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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 2023

HIGHLIGHTS

- Revenue of approximately RMB913,834,000 was recorded for the first half of 2023.
- Gross loss of approximately RMB40,121,000 was recorded for the first half of 2023.
- Loss before tax of approximately RMB35,065,000, and a loss in the total comprehensive income attributable to shareholders of the parent of approximately RMB25,864,000, respectively, were recorded for the first half of 2023.
- The Board does not propose an interim dividend for the first half of 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Tianjin Jinran Public Utilities Company Limited (the “**Company**”) presents the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (“**first half of 2023**” or the “**Interim Period**”) together with the unaudited comparative figures for the six months ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

Renminbi Yuan

	<i>Note IV</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		624,795,284.29	1,067,256,503.97
Bills receivable		109,200,905.08	–
Trade receivables	<i>1</i>	253,117,368.29	227,301,208.95
Receivables under financing	<i>2</i>	20,000,000.00	140,278,760.77
Prepayments		11,724,543.14	2,320,840.92
Other receivables		2,070,911.06	1,702,869.48
Inventories	<i>3</i>	4,629,080.22	4,277,384.14
Other current assets		12,094,903.73	35,858,336.72
Total current assets		<u>1,037,632,995.81</u>	<u>1,478,995,904.95</u>
NON-CURRENT ASSETS			
Long-term equity investments		56,795,510.94	54,902,040.73
Fixed assets	<i>4</i>	854,013,079.82	884,824,515.39
Construction in progress	<i>5</i>	23,954,327.54	13,027,994.64
Intangible assets		10,920,312.13	11,165,918.69
Long-term deferred expenses		1,457,970.56	–
Deferred tax assets		67,969,776.48	58,782,769.75
Other non-current assets		–	1,606,467.53
Total non-current assets		<u>1,015,110,977.47</u>	<u>1,024,309,706.73</u>
TOTAL ASSETS		<u><u>2,052,743,973.28</u></u>	<u><u>2,503,305,611.68</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

Renminbi Yuan

	<i>Note IV</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	6	126,882,927.15	434,170,568.15
Contract liabilities		229,842,654.59	291,485,174.92
Employee benefits payable		4,396,772.66	17,545,053.63
Taxes payable	7	1,113,024.58	43,029,361.59
Other payables		22,213,124.88	39,178,709.80
Other current liabilities		19,238,835.53	–
Total current liabilities		403,687,339.39	825,408,868.09
NON-CURRENT LIABILITIES			
Deferred income		89,949,190.18	92,418,010.48
Total non-current liabilities		89,949,190.18	92,418,010.48
Total liabilities		493,636,529.57	917,826,878.57
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,332,352.18	790,332,352.18
Specialised reserve		56,899.26	550,525.89
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		457,440,461.78	483,304,751.98
Total equity attributable to shareholders of the parent		1,560,038,016.35	1,586,395,933.18
Non-controlling interests		(930,572.64)	(917,200.07)
Total shareholders' equity		1,559,107,443.71	1,585,478,733.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,052,743,973.28</u>	<u>2,503,305,611.68</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

Renminbi Yuan

	<i>Note IV</i>	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue	8	913,834,027.90	911,796,704.56
<i>Less:</i> Cost of sales	8	953,214,971.97	920,602,818.24
Taxes and surcharges		740,286.68	654,822.99
Administrative expenses		12,304,647.17	14,735,498.97
Finance costs	9	(12,640,538.76)	(17,343,975.33)
including: interest income		12,726,937.67	17,486,382.97
<i>Add:</i> Other income	10	2,496,788.29	2,547,246.71
Investment income	11	2,089,038.96	3,963,932.66
including: share of profit of an associate		2,089,038.96	3,963,932.66
Credit impairment losses		177,438.41	1,674,163.15
Operating (loss)/profit		(35,022,073.50)	1,332,882.21
<i>Add:</i> Non-operating income		16.71	11.86
<i>Less:</i> Non-operating expenses		42,612.71	210,067.84
Total (loss)/profit		(35,064,669.50)	1,122,826.23
<i>Less:</i> Income tax expense	12	(9,187,006.73)	(596,021.99)
Net (loss)/profit		(25,877,662.77)	1,718,848.22
Classified by continuity of operations			
(Loss)/profit from continuing operations		(25,877,662.77)	1,718,848.22
Classified by ownership			
(Loss)/profit attributable to shareholders of the parent		(25,864,290.20)	1,773,187.28
Loss attributable to non-controlling interests		(13,372.57)	(54,339.06)
Other comprehensive income, net of tax		-	-
Total comprehensive income		(25,877,662.77)	1,718,848.22
Including:			
Total comprehensive income attributable to shareholders of the parent		(25,864,290.20)	1,773,187.28
Total comprehensive income attributable to non-controlling interests		(13,372.57)	(54,339.06)
(Loss)/earnings per share (RMB/share)	14		
Basic		(0.014)	0.001
Diluted		(0.014)	0.001

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

Renminbi Yuan

I. Basic Information

Tianjin Jinran Public Utilities Company Limited (the “Company”) 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, China.

The Company’s parent company is Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司) (“Jinran China Resources”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are operation of gas; installation and repairment of gas-fired appliance; gas vehicle refuelling business; various types of engineering construction activities (for projects subject to approval according to laws or regulations, business activities can only be performed after approval by relevant departments, and specific business projects shall be subject to approval documents or license certificates of relevant departments); 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 28 August 2023.

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 2022. The accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2022 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year 2022 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 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	252,105,617.75	226,883,322.34
1 to 2 years	1,115,709.76	534,732.20
2 to 3 years	1,755,407.64	1,757,247.83
Over 3 years	10,409,332.69	10,572,044.54
	265,386,067.84	239,747,346.91
<i>Less: Provision for bad debts of trade receivables</i>	12,268,699.55	12,446,137.96
	<u>253,117,368.29</u>	<u>227,301,208.95</u>

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 2023 (Unaudited)					31 December 2022 (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	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount
Provision for bad debts on individual basis	12,136,877.29	4.57	12,136,877.29	100.00	-	12,376,877.29	5.16	12,376,877.29	100.00	-
Provision for bad debts by credit risk characteristic group	253,249,190.55	95.43	131,822.26	0.05	253,117,368.29	227,370,469.62	94.84	69,260.67	0.03	227,301,208.95
	265,386,067.84	100.00	12,268,699.55	4.62	253,117,368.29	239,747,346.91	100.00	12,446,137.96	5.19	227,301,208.95

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

	30 June 2023 (Unaudited)			31 December 2022 (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	251,905,097.37	-	-	226,613,398.02	-	-
6 months to 1 year	200,520.38	5.00	10,026.02	269,924.32	5.00	13,496.22
1 to 2 years	1,115,709.76	10.00	111,570.98	462,348.31	10.00	46,234.82
2 to 3 years	4,599.75	20.00	919.95	1,949.83	20.00	389.97
Over 3 years	23,263.29	40.00	9,305.31	22,849.14	40.00	9,139.66
	253,249,190.55	0.05	131,822.26	227,370,469.62	0.03	69,260.67

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 2023 (Unaudited)	12,446,137.96	62,561.59	(240,000.00)	12,268,699.55
31 December 2022 (Audited)	16,013,828.04	419,942.72	(3,987,632.80)	12,446,137.96

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

2. Receivables under financing

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank acceptance bills receivable	<u>20,000,000.00</u>	<u>140,278,760.77</u>

3. Inventories

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Gas	174,798.12	185,615.51
Gas appliances and others	<u>4,454,282.10</u>	<u>4,091,768.63</u>
	<u>4,629,080.22</u>	<u>4,277,384.14</u>

As at 30 June 2023, the management of the Group considered that there was no provision for impairment of inventories (31 December 2022: Nil).

4. Fixed assets

For the six months ended 30 June 2023 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,990,991.60	1,296,365,869.44	256,458,795.55	5,662,876.27	11,069,076.07	4,558,482.24	1,623,106,091.17
Purchase	-	678,400.00	2,148,556.58	53,067.29	-	-	2,880,023.87
Transferred from construction in progress	-	-	361,403.29	-	19,470.00	-	380,873.29
Disposal or scrap	-	-	290,689.44	-	17,426.67	-	308,116.11
Closing balance	<u>48,990,991.60</u>	<u>1,297,044,269.44</u>	<u>258,678,065.98</u>	<u>5,715,943.56</u>	<u>11,071,119.40</u>	<u>4,558,482.24</u>	<u>1,626,058,872.22</u>
Accumulated depreciation							
Opening balance	17,956,243.77	628,917,672.55	68,567,884.74	4,883,683.17	7,330,719.89	2,747,063.24	730,403,267.36
Provision	543,589.20	24,907,565.29	8,179,180.52	30,682.70	380,503.41	-	34,041,521.12
Disposal or scrap	-	-	261,620.49	-	15,684.01	-	277,304.50
Closing balance	<u>18,499,832.97</u>	<u>653,825,237.84</u>	<u>76,485,444.77</u>	<u>4,914,365.87</u>	<u>7,695,539.29</u>	<u>2,747,063.24</u>	<u>764,167,483.98</u>
Impairment provision							
Opening balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	-	-	-	-	-	-	-
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>30,491,158.63</u>	<u>643,219,031.60</u>	<u>176,198,112.96</u>	<u>741,860.81</u>	<u>3,362,915.82</u>	<u>-</u>	<u>854,013,079.82</u>
At beginning of the period	<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>

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

4. Fixed assets (Continued)

2022 (Audited)

	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	–	–	–	–	–	–	–
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>

As at 30 June 2023, the Group had no fixed assets leased out under an operating lease (31 December 2022: Nil).

As at 30 June 2023, the Group had no fixed assets pending certificates of property ownership (31 December 2022: Nil).

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

5. Construction in progress

The Group had no construction materials.

Construction in progress

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	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	2,209,340.38	-	2,209,340.38
Pipeline reconstruction	14,844,921.14	-	14,844,921.14	9,801,362.91	-	9,801,362.91
Gas stations and others	2,402,696.30	(1,035,000.00)	1,367,696.30	2,052,291.35	(1,035,000.00)	1,017,291.35
Gas facility safety improvement project	5,532,369.72	-	5,532,369.72	-	-	-
Mines	408,920.27	(408,920.27)	-	408,920.27	(408,920.27)	-
	25,398,247.81	(1,443,920.27)	23,954,327.54	14,471,914.91	(1,443,920.27)	13,027,994.64

The movements of construction in progress for the six months ended 30 June 2023 (Unaudited) are as follows:

	Opening balance	Addition	Transferred to fixed assets	Closing balance
Buildings	2,209,340.38	-	-	2,209,340.38
Pipeline reconstruction	9,801,362.91	5,043,558.23	-	14,844,921.14
Gas stations and others	2,052,291.35	731,278.24	380,873.29	2,402,696.30
Gas facility safety improvement project	-	5,532,369.72	-	5,532,369.72
Mines	408,920.27	-	-	408,920.27
	14,471,914.91	11,307,206.19	380,873.29	25,398,247.81

The movements of construction in progress in 2022 (Audited) are as follows:

	Opening balance	Addition	Transferred to fixed assets	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
	6,317,268.45	67,114,647.53	58,960,001.07	14,471,914.91

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

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 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	101,610,694.16	393,008,190.82
1 to 2 years	12,789,643.72	25,443,727.91
Over 2 years	12,482,589.27	15,718,649.42
	<u>126,882,927.15</u>	<u>434,170,568.15</u>

7. Taxes payable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Value-added tax	343,289.69	41,959,624.66
Others	769,734.89	1,069,736.93
Total	<u>1,113,024.58</u>	<u>43,029,361.59</u>

8. Revenue and cost of sales

	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>913,834,027.90</u>	<u>953,214,971.97</u>	<u>911,796,704.56</u>	<u>920,602,818.24</u>

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

8. Revenue and cost of sales (Continued)

Revenue is stated as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue from contracts with customers	913,834,027.90	909,961,842.16
Rentals	<u>–</u>	<u>1,834,862.40</u>
	<u>913,834,027.90</u>	<u>911,796,704.56</u>

Disaggregation of revenue from contracts with customers is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	900,244,924.09	891,708,978.97
Sales of gas appliances and others	1,141,592.92	870,775.36
Revenue recognised over time		
Gas connection income	12,423,654.48	17,199,445.94
Gas transportation	<u>23,856.41</u>	<u>182,641.89</u>
	<u>913,834,027.90</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)

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Sales of piped gas	161,641,722.06	159,854,403.01
Gas connection income	10,629,602.43	49,313,056.36
Sales of gas appliances and others	1,123,110.78	5,393,930.34
	<u>173,394,435.27</u>	<u>214,561,389.71</u>

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 advance is normally required before delivering the products.

Gas connection

The performance obligation is satisfied over time as services are rendered and payment in advance is 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 30 June 2023, the transaction price allocated to the remaining performance obligation was RMB229,842,654.59 (31 December 2022: RMB291,442,293.03) and the Group will recognise this revenue in future upon delivery of the products or when gas connection being completed.

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

9. Finance costs

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Interest income	(12,726,937.67)	(17,486,382.97)
Others	<u>86,398.91</u>	<u>142,407.64</u>
	<u>(12,640,538.76)</u>	<u>(17,343,975.33)</u>

10. Other income

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Government grants related to daily operation	<u>2,496,788.29</u>	<u>2,547,246.71</u>

Government grants related to daily operation are as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	
Deferred income (<i>Note 1</i>)	2,468,820.30	2,532,004.29	Related to assets
Tax refund subsidy	18,225.38	15,242.42	Related to income
Others	<u>9,742.61</u>	<u>–</u>	Related to income
	<u>2,496,788.29</u>	<u>2,547,246.71</u>	

Note 1 Deferred income represents government grants related to the Group's daily operation and related to renovation works.

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

11. Investment income

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Profit from long-term equity investments under the equity method	<u><u>2,089,038.96</u></u>	<u><u>3,963,932.66</u></u>

12. Income tax expense

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Current income tax expense	–	–
Deferred tax expense	<u>(9,187,006.73)</u>	<u>(596,021.99)</u>
	<u><u>(9,187,006.73)</u></u>	<u><u>(596,021.99)</u></u>

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Total (loss)/profit	(35,064,669.50)	1,122,826.23
Income tax expense at statutory or applicable tax rate (<i>note 1</i>)	(8,766,167.38)	280,706.56
Income not subject to tax	(522,259.74)	(990,983.17)
Expenses not deductible for tax	2,834.31	136.41
Deductible temporary differences and tax losses not recognised	<u>98,586.08</u>	<u>114,118.21</u>
Tax expense at the Group's effective tax rate	<u><u>(9,187,006.73)</u></u>	<u><u>(596,021.99)</u></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 2023.

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

14. (Loss)/earnings per share

	For the six months ended 30 June 2023 (Unaudited) RMB/Share	For the six months ended 30 June 2022 (Unaudited) RMB/Share
Basic (loss) /earnings per share		
Continuing operations	<u><u>(0.014)</u></u>	<u><u>0.001</u></u>
Diluted (loss) /earnings per share		
Continuing operations	<u><u>(0.014)</u></u>	<u><u>0.001</u></u>

The calculation of basic (loss)/earnings per share is based on the net (loss)/profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
(Loss)/earnings		
Net (loss)/profit for the period attributable to ordinary shareholders of the Company	<u><u>(25,864,290.20)</u></u>	<u><u>1,773,187.28</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 first half of 2023, with the Group having mostly recovered from COVID-19 pandemic 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 first half of 2023, the Group reported a revenue of approximately RMB913,834,000 (first half of 2022: RMB911,797,000), representing an increase of approximately 0.22% as compared with the corresponding period of last year. A gross loss of approximately RMB40,121,000 was recorded for the first half of 2023 (first half of 2022: gross loss of RMB9,461,000).

During the first half of 2023, the Group recorded a loss before tax from continuing operations of approximately RMB35,065,000 (first half of 2022: profit before tax from continuing operations of approximately RMB1,123,000), and a loss attributable to shareholders of the parent of approximately RMB25,864,000 (first half of 2022: net profit attributable to shareholders of the parent of RMB1,773,000). The above change is mainly due to (among other things): (i) the rise in the gas sourcing price in the 2022-2023 heating season of the upstream gas source entity due to the impact of the rise in global natural gas price; and (ii) a reduced sales volume of gas in the first half of 2023 caused by the impact of the adjustment of heating time in Tianjin city and the reduction in gas demand of major users.

Segmental Information Analysis

During the first half of 2023, 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 and others.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, total equity attributable to shareholders of the Company amounted to approximately RMB1,560,038,000 (31 December 2022: RMB1,586,396,000). As at 30 June 2023, 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 2023, the Group did not have any bank borrowing (31 December 2022: Nil).

As at 30 June 2023, the Group had net current assets of approximately RMB633,946,000 (31 December 2022: RMB653,587,000), including cash and cash equivalent of approximately RMB624,662,000 (31 December 2022: RMB964,053,000) 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 Interim 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 hold any significant investments for the first half of 2023.

Material Acquisition and Disposal

During the first half of 2023, 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 that have been approved by the Board as of 30 June 2023.

Charges on the Group’s Assets

As at 30 June 2023, 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 2023 was approximately 0.24 (31 December 2022: 0.37).

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities or guarantees (31 December 2022: 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 2023, the Group had a workforce of 661 full-time employees (30 June 2022: 717). Total staff costs amounted to approximately RMB54,696,000 for the first half of 2023 (first half of 2022: RMB58,791,000).

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 its employees.

DIVIDEND

No dividends were declared or proposed during the first half of 2023. The Directors do not recommend an interim dividend for the first half of 2023 (first half of 2022: Nil).

PROSPECTS

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 the second half of 2023, 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 Interim 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 Interim Period or at any time during the Interim Period.

Corporate Governance

For the Interim Period, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

Arrangements to Purchase Shares or Debentures

At no time during the Interim 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 Interim Period, all the Directors and Supervisors have complied with the required standards set out in the Code for securities transactions by the Directors and Supervisors.

AUDIT COMMITTEE

The audit committee of the Company 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 this announcement and the Group’s unaudited interim results for the Interim Period.

SIGNIFICANT EVENTS DURING AND AFTER THE INTERIM PERIOD

Change of Auditors

Upon expiration of its term of office and with effect from the conclusion of the annual general meeting of the Company held on 27 June 2023, Ernst & Young Hua Ming LLP retired as the independent auditor of the Company. With the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, KPMG Huazhen LLP has been appointed as the new independent auditor of the Company.

There are no disagreements or outstanding matters between the Company and Ernst & Young Hua Ming LLP, and there are no circumstances connected with their retirement that need to be brought to the attention of the shareholders of the Company. Ernst & Young Hua Ming LLP had been providing audit work for the Company for consecutive financial years, and a new selection process of auditors was therefore conducted to further facilitate the independence and objectivity of the Company’s audit process and the audit quality of the Company’s financial statements. See also the Company’s circular dated 12 May 2023 for more information.

Approval of the Company’s “14th Five-Year” Development Plan

The 14th Five-Year Development Plan of the Company has been approved by the shareholders of the Company in the annual general meeting of the Company held on 27 June 2023. See also the Company’s circular dated 12 May 2023 for more information.

Change of Members of Senior Management

Ms. Zhao Fengli has been appointed as the financial controller and general compliance consultant of the Company in place of Ms. Du Bing with effect from 12 June 2023, and Mr. An Jing Peng has been appointed as a deputy general manager of the Company with effect from 20 July 2023. See also the Company’s announcements dated 12 June 2023 and 20 July 2023 for more information.

Continuing Connected Transactions

Renewal of engineering works framework agreement with Jinran China Resources

The engineering works framework agreement dated 15 December 2021 (as supplemented) entered into between the Company and Tianjin Energy Investment Company Limited in respect of the provision of construction and design services for pipelines and supporting facilities to the Group expired on 31 December 2022. On 18 January 2023, the Company and Jinran China Resources Gas Co., Ltd (“**Jinran China Resources**”, a controlling shareholder of the Company) entered into a new 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 “**New Framework Agreement**”). The annual caps under the New Framework Agreement (in terms of total settlement amount) are RMB141 million, RMB124 million and RMB77 million for the years ending 31 December 2023, 2024 and 2025, respectively. The New Framework Agreement was subject to (among other things) the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. The New Framework Agreement was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. See also the Company’s circular dated 24 February 2023 for more information.

Procurement of Gas Meters from Tianjin Yumin

On 13 February 2023, the Company and Tianjin Yumin Gas Meter Co., Ltd (“**Tianjin Yumin**”) entered into a procurement contract pursuant to which Tianjin Yumin agreed to supply to the Company IoT (internet of things) gas meters (the “**Procurement Contract**”). The annual caps under the Procurement Contract are RMB22 million, RMB2.048 million and RMB2 million for the years ending 31 December 2023, 2024 and 2025, respectively. The Procurement Contract (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin) was subject to (among other things) the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. The Procurement Contract was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. See also the Company’s circular dated 24 February 2023 for more information.

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 of Jining Branch of the Company through listing-for-sale at the Tianjin Property Rights Exchange (excluding the outstanding amount due from Jining Branch to the Company). The Company resolved to adjust the base price for such potential disposal from approximately RMB103,080,200 to approximately RMB91,332,200. Further information is set out in the Company's announcement dated 20 August 2021. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules and/or the Inside Information Provisions (as defined under the Listing Rules) (if required).

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

Tianjin, the People's Republic of China, 28 August 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.

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.

Certain figures in this announcement have been subject to rounding adjustments.

This announcement contains forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual outcomes may differ materially and/or adversely. Nothing contained in these statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, supervisors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update, supplement or correct these statements or to adapt them to future events or developments.