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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 2022**

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 2022 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

Renminbi Yuan

	Note IV	31 December 2022	31 December 2021
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,067,256,503.97	1,150,947,998.99
Trade receivables	1	227,301,208.95	157,289,566.44
Receivables financing	2	140,278,760.77	47,215,625.61
Prepayments		2,320,840.92	1,219,482.41
Other receivables		1,702,869.48	4,674,905.67
Inventories	3	4,277,384.14	4,661,939.14
Other current assets		35,858,336.72	23,237,847.47
Total current assets		<u>1,478,995,904.95</u>	<u>1,389,247,365.73</u>
NON-CURRENT ASSETS			
Long-term equity investments		54,902,040.73	49,135,974.84
Fixed assets	4	884,824,515.39	856,344,015.45
Construction in progress	5	13,027,994.64	4,873,348.18
Intangible assets		11,165,918.69	11,449,718.98
Deferred tax assets		58,782,769.75	34,323,816.28
Other non-current assets	6	1,606,467.53	—
Total non-current assets		<u>1,024,309,706.73</u>	<u>956,126,873.73</u>
TOTAL ASSETS		<u><u>2,503,305,611.68</u></u>	<u><u>2,345,374,239.46</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2022

Renminbi Yuan

	<i>Note IV</i>	31 December 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	7	434,170,568.15	200,484,781.18
Contract liabilities		291,485,174.92	295,251,725.48
Employee benefits payable		17,545,053.63	16,294,651.30
Taxes payable	8	43,029,361.59	46,969,427.84
Other payables		39,178,709.80	31,249,026.50
Total current liabilities		825,408,868.09	590,249,612.30
NON-CURRENT LIABILITIES			
Deferred income		92,418,010.48	101,466,274.03
Total non-current liabilities		92,418,010.48	101,466,274.03
Total liabilities		917,826,878.57	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		550,525.89	298,057.88
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		483,304,751.98	551,650,003.94
Total equity attributable to shareholders of the Parent		1,586,395,933.18	1,654,488,717.13
Non-controlling interests		(917,200.07)	(830,364.00)
Total shareholders' equity		1,585,478,733.11	1,653,658,353.13
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,503,305,611.68</u>	<u>2,345,374,239.46</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

Renminbi Yuan

	Note IV	2022	2021
Revenue	9	1,780,358,629.25	1,579,769,604.57
Less: Cost of sales	9	1,879,473,952.58	1,568,338,292.05
Taxes and surcharges		1,944,341.68	2,835,553.62
Administrative expenses		33,857,957.80	33,760,441.27
Finance costs	10	(32,614,764.79)	(29,988,723.92)
including: interest income		32,833,581.22	30,349,740.19
Add: Other income	11	2,353,956.28	5,645,680.60
Investment income	12	5,673,148.56	723,962.36
including: share of profit of an associate		5,673,148.56	723,962.36
Credit impairment losses		3,567,690.08	(3,284,418.07)
Operating profit/(loss)		(90,708,063.10)	7,909,266.44
Add: Non-operating income		3,976.31	12,596.38
Less: Non-operating expenses	13	2,186,954.71	4,894,624.73
Total profit/(loss)		(92,891,041.50)	3,027,238.09
Less: Income tax expense	14	(24,458,953.47)	1,822,408.57
Net profit/(loss)		<u>(68,432,088.03)</u>	<u>1,204,829.52</u>
Classified by continuity of operations			
Profit/(loss) from continuing operations		(68,432,088.03)	1,204,829.52
Classified by ownership			
Profit/(loss) attributable to shareholders of the Parent		(68,345,251.96)	1,431,633.17
Profit/(loss) attributable to non-controlling interests		(86,836.07)	(226,803.65)
Other comprehensive income, net of tax		-	-
Total comprehensive income		<u>(68,432,088.03)</u>	<u>1,204,829.52</u>
Including:			
Total comprehensive income attributable to shareholders of the Parent		(68,345,251.96)	1,431,633.17
Total comprehensive income attributable to non-controlling interests		(86,836.07)	(226,803.65)
Earnings/(loss) per share (RMB/Share)	16		
Basic		<u>(0.037)</u>	<u>0.001</u>
Diluted		<u>(0.037)</u>	<u>0.001</u>

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 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. 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 principal activities of the Group are operation of gas; installation and repair of gas-fired appliance; gas vehicles refueling business; 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.

The Company's previous parent company was Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) ("Tianjin Gas"). On 28 April 2022, Tianjin Gas and 津燃華潤燃氣有限公司 ("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.

The Company's ultimate holding company is Tianjin State-owned Capital Investment Management Co., Ltd. (天津國有資本投資運營有限公司) ("Tianjin Capital"), whose shares are held by the State-owned Assets Supervision Commission of Tianjin Municipal Government.

These financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2023. 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:

	2022	2021
Within 1 year	226,883,322.34	158,322,786.06
1 to 2 years	534,732.20	3,826,207.83
2 to 3 years	1,757,247.83	334,271.98
Over 3 years	10,572,044.54	10,820,128.61
	239,747,346.91	173,303,394.48
<i>Less: Provision for bad debts of trade receivables</i>	12,446,137.96	16,013,828.04
	227,301,208.95	157,289,566.44

The category of trade receivables is analysed below:

	2022					2021				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Percentage		Accruing		Amount	Percentage		Accruing		Amount
	Amount	(%)	Amount	percentage (%)		Amount	(%)	Amount	percentage (%)	
Provision for bad debts on individual basis	12,376,877.29	5.16	12,376,877.29	100.00	-	15,264,813.04	8.80	15,264,813.04	100.00	-
Provision for bad debts by credit risk characteristic group	227,370,469.62	94.84	69,260.67	0.03	227,301,208.95	158,038,581.44	91.20	749,015.00	0.50	157,289,566.44
	239,747,346.91	100.00	12,446,137.96	5.19	227,301,208.95	173,303,394.48	100.00	16,013,828.04	9.20	157,289,566.44

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

	2022			2021		
	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	226,613,398.02	-	-	143,348,795.64	-	-
6 months to 1 year	269,924.32	5.00%	13,496.22	14,578,798.77	5.00%	728,939.94
1 to 2 years	462,348.31	10.00%	46,234.82	81,065.83	10.00%	8,106.58
2 to 3 years	1,949.83	20.00%	389.97	-	20.00%	-
Over 3 years	22,849.14	40.00%	9,139.66	29,921.20	40.00%	11,968.48
	227,370,469.62	0.03%	69,260.67	158,038,581.44	0.47%	749,015.00

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

1. Trade receivables (Continued)

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
2022	16,013,828.04	419,942.72	(3,987,632.80)	12,446,137.96
2021	12,729,409.97	4,793,272.42	(1,508,854.35)	16,013,828.04

In 2022, the Group provided bad debts of RMB419,942.72 (2021: RMB4,793,272.42), and reversed bad debts of RMB3,987,632.80 (2021: RMB1,508,854.35).

2. Receivables financing

	2022	2021
Bank acceptance bills receivable	140,278,760.77	47,215,625.61
	<u>140,278,760.77</u>	<u>47,215,625.61</u>

3. Inventories

	2022	2021
Gas	185,615.51	185,615.39
Gas appliances and others	4,091,768.63	4,476,323.75
	<u>4,277,384.14</u>	<u>4,661,939.14</u>

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

4. Fixed assets

	2022	2021
Fixed assets	884,824,515.39	855,200,570.69
Disposal of fixed assets	–	1,143,444.76
	<u>884,824,515.39</u>	<u>856,344,015.45</u>

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

4. Fixed assets (Continued)

Fixed assets

2022

	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	-	370,591.82	33,415,206.30	182,906.11	19,494.12	-	33,988,198.35
Transferred from construction in progress	-	53,904,129.62	5,055,871.45	-	-	-	58,960,001.07
Disposal or scrap	-	1,552,682.47	1,983,811.05	11,410.25	45,284.11	-	3,593,187.88
Closing balance	<u>48,990,991.60</u>	<u>1,296,365,869.44</u>	<u>256,458,795.55</u>	<u>5,662,876.27</u>	<u>11,069,076.07</u>	<u>4,558,482.24</u>	<u>1,623,106,091.17</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	1,167,691.68	46,134,222.14	13,472,779.89	168,310.97	846,742.46	-	61,789,747.14
Disposal or scrap	-	562,720.14	1,449,686.24	9,969.22	36,304.70	-	2,058,680.30
Closing balance	<u>17,956,243.77</u>	<u>628,917,672.55</u>	<u>68,567,884.74</u>	<u>4,883,683.17</u>	<u>7,330,719.89</u>	<u>2,747,063.24</u>	<u>730,403,267.36</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>31,034,747.83</u>	<u>667,448,196.89</u>	<u>181,896,402.56</u>	<u>719,476.22</u>	<u>3,725,691.89</u>	<u>-</u>	<u>884,824,515.39</u>
At beginning 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>

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

4. Fixed assets (Continued)

Fixed assets (Continued)

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>

As at 31 December 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:

2022

	Pipelines	Total
Cost		
Opening balance	153,025,579.72	153,025,579.72
Purchase	-	-
Transferred from construction in progress	-	-
Disposal or scrap	-	-
Other transferred out	153,025,579.72	153,025,579.72
	<u> </u>	<u> </u>
Closing balance	<u> </u>	<u> </u>
Accumulated depreciation		
Opening balance	53,000,093.42	53,000,093.42
Provision	4,542,443.52	4,542,443.52
Disposal or scrap	-	-
Other transferred out	57,542,536.94	57,542,536.94
	<u> </u>	<u> </u>
Closing balance	<u> </u>	<u> </u>
Impairment provision		
Opening balance	-	-
Provision	-	-
Disposal or scrap	-	-
	<u> </u>	<u> </u>
Closing balance	<u> </u>	<u> </u>
Net carrying amount		
At end of the year	<u> </u>	<u> </u>
At beginning of the year	<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

	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

	2022	2021
Pipelines	—	1,143,444.76
	<u>—</u>	<u>1,143,444.76</u>

5. Construction in progress

The Group had no construction materials.

Construction in progress

	2022			2021		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	2,209,340.38	—	2,209,340.38	2,138,040.00	—	2,138,040.00
Pipeline reconstruction	9,801,362.91	—	9,801,362.91	2,257,639.57	—	2,257,639.57
Gas stations and others	2,052,291.35	(1,035,000.00)	1,017,291.35	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>14,471,914.91</u>	<u>(1,443,920.27)</u>	<u>13,027,994.64</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 2022 are as follows:

	Opening balance	Addition	Transferred to fixed assets/ intangible assets	Other transfer out	Closing balance
Buildings	2,138,040.00	71,300.38	—	—	2,209,340.38
Pipeline reconstruction	2,257,639.57	65,944,890.64	58,401,167.30	—	9,801,362.91
Gas stations and others	1,512,668.61	1,098,456.51	558,833.77	—	2,052,291.35
Mines	408,920.27	—	—	—	408,920.27
	<u>6,317,268.45</u>	<u>67,114,647.53</u>	<u>58,960,001.07</u>	<u>—</u>	<u>14,471,914.91</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 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. Other non-current assets

	2022	2021
Costs to fulfil a contract	<u>1,606,467.53</u>	–
	<u>1,606,467.53</u>	–

Costs to fulfil a contract in other non-current assets are amortized as follows:

	Opening balance	Addition	Amortization	Other decrease	Closing balance
Gas facility improvement	–	1,639,179.76	19,212.50	13,499.73	1,606,467.53
	<u>–</u>	<u>1,639,179.76</u>	<u>19,212.50</u>	<u>13,499.73</u>	<u>1,606,467.53</u>

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

7. Trade payables

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

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

	2022	2021
Within 1 year	393,008,190.82	152,575,459.64
1 to 2 years	25,443,727.91	31,837,262.82
Over 2 years	15,718,649.42	16,072,058.72
	<u>434,170,568.15</u>	<u>200,484,781.18</u>

8. Taxes payable

	2022	2021
Value-added tax	41,959,624.66	46,120,346.91
Others	1,069,736.93	849,080.93
	<u>43,029,361.59</u>	<u>46,969,427.84</u>

9. Revenue and cost of sales

	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>1,780,358,629.25</u>	<u>1,879,473,952.58</u>	1,579,769,604.57	1,568,338,292.05
	<u>1,780,358,629.25</u>	<u>1,879,473,952.58</u>	<u>1,579,769,604.57</u>	<u>1,568,338,292.05</u>

Revenue is stated as follows:

	2022	2021
Revenue from contracts with customers	1,778,523,766.87	1,574,265,017.39
Rentals	1,834,862.38	5,504,587.18
	<u>1,780,358,629.25</u>	<u>1,579,769,604.57</u>

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

9. Revenue and cost of sales (Continued)

Disaggregation of revenue from contracts with customers is as follows:

	2022
Revenue recognition	
Revenue recognised at a point in time	
Sales of piped gas	1,727,833,561.02
Sales of gas appliances and others	3,894,037.60
Revenue recognised over time	
Gas connection	46,470,268.27
Gas transportation	325,899.98
	<u>1,778,523,766.87</u>

2021

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	53,015,276.65
Gas transportation	2,041,669.43
	<u>1,574,265,017.39</u>

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

	2022	2021
Sales of piped gas	157,765,700.19	180,216,668.17
Gas connection	48,482,262.94	31,366,747.93
Sales of gas appliances and others	5,593,397.62	4,483,494.57
	<u>211,841,360.75</u>	<u>216,066,910.67</u>

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

9. Revenue and cost of sales (Continued)

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

Sales of piped gas

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

Sales of gas appliances and others

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

Gas connection

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

Gas transportation

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

As at 31 December 2022, the transaction price allocated to the remaining performance obligation was RMB291,442,293.03 (31 December 2021: RMB295,237,611.10) 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)

10. Finance costs

	2022	2021
Interest income	(32,833,581.22)	(30,349,740.19)
Foreign exchange differences	–	41,104.51
Others	<u>218,816.43</u>	<u>319,911.76</u>
	<u>(32,614,764.79)</u>	<u>(29,988,723.92)</u>

All the interest income of the Group is generated from current deposits and time 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 RMB23,216,172.91 (January to December 2021: RMB8,459,338.24). Tianjin Binhai Rural Commercial Bank is an associated company of Tianjin energy, which owns 100% equity interest in Tianjin Gas.

11. Other income

	2022	2021
Government grants related to daily operation	<u>2,353,956.28</u>	<u>5,645,680.60</u>
	<u>2,353,956.28</u>	<u>5,645,680.60</u>

Government grants related to daily operation are as follows:

	2022	2021	Relevant to asset/income
Deferred income (<i>note 1</i>)	1,543,990.58	4,970,914.67	Asset/income
Tax refund	15,242.42	–	Income
Others (<i>note 2</i>)	<u>794,723.28</u>	<u>674,765.93</u>	Income
	<u>2,353,956.28</u>	<u>5,645,680.60</u>	

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

Note 2: The Group received a subsidy from Human Resources and Social Security Bureau of Heping District, Tianjin for job stabilisation of RMB794,723.28 (2021: RMB674,765.93).

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

12. Investment income

	2022	2021
Income from long-term equity investments under the equity method	<u>5,673,148.56</u>	<u>723,962.36</u>
	<u>5,673,148.56</u>	<u>723,962.36</u>

13. Non-operating expenses

	2022	2021
Losses on scrap of non-current assets	1,866,822.05	701,582.08
Penalties and compensations	240,000.00	–
Others	<u>80,132.66</u>	<u>4,193,042.65</u>
	<u>2,186,954.71</u>	<u>4,894,624.73</u>

14. Income tax expense

	2022	2021
Current income tax expense	–	–
Deferred tax expense	<u>(24,458,953.47)</u>	<u>1,822,408.57</u>
	<u>(24,458,953.47)</u>	<u>1,822,408.57</u>

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

	2022	2021
Total profit/(loss)	(92,891,041.50)	3,027,238.09
Income tax expense at the statutory or applicable tax rate (note 1)	(23,222,610.38)	756,809.52
Income not subject to tax	(1,418,287.14)	(180,990.59)
Expenses not deductible for tax	287.50	1,049,708.38
Deductible temporary differences and deductible losses not recognised	<u>181,656.55</u>	<u>196,881.26</u>
Income tax expense at the Group's effective tax rate	<u>(24,458,953.47)</u>	<u>1,822,408.57</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)

15. Dividend

The directors of the Company do not recommend the payment of dividend for the 12 months ended 31 December 2022.

16. Earnings/(loss) per share

	2022 RMB/Share	2021 RMB/Share
Basic earnings/(loss) per share		
Continuing operations	<u><u>(0.037)</u></u>	<u><u>0.001</u></u>
Diluted earnings/(loss) per share		
Continuing operations	<u><u>(0.037)</u></u>	<u><u>0.001</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:

	2022	2021
Earnings/(loss)		
Net profit/(loss) for the year attributable to ordinary shareholders of the Company	<u><u>(68,345,251.96)</u></u>	<u><u>1,431,633.17</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

In 2022, in order to mitigate the impact of COVID-19 while maintaining the sustainable development of the Group during this challenging time, in light of the reduced consumption of natural gas by existing gas users the Board and the management have striven to develop new markets by looking for new gas users switching from other energy sources on the one hand, and 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 on the other hand.

FINANCIAL REVIEW

For the year ended 31 December 2022 (the “**Year**”), the Group recorded revenue of approximately RMB1,780,359,000 (for the year ended 31 December 2021 (the “**Previous Year**”): approximately RMB1,579,770,000), representing an increase of approximately 13% from the Previous Year. The gross profit margin was a profit of approximately 0.54% for the Previous Year and a loss of approximately 5.68% for the Year. The loss before tax for the Year amounted to approximately RMB92,891,000 (Previous Year: profit before tax of approximately RMB3,027,000).

The deterioration in financial performance for the Year was mainly attributable to (among others), (i) the rise in the gas sourcing price of Jinran China Resources Gas Co., Ltd (“**Jinran China Resources**”), the upstream gas source entity, due to the impact of the rise in global natural gas price; and (ii) a fall in the gas amount sold, reflecting a reduced gas demand by users caused by the impact of the pandemic.

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, sales of gas appliances and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group is generally funded by equity financing.

As at 31 December 2022, the Group had (i) a balance of cash and cash equivalent of approximately RMB964,053,000 which was principally denominated in RMB (Previous Year: approximately RMB936,590,000), representing an increase of approximately 3% from the Previous Year, and (ii) trade payables of approximately RMB434,171,000 (Previous Year: approximately RMB200,485,000), representing an increase of approximately 117% from the Previous Year. The Group had no bank borrowings as at 31 December 2022 (31 December 2021: Nil).

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 2022 was approximately 0.37 (31 December 2021: 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/or 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 (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), 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 2022 (31 December 2021: Nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities or guarantees (31 December 2021: Nil).

STAFF AND EMOLUMENT POLICY

As at 31 December 2022, the Group had a workforce of 695 full-time employees (31 December 2021: 738). The total employee costs were approximately RMB136,427,000 for the Year (Previous Year: approximately RMB136,130,000).

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 2023, the Company will (i) focus on tackling the issue of single gas source by taking multiple measures to explore new gas 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 2022 (Previous Year: Nil).

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 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 Part 2 of the Corporate Governance 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 entered into between Tianjin Gas Group Company Limited (“**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) (“**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) agreed to contribute by way of cash.

The transfer of the Target Shares was registered with the China Securities Depository and Clearing Corporation Limited on 25 May 2022. Jinran China Resources has become a shareholder of the Company, holding approximately 70.54% of the issued share capital of the Company as of the date of this announcement. 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 Mergers.

For further details, please refer to the announcements of the Company dated 3 January 2022, 28 April 2022 and 26 May 2022, respectively.

Amendments to the Articles of Association

Amendments have been made to the Company’s articles of association during the Year to update the information of domestic shareholders of the Company, to further improve the corporate governance of the Company, and to further implement laws, rules and regulatory requirements applicable to the Company (including without limitation, the Companies Law of the People’s Republic of China, the Law on State-owned Assets of Enterprises of the People’s Republic of China, the Management Measures of Formulation of Articles of Associations of State-owned Enterprise and the Listing Rules. For further details, please refer to the circular of the Company dated 5 July 2022.

Change of Directors, Supervisors and Deputy General Manager

At the extraordinary general meeting of the Company held on 1 August 2022, Mr. Chen Tao was elected as a new executive Director, Ms. Wu Fang, Ms. Guan Na and Ms. Zhang Jinghan were elected as new non-executive Directors, and Mr. Xu Peng was elected as a new shareholders’ representative supervisor of the Company (the “**Supervisor**”). Upon conclusion of that general meeting, the following resignations became effective: Mr. Zhao Wei as the chairman of the Board and an executive Director; Mr. Zhao Heng Hai, Mr. Hou Shuang Jiang and Ms. Hou Yuling as non-executive Directors; and Mr. Sun Guoqing as a Supervisor. Corresponding changes were implemented to the composition of the Board committees in light of the above changes.

Ms. Yan Ying has been appointed as a deputy general manager of the Company during the Year.

Connected transactions

Procurement and installation of gas meters

On 10 March 2022, the Company and Jinran China Resources (a controlling shareholder of the Company) entered into an entrusted procurement agreement and a gas meters installation 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 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, respectively. The transactions constitute connected transactions of the Company. Further details are set out in the Company's announcement dated 10 March 2022.

Gas meters indoor installation

On 19 April 2022, the Company entered into the indoor gas meter installation service framework agreement with Tianjin Yixiao Construction Development Co., Ltd. ("**Tianjin Yixiao**", a subsidiary of Tianjin Gas, who in turn owned 51% equity interests in Jinran China Resources) to engage Tianjin Yixiao to provide indoor gas meter installation services in newly built residential premises in Heping district, Hedong district, Xiqing district, Ninghe district and Hangu district in Tianjin with an annual cap of RMB4,852,000. The transactions constitute continuing connected transactions of the Company. Further details are set out in the Company's announcement dated 19 April 2022.

Procurement of gas meters

On 28 July 2022, the Company and Tianjin Yumin Gas Meter Co., Ltd. ("**Tianjin Yumin**", a subsidiary of Jinran China Resources) entered into a procurement contract to procure from Tianjin Yumin IoT (Internet of Things) gas meters at an aggregate maximum purchase price of RMB5,922,000.

As the Company contemplates that more IoT gas meters and additional model(s) of IoT gas meters with safety function would be required, on 9 November 2022, the Company entered into a termination contract to terminate the aforesaid procurement contract, and entered into a new procurement contract with Tianjin Yumin for the procurement of IoT gas meters with an aggregate maximum purchase price of RMB7,040,000.

The transactions constitute continuing connected transactions of the Company. Further details are set out in the Company's announcements dated 28 July 2022 and 9 November 2022, respectively.

Renewal of gas supply contract

On 15 November 2022, the Company and Jinran China Resources entered into a conditional city gas supply contract in respect of the supply of natural gas by Jinran China Resources to the Company for the period from 1 January 2023 to 31 March 2024. The transaction constitutes a continuing connected transaction of the Company and was subject to shareholders' approval. Further details are set out in the Company's circular dated 8 December 2022.

Construction and other services

On 15 November 2022, the Company and Tianjin Energy Investment Company Limited (“**Tianjin Energy**”, which wholly-owns Tianjin Gas) entered into a supplemental agreement to revise the annual cap for the construction and design services for pipelines and supporting facilities for year ended 31 December 2022 under the engineering works framework agreement entered into between them dated 15 December 2021. The transactions constitute continuing connected transactions of the Company and was subject to shareholders’ approval. Further details are set out in the Company’s circular dated 8 December 2022.

Renewal of construction and other services

On 18 January 2023, the Company and Jinran China Resources entered into the engineering works framework agreement regarding the provision of construction and other services by Jinran China Resources and/or its associated companies to the Group for the three years ending 31 December 2025. The transactions constitute continuing connected transactions of the Company and was subject to shareholders’ approval. Further details are set out in the Company’s circular dated 24 February 2023.

Procurement of gas meters

On 13 February 2023, the Company and Tianjin Yumin entered into a procurement contract pursuant to which Tianjin Yumin agreed to supply to the Company IoT gas meters for a contract term up to 31 December 2025. The transactions constitute continuing connected transactions of the Company and was subject to shareholders’ approval. Further details are set out in the Company’s circular dated 24 February 2023.

Potential disposal of assets of Jining Branch Company

References 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. Further details are set out in the Company’s announcement 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, among others, 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, namely, 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 2022 as set out in this 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 this announcement.

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

The AGM is expected to be held on 27 June 2023 (Tuesday) 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 2023 (Sunday) to 27 June 2023 (Tuesday) (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 25 May 2023 (Thursday).

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinrangongyong.com). The 2022 annual report of the Company 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
Chen Tao
Chairman of the Board

Tianjin, People's Republic of China, 28 March 2023

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.

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.

Certain figures in this announcement are subject to rounding adjustment.