and Jinran China Resources 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd*) ("**Jinran China Resources**") in respect of the supply of natural gas by Jinran China Resources to the Company (the "**2020 Gas Supply Contract**") expired on 31 December 2020, on 9 February 2021, the Company and Jinran China Resources entered into a conditional gas supply contract dated 9 February 2021 in respect of the supply of natural gas by Jinran China Resources to the Company (the "**2021 Gas Supply Contract**") for the period from 1 January 2021 to 31 December 2021. As Jinran China Resources is a connected person of the Company, the 2021 Gas Supply Contract was subject to, inter alia, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. Also, on 9 February 2021, the Company and Jinran China Resources entered into the supplemental agreements, pursuant to which the 2020 Gas Sourcing Price (as defined under the 2020 Gas Supply Contract for the year ended 31 December 2020) applicable to the natural gas supplied to 天津鋼管製造有限公司 (Tianjin Gangguan Zhizao Limited*) and 天津太鋼天管不銹鋼有限公司 (Tianjin Taigang Tianguan Buxiugang Limited*) from 1 August 2020 to 31 December 2020 will be decreased. To effect a material change to the terms of the 2020 Gas Supply Contract, which was approved by the independent shareholders under Chapter 14A of the Listing Rules, the Company must re-comply with the independent shareholders' approval and announcement requirements under Chapter 14A of the Listing Rules. For details, please refer to the circular of the Company dated 15 March 2021.

On 15 April 2021, the Company and Jinran China Resources entered into a supplemental agreement, pursuant to which parties agreed on the price of natural gas (per cubic metre) supplied by Jinran China Resources to the Company as processed and measured by the pressure reducing station on Lishuang Road of Tianjin city operated by the Company from 1 November 2020 to 31 March 2021 otherwise than provided under the 2020 Gas Supply Contract and 2021 Gas Supply Contract. As a material change to the terms of the 2020 Gas Supply Contract and the 2021 Gas Supply Contract, which were approved by the independent shareholders under Chapter 14A of the Listing Rules, the Company must re-comply with the independent shareholders' approval and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the circular of the Company dated 9 June 2021.

On 21 May 2021, the Company and Jinran China Resources entered into supplemental agreements, pursuant to which the monthly price per cubic metre at which the Company sources its natural gas from Jinran China Resources for the year ended 31 December 2021 (the “**2021 Gas Sourcing Price**”) in relation to the natural gas supplied to 天津鋼管製造有限公司 (Tianjin Gangguan Zhizao Limited*) and 天津太鋼天管不銹鋼有限公司 (Tianjin Taigang Tianguan Buxiugang Limited*) from 1 January 2021 to 31 December 2021 would be decreased. As a material change to the terms of the 2021 Gas Supply Contract, which were approved by the independent shareholders under Chapter 14A of the Listing Rules, the Company must re-comply with the independent shareholders’ approval and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the circular of the Company dated 5 July 2021.

On 31 August 2021, the Company and Jinran China Resources entered into a supplemental agreement, pursuant to which the 2021 Gas Sourcing Price in relation to the natural gas supplied to 天津市新天鋼冷軋薄板有限公司 (Tianjin City Xintiangang Cold Rolled Steel Sheet Limited*), from 1 April 2021 to 31 December 2021 will be decreased. As a material change to the terms of the 2021 Gas Supply Contract, which were approved by the independent shareholders under Chapter 14A of the Listing Rules, the Company must re-comply with the independent shareholders’ approval and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the circular of the Company dated 7 October 2021.

On 6 December 2021, the Company and Jinran China Resources entered into the conditional gas supply contract (“**2022 Gas Supply Contract**”) for the period from 1 January 2022 to 31 December 2022, to renew the arrangements under the 2021 Gas Supply Contract. The 2022 Gas Supply Contract was subject to, among other things, the independent shareholders’ approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the circular of the Company dated 15 December 2021.

Continuing Connected Transactions – Gas Transportation

On 21 May 2021, Jinran China Resources and the Company entered into a natural gas transportation contract in respect of the Company’s provision of natural gas transportation services to Jinran China Resources via the gas pipelines owned and managed by the Company. The natural gas transportation contract was subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from independent shareholders’ approval requirements. For further details, please refer to the announcement of the Company dated 21 May 2021.

Connected Transaction – Purchase of Gas Meters

On 31 May 2021, the Company entered into a material 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 gas meters at an aggregate maximum purchase price of RMB13,960,000. Tianjin Yumin is wholly-owned by Tianjin Energy, who in turns owns the entire equity interest in Tianjin Gas (a controlling shareholder of the Company). The material purchase agreement was subject to the reporting and announcement requirements, but was exempt from the circular and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 31 May 2021.

Connected Transaction – Gas Pipeline Lease Agreement

On 16 August 2021, 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 a gas pipeline lease agreement in respect of the lease of the high pressure gas pipelines in Tianjin of approximately 30 km, which is owned and managed by the Company, to Binhai Gas Group for the period from 1 May 2021 to 30 April 2022. Binhai Gas Group is wholly-owned by Tianjin Energy, who in turns owns the entire equity interest in Tianjin Gas (a controlling shareholder of the Company). Accordingly, Binhai Gas Group is a connected person of the Company. The gas pipeline lease agreement was subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but was exempt from the circular, independent financial advice and shareholders’ approval requirements. For further details, please refer to the announcement of the Company dated 16 August 2021.

Continuing Connected Transaction – Pipeline Construction and Design Services

On 15 December 2021, the Company and Tianjin Energy entered into the engineering works framework agreement (“**2022 Pipeline Works Framework Agreement**”) in respect of the provision of construction and design services for pipelines and supporting facilities by Tianjin Energy and/or its associated companies for the period from 1 January 2022 to 31 December 2022, to renew the arrangements under the engineering works framework agreement that has expired on 31 December 2021. The 2022 Pipeline Works Framework Agreement was subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 15 December 2021.

Continuing Connected Transaction – Taihua Gas Provision

On 15 April 2021, the Company entered into a conditional gas provision contract with 天津泰華燃氣有限公司 (Tianjin Taihua Gas Co., Ltd.*, “**Taihua Gas**”) with respect to the supply of natural gas by the Company to Taihua Gas for the three years ending 31 December 2023. Taihua Gas is indirectly owned as to 70% by Tianjin Gas (a controlling shareholder of the Company), and therefore a connected person of the Company. The gas provision contract with Taihua Gas was subject to, among other things, the independent shareholders’ approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the circular of the Company dated 9 June 2021.

Continuing Connected Transactions – Procurement and Installation of Gas Meters

On 10 March 2022, the Company and Jinran China Resources entered into (1) an entrusted procurement agreement pursuant to which the Company agreed to entrust Jinran China Resources to procure 27,825 gas meters at an aggregate maximum procurement price of RMB9,154,425; and (ii) a gas meters installation agreement pursuant to which the Company agreed to engage Jinran China Resources to perform installation work for replacement of 27,825 gas meters at an aggregate maximum contract price of RMB3,060,750. These agreements were subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 10 March 2022.

Potential Disposal Of Assets Of Jining Branch Company

Reference are made to 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.

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 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 2021 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 27 June 2022 (Monday) 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 28 May 2022 (Saturday) to 27 June 2022 (Monday) (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 27 May 2022 (Friday).

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 2021 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, 30 March 2022

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.

Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this announcement as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.