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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 2022**

HIGHLIGHTS

- Revenue of approximately RMB911,797,000 was recorded for the six months ended 30 June 2022.
- Gross loss of approximately RMB9,461,000 was recorded for the six months ended 30 June 2022.
- Profit before tax of approximately RMB1,123,000, and a total comprehensive income attributable to shareholders of the parent of approximately RMB1,773,000, respectively, were recorded for the six months ended 30 June 2022.
- The Board does not propose an interim dividend for the six months ended 30 June 2022.

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 2022 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2021 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

Renminbi Yuan

	<i>Note IV</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		838,469,238.88	1,150,947,998.99
Trade receivables	<i>1</i>	258,798,390.10	157,289,566.44
Receivables financing	<i>2</i>	54,470,640.20	47,215,625.61
Prepayments		34,596,368.69	1,219,482.41
Other receivables		1,510,252.20	4,674,905.67
Inventories	<i>3</i>	4,969,475.93	4,661,939.14
Other current assets		14,552,488.03	23,237,847.47
Total current assets		1,207,366,854.03	1,389,247,365.73
NON-CURRENT ASSETS			
Long-term equity investments		53,285,238.27	49,135,974.84
Fixed assets	<i>4</i>	828,521,011.91	856,344,015.45
Construction in progress	<i>5</i>	56,387,722.98	4,873,348.18
Intangible assets		11,214,372.78	11,449,718.98
Deferred tax assets		34,919,838.27	34,323,816.28
Total non-current assets		984,328,184.21	956,126,873.73
TOTAL ASSETS		<u>2,191,695,038.24</u>	<u>2,345,374,239.46</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

Renminbi Yuan

	<i>Note IV</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	6	91,246,847.32	200,484,781.18
Contract liabilities		246,844,701.70	295,251,725.48
Employee benefits payable		4,023,604.84	16,294,651.30
Taxes payable	7	26,232,996.18	46,969,427.84
Other payables		59,481,917.56	31,249,026.50
Total current liabilities		427,830,067.60	590,249,612.30
NON-CURRENT LIABILITIES			
Deferred income		105,961,296.77	101,466,274.03
Total non-current liabilities		105,961,296.77	101,466,274.03
Total liabilities		533,791,364.37	691,715,886.33
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,332,352.18	790,332,352.18
Specialised reserve		2,824,530.40	298,057.88
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		553,423,191.22	551,650,003.94
Total equity attributable to shareholders of the Parent		1,658,788,376.93	1,654,488,717.13
Non-controlling interests		(884,703.06)	(830,364.00)
Total shareholders' equity		1,657,903,673.87	1,653,658,353.13
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,191,695,038.24</u>	<u>2,345,374,239.46</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

January to June 2022

Renminbi Yuan

	<i>Note IV</i>	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Revenue	8	911,796,704.56	785,182,665.72
<i>Less:</i> Cost of sales	8	920,602,818.24	790,404,318.11
Taxes and surcharges		654,822.99	2,195,663.39
Administrative expenses		14,735,498.97	16,186,701.46
Finance costs	9	(17,343,975.33)	(14,477,637.38)
including: interest income		17,486,382.97	14,643,015.01
<i>Add:</i> Other income	10	2,547,246.71	2,490,460.35
Investment income	11	3,963,932.66	(220,171.23)
including: share of profit/(loss) of an associate		3,963,932.66	(220,171.23)
Credit impairment losses		1,674,163.15	610,774.99
Operating profit/(loss)		1,332,882.21	(6,245,315.75)
<i>Add:</i> Non-operating income		11.86	6.54
<i>Less:</i> Non-operating expenses		210,067.84	237,400.26
Total profit/(loss)		1,122,826.23	(6,482,709.47)
<i>Less:</i> Income tax expense	12	(596,021.99)	522,497.37
Net profit/(loss)		<u>1,718,848.22</u>	<u>(7,005,206.84)</u>
Classified by continuity of operations			
Profit/(loss) from continuing operations		1,718,848.22	(7,005,206.84)
Classified by ownership			
Profit/(loss) attributable to shareholders of the Parent		1,773,187.28	(6,802,924.52)
Profit/(loss) attributable to non-controlling interests		(54,339.06)	(202,282.32)
Other comprehensive income, net of tax		-	-
Total comprehensive income		<u>1,718,848.22</u>	<u>(7,005,206.84)</u>
Including:			
Total comprehensive income attributable to shareholders of the Parent		1,773,187.28	(6,802,924.52)
Total comprehensive income attributable to non-controlling interests		(54,339.06)	(202,282.32)
Earnings/(loss) per share (RMB/Share)	14		
Basic		<u>0.001</u>	<u>(0.004)</u>
Diluted		<u>0.001</u>	<u>(0.004)</u>

NOTES TO FINANCIAL STATEMENTS

January to June 2022

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, the ultimate holding company of the Company, 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.

On 28 April 2022, Tianjin Gas and 津燃華潤燃氣有限公司 (“津燃華潤” or “Jinran China Resources”) entered into a domestic share transfer agreement for the transfer of 1,297,547,800 Domestic Shares (representing 70.54% of the total issued share capital of the Company) held by Tianjin Gas to Jinran China Resources at a price of RMB0.899 per share amounting to a total consideration of RMB1,167,166,362.82. The share transfer was completed on 25 May 2022. Since then, the Company’s holding company became Jinran China Resources. Jinran China Resources is a joint venture of Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited.

The principal activities of the Group are operation of gas; installation and repair of gas-fired appliance; gas vehicle refuelling 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 licence 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 authorisation (operating under the authorisation); 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 licence in accordance with the laws); science and technology intermediary services; information consulting services; and mining investment.

The financial statements were approved and authorised for issue by the board of directors of the Company on 26 August 2022.

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 2021. The accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2021 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year 2021 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 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	259,708,195.57	158,322,786.06
1 to 2 years	2,352,116.75	3,826,207.83
2 to 3 years	334,271.98	334,271.98
Over 3 years	10,743,470.69	10,820,128.61
	273,138,054.99	173,303,394.48
<i>Less: Provision for bad debts of trade receivables</i>	14,339,664.89	16,013,828.04
	258,798,390.10	157,289,566.44

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 2022 (Unaudited)					31 December 2021 (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	13,322,207.06	4.9	13,322,207.06	100.0	-	15,264,813.04	8.8	15,264,813.04	100.0	-
Provision for bad debts by credit risk characteristic group	259,815,847.93	95.1	1,017,457.83	0.4	258,798,390.10	158,038,581.44	91.2	749,015.00	0.5	157,289,566.44
	273,138,054.99	100.0	14,339,664.89	5.2	258,798,390.10	173,303,394.48	100.0	16,013,828.04	9.2	157,289,566.44

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

	30 June 2022 (Unaudited)			31 December 2021 (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	239,713,923.47	-	-	143,348,795.64	-	-
6 months to 1 year	19,994,272.10	5.0%	999,713.61	14,578,798.77	5.0%	728,939.94
1 to 2 years	84,389.09	10.0%	8,438.91	81,065.83	10.0%	8,106.58
2 to 3 years	-	20.0%	-	-	20.0%	-
Over 3 years	23,263.27	40.0%	9,305.31	29,921.20	40.0%	11,968.48
	259,815,847.93	0.4%	1,017,457.83	158,038,581.44	0.5%	749,015.00

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 2022 (Unaudited)	16,013,828.04	268,442.83	(1,942,605.98)	14,339,664.89
31 December 2021 (Audited)	12,729,409.97	4,793,272.42	(1,508,854.35)	16,013,828.04

In January to June 2022, the Group provided bad debts of RMB268,442.83 (2021: RMB4,793,272.42), and reversed bad debts of RMB1,942,605.98 (2021: RMB1,508,854.35).

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

2. Receivables financing

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank acceptance bills receivable	<u>54,470,640.20</u>	<u>47,215,625.61</u>
	<u>54,470,640.20</u>	<u>47,215,625.61</u>

3. Inventories

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gas	<u>185,615.39</u>	<u>185,615.39</u>
Gas appliances and others	<u>4,783,860.54</u>	<u>4,476,323.75</u>
	<u>4,969,475.93</u>	<u>4,661,939.14</u>

As at 30 June 2022, the management of the Group considered that there was no provision for impairment of inventories (31 December 2021: Nil).

4. Fixed assets

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Fixed assets	<u>827,393,343.60</u>	<u>855,200,570.69</u>
Disposal of fixed assets	<u>1,127,668.31</u>	<u>1,143,444.76</u>
	<u>828,521,011.91</u>	<u>856,344,015.45</u>

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

4. Fixed assets (Continued)

Fixed assets

January to June 2022 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,990,991.60	1,243,643,830.47	219,971,528.85	5,491,380.41	11,094,866.06	4,558,482.24	1,533,751,079.63
Purchase	-	109,397.25	4,178,455.60	-	62,932.40	-	4,350,785.25
Transferred from construction in progress	-	488,924.77	-	-	-	-	488,924.77
Disposal or scrap	-	954,431.32	294,455.86	5,000.00	52,800.00	-	1,306,687.18
Closing balance	<u>48,990,991.60</u>	<u>1,243,287,721.17</u>	<u>223,855,528.59</u>	<u>5,486,380.41</u>	<u>11,104,998.46</u>	<u>4,558,482.24</u>	<u>1,537,284,102.47</u>
Accumulated depreciation							
Opening balance	16,788,552.09	583,346,170.55	56,544,791.09	4,725,341.42	6,520,282.13	2,747,063.24	670,672,200.52
Provision	568,746.01	24,024,079.50	6,542,011.36	65,210.06	465,938.96	-	31,665,985.89
Disposal or scrap	-	108,561.05	200,014.91	4,200.00	12,960.00	-	325,735.96
Closing balance	<u>17,357,298.10</u>	<u>607,261,689.00</u>	<u>62,886,787.54</u>	<u>4,786,351.48</u>	<u>6,973,261.09</u>	<u>2,747,063.24</u>	<u>702,012,450.45</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>31,633,693.50</u>	<u>636,026,032.17</u>	<u>154,974,232.80</u>	<u>640,312.05</u>	<u>4,119,073.08</u>	<u>-</u>	<u>827,393,343.60</u>
At beginning of the period	<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>

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

4. Fixed assets (Continued)

Fixed assets (Continued)

2021 (Audited)

	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>

As at 30 June 2022, the Group had no fixed assets pending certificates of property ownership (31 December 2021: 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:

January to June 2022 (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	53,000,093.42	53,000,093.42
Provision	2,271,221.76	2,271,221.76
Disposal or scrap	-	-
Closing balance	<u>55,271,315.18</u>	<u>55,271,315.18</u>
Impairment provision		
Opening balance	-	-
Provision	-	-
Disposal or scrap	-	-
Closing balance	<u>-</u>	<u>-</u>
Net carrying amount		
At end of the period	<u>97,754,264.54</u>	<u>97,754,264.54</u>
At beginning of the period	<u>100,025,486.30</u>	<u>100,025,486.30</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)

2021 (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	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)

Disposal of fixed assets

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Pipelines	<u>1,127,668.31</u>	<u>1,143,444.76</u>
	<u>1,127,668.31</u>	<u>1,143,444.76</u>

5. Construction in progress

The Group had no construction materials.

Construction in progress

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Buildings	2,138,040.00	–	2,138,040.00	2,138,040.00	–	2,138,040.00
Pipeline reconstruction	53,561,380.60	–	53,561,380.60	2,257,639.57	–	2,257,639.57
Gas stations and others	1,723,302.38	(1,035,000.00)	688,302.38	1,512,668.61	(1,035,000.00)	477,668.61
Mines	408,920.27	(408,920.27)	–	408,920.27	(408,920.27)	–
	<u>57,831,643.25</u>	<u>(1,443,920.27)</u>	<u>56,387,722.98</u>	<u>6,317,268.45</u>	<u>(1,443,920.27)</u>	<u>4,873,348.18</u>

The movements of construction in progress in January to June 2022 (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	2,257,639.57	51,303,741.03	–	–	53,561,380.60
Gas stations and others	1,512,668.61	699,558.54	488,924.77	–	1,723,302.38
Mines	408,920.27	–	–	–	408,920.27
	<u>6,317,268.45</u>	<u>52,003,299.57</u>	<u>488,924.77</u>	<u>–</u>	<u>57,831,643.25</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 2021 (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	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>

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 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	43,323,258.52	152,575,459.64
1 to 2 years	35,722,878.38	31,837,262.82
Over 2 years	12,200,710.42	16,072,058.72
	<u>91,246,847.32</u>	<u>200,484,781.18</u>

7. Taxes payable

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Value-added tax	25,449,700.34	46,120,346.91
Others	783,295.84	849,080.93
	<u>26,232,996.18</u>	<u>46,969,427.84</u>

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

8. Revenue and cost of sales

	January to June 2022 (Unaudited)		January to June 2021 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>911,796,704.56</u>	<u>920,602,818.24</u>	<u>785,182,665.72</u>	<u>790,404,318.11</u>
	<u>911,796,704.56</u>	<u>920,602,818.24</u>	<u>785,182,665.72</u>	<u>790,404,318.11</u>

Revenue is stated as follows:

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Revenue from contracts with customers	909,961,842.16	782,430,372.14
Rentals	<u>1,834,862.40</u>	<u>2,752,293.58</u>
	<u>911,796,704.56</u>	<u>785,182,665.72</u>

Disaggregation of revenue from contracts with customers is as follows:

	January to June 2022 (Unaudited)
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	891,708,978.97
Sales of gas appliances and others	870,775.36
Revenue recognised over time	
Gas connection	17,199,445.94
Gas transportation	<u>182,641.89</u>
	<u>909,961,842.16</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)

	January to 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	15,622,305.41
Gas transportation	1,354,711.50
	<u>782,430,372.14</u>

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

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Sales of piped gas	159,854,403.01	160,524,056.49
Gas connection	49,313,056.36	15,008,019.16
Sales of gas appliances and others	5,393,930.34	151,355.24
	<u>214,561,389.71</u>	<u>175,683,430.89</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 payment in advances are normally required before delivering the products.

Gas connection

The performance obligation is satisfied over time as services are rendered and payment in 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 2022, the transaction price allocated to the remaining performance obligation was RMB246,830,035.11 (31 December 2021: RMB295,237,611.10) and the Group will recognize this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

9. Finance costs

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Interest income	(17,486,382.97)	(14,643,015.01)
Others	<u>142,407.64</u>	<u>165,377.63</u>
	<u>(17,343,975.33)</u>	<u>(14,477,637.38)</u>

All the interest income of the Group is generated from current deposits, time deposits and agreement deposits under cash and bank balances. Among which, the interest income of agreement deposits from Tianjin Binhai Rural Commercial Bank in the current period was RMB12,918,277.14 (January to June 2021: nil). Tianjin Binhai Rural Commercial Bank is an associated company of Tianjin energy, which owns 100% equity interest in Tianjin Gas.

10. Other income

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Government grants related to daily operation	<u>2,547,246.71</u>	<u>2,490,460.35</u>
	<u>2,547,246.71</u>	<u>2,490,460.35</u>

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

10. Other income (Continued)

Government grants related to daily operation are as follows:

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)	Relevant to asset/income
Tax refund (<i>note 1</i>)	15,242.42	–	Income
Deferred income (<i>note 2</i>)	<u>2,532,004.29</u>	<u>2,490,460.35</u>	Asset/income
	<u>2,547,246.71</u>	<u>2,490,460.35</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. The Group recognised the refund of IIT fee of RMB15,242.42 for the period (January to June 2021: no refund was recognised).

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

11. Investment income

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Income (Loss) from long-term equity investments under the equity method	<u>3,963,932.66</u>	<u>(220,171.23)</u>
	<u>3,963,932.66</u>	<u>(220,171.23)</u>

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

12. Income tax expense

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Current income tax expense	–	–
Deferred tax expense	<u>(596,021.99)</u>	<u>522,497.37</u>
	<u>(596,021.99)</u>	<u>522,497.37</u>

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

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Total profit/(loss)	1,122,826.23	(6,482,709.47)
Income tax expense at statutory or applicable tax rate (<i>note 1</i>)	280,706.56	(1,620,677.37)
Investment loss not deductible for tax	–	55,042.81
Expenses not deductible for tax	136.41	1,942,337.14
Tax effect on non-taxable income	(990,983.17)	–
Deductible temporary differences and tax losses not recognised	<u>114,118.21</u>	<u>145,794.79</u>
Tax expense at the Group's effective tax rate	<u>(596,021.99)</u>	<u>522,497.37</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 2022.

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

14. Earnings/(loss) per share

	January to June 2022 (Unaudited) RMB/Share	January to June 2021 (Unaudited) RMB/Share
Basic earnings/(loss) per share		
Continuing operations	<u><u>0.001</u></u>	<u><u>(0.004)</u></u>
Diluted earnings/(loss) per share		
Continuing operations	<u><u>0.001</u></u>	<u><u>(0.004)</u></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:

	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
Earnings/(loss)		
Net profit/(loss) for the period attributable to ordinary shareholders of the Company	<u><u>1,773,187.28</u></u>	<u><u>(6,802,924.52)</u></u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u><u>1,839,307,800.00</u></u>	<u><u>1,839,307,800.00</u></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 2022, with the Group having mostly recovered from Novel Coronavirus Disease (“COVID-19”) that created a challenging environment for its 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 RMB911,797,000 (for the six months ended 30 June 2021: approximately RMB785,183,000), representing an increase of approximately 16.13% as compared with the corresponding period of last year. A gross loss of approximately RMB9,461,000 was recorded for the Period (for the six months ended 30 June 2021: approximately RMB7,417,000).

During the Period, the Group turned the loss before tax from continuing operations of approximately RMB6,483,000 for the six months ended 30 June 2021 into a profit before tax from continuing operations of approximately RMB1,123,000, and a total comprehensive income attributable to shareholders of the parent of approximately RMB1,773,000 was recorded for the Period (for the six months ended 30 June 2021: loss of approximately RMB6,803,000). This is mainly due to:

1. the Company has been actively increasing its efforts in expanding its market, resulting in an increase in its revenue from gas connection for the Period compared to that of the same period in the previous year;
2. further improvement of the plan in using idle funds in the Period. Through entering into of deposit agreements with various banks, the return of capital increases, resulting in an increase in interest income compared to that of the same period in the previous year; and
3. the profitability of Tianjin Binhai Gas Co., Ltd. (天津市濱海燃氣有限公司, a company in which the Group holds equity interests) for the Period improved, leading to an increase in the income from long-term equity investments.

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 and others.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2022, total equity attributable to shareholders of the Company amounted to approximately RMB1,658,788,000 (31 December 2021: approximately RMB1,654,489,000). As at 30 June 2022, 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 2022, the Group did not have any bank borrowing (31 December 2021: Nil).

As at 30 June 2022, the Group had net current assets of approximately RMB779,537,000 (31 December 2021: approximately RMB798,998,000), including cash and cash equivalent of approximately RMB624,934,000 (31 December 2021: approximately RMB936,590,000) 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 any major financial instruments for hedging purposes.

Significant Investments

The Board has adopted a policy for investment that on the premise 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 2022.

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 2022, 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 2022 was approximately 0.24 (31 December 2021: 0.29).

Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities or guarantees (31 December 2021: 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 2022, the Group had a workforce of 717 full-time employees (30 June 2021: 739). Total staff costs amounted to approximately RMB58,791,000 for the six months ended 30 June 2022 (30 June 2021: approximately RMB57,919,000).

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

DIVIDEND

No dividends were declared or proposed during the Period. The Directors do not recommend an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

PROSPECTS

Development of the PRC Gas Sector

In line with and benefit from China's the Long-Range Objectives Through the Year 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 years 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 clean 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》), the Detailed Rules for Implementation of the Action Plans for the Prevention and Control of Air Pollution in the Beijing-Tianjin-Hebei Region and the Surrounding Regions (《京津冀及周邊地區落實大氣污染防治行動計劃實施細則》), and the Plan for Strengthening the Prevention and Control of Atmospheric Pollution in Energy Industry (《能源行業加強大氣污染防治工作方案》), 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 also prospected that natural gas will become the main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities and bus 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.

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 reduce 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.

In 2022, the Company will (i) focus on tackling the issue of gas source by taking multiple measures to explore new sources; (ii) prioritize market expansion and develop new customers, further explore potential large users by identifying users' needs in the current market share, thereby defending the established markets; (iii) improve internal management and reduce administrative expenses; (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.

OTHER INFORMATION

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 audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. 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. The Audit Committee has reviewed the Group's unaudited interim results for the Period.

SIGNIFICANT EVENTS

Internal Restructuring of the Controlling Shareholders

Pursuant to the joint venture agreement and the supplemental agreement dated 2 November 2011 entered into between Tianjin Gas Group Company Limited (天津市燃氣集團有限公司, “**Tianjin Gas**”) and China Resources Gas (Hong Kong) Investment Limited (a wholly-owned subsidiary of China Resources Gas Group Limited, and 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 Gas Co., Ltd. (津燃華潤燃氣有限公司, “**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 1,297,547,800 Domestic Shares of the Company then held by Tianjin Gas (the “**Target Shares**”, representing approximately 70.54% of the issued share capital of the Company)) and China Resources Gas (HK) will contribute by way of cash.

The transfer of the Target Shares had been registered with the China Securities Depository and Clearing Corporation Limited on 25 May 2022, following which Jinran China Resources has become the holder of the Target Shares, and a controlling shareholder of the Company. Further information is set out in the Company’s announcement dated 26 May 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 Tianjin Jinran Public Utilities Company Limited, Jining Branch) (天津津燃公用事業股份有限公司集寧分公司, “**Jining Branch Company**”) to the Company of Jining Branch Company to be disposed of through the listing-for-sale at 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. Further information is set out in the Company’s announcement dated 20 August 2021.

Continuing Connected Transactions

Procurement and Installation of Gas Meters from Jinran China Resources

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. Further information is set out in the Company’s announcement dated 10 March 2022.

Gas Meters Indoor Installation by Tianjin Yixiao Construction Development Co., Ltd.

On 19 April 2022, the Company entered into the indoor gas meter installation services framework agreement with Tianjin Yixiao Construction Development Co., Ltd., pursuant to which the Company agreed to engage Tianjin Yixiao Construction Development Co., Ltd. to provide indoor gas meters installation services in newly built residential premises in Heping district, Hedong district, Xiqing district, Ninghe district and Hangu district in Tianjin for a one-year period, with an annual cap of RMB4,852,000. Further information is set out in the Company’s announcement dated 19 April 2022.

IMPORTANT EVENTS AFTER THE PERIOD

Amendments to the Articles of Association

On 1 August 2022, the Company's shareholders approve the amendments to the Company's Articles of Association to, among other things, update the information regarding the domestic shareholder, to further improve the corporate governance of the Company, and to further implement the requirements under laws, rules and regulatory applicable to the Company (including the Company Law of the PRC, the Law on State-owned Assets in Enterprises of the PRC, the Management Measures of Formulation of Articles of Associations of State-owned Enterprise and the Listing Rules). Further information is set out in the Company's circular dated 5 July 2022.

Change of Directors and Supervisor

Effective from 1 August 2022, (1) Mr. Chen Tao has been appointed as an executive Director, the chairman of the Board, and the chairman of the nomination committee of the Company, (2) Ms. Wu Fang, Ms. Guan Na and Mr. Zhang Jinghan have been appointed as non-executive Directors (with Ms. Wu Fang also being appointed as a member of the remuneration committee of the Company), and (3) Mr. Xu Peng has been appointed as a shareholders' representative Supervisor, and the chairman of the board of Supervisors.

Upon their appointment coming into effect, the following resignations have become effective (1) Mr. Zhao Wei as the chairman of the Board, an executive Director, and the chairman of the nomination committee of the Company; (2) Mr. Zhao Heng Hai, Mr. Hou Shuang Jiang and Ms. Hou Yuling as non-executive Directors (with Mr. Hou Shuang Jiang also resigned as a member of the remuneration committee of the Company); and (3) Mr. Sun Guoqing as the shareholders' representative Supervisor and the chairman of the board of Supervisors.

Further information is set out in the Company's circular dated 5 July 2022, and the Company's announcement dated 1 August 2022.

Continuing Connected Transactions – Procurement from Tianjin Yumin Gas Meter Co., Ltd.

On 28 July 2022, the Company and Tianjin Yumin Gas Meter Co., Ltd. entered into a procurement contract pursuant to which the Company agreed to procure Internet of Things gas meters from Tianjin Yumin Gas Meter Co., Ltd. at an aggregate maximum purchase price of RMB5,922,000. Further information is set out in the Company's announcement dated 28 July 2022.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Mr. Chen Tao
Chairman of the Board

Tianjin, the People's Republic of China, 26 August 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chen Tao (Chairman of the Board), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Ms. Wu Fang, Ms. Guan Na and Mr. Zhang Jinghan, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

In this announcement, the English names of certain PRC entities and persons are translations of their Chinese names and included herein for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.