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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)

**ANNOUNCEMENT
2023 ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Tianjin Jinran Public Utilities Company Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

(Expressed in Renminbi Yuan)

	Note IV	31 December 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and bank balances		789,606,526.80	1,067,256,503.97
Trade receivables	1	192,300,181.77	227,301,208.95
Receivables under financing	2	93,811,058.30	140,278,760.77
Prepayments		1,235,236.74	2,320,840.92
Other receivables		1,914,926.56	1,702,869.48
Inventories	3	2,035,300.70	4,277,384.14
Other current assets		896,986.69	35,858,336.72
Total current assets		1,081,800,217.56	1,478,995,904.95
NON-CURRENT ASSETS			
Long-term equity investments		53,896,495.69	54,902,040.73
Fixed assets	4	790,024,131.72	884,824,515.39
Construction in progress	5	18,783,002.67	13,027,994.64
Right-of-use assets		1,115,054.30	–
Intangible assets		10,674,909.70	11,165,918.69
Deferred tax assets		69,048,094.71	58,782,769.75
Other non-current assets	6	152,056,630.68	1,606,467.53
Total non-current assets		1,095,598,319.47	1,024,309,706.73
TOTAL ASSETS		2,177,398,537.03	2,503,305,611.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2023

(Expressed in Renminbi Yuan)

	Note IV	31 December 2023	31 December 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	7	296,882,410.08	434,170,568.15
Contract liabilities		277,406,667.12	291,485,174.92
Employee benefits payable		18,654,491.01	17,545,053.63
Taxes payable	8	8,548,069.90	43,029,361.59
Other payables		23,146,201.41	39,178,709.80
Non-current liabilities due within one year		557,280.42	–
Other current liabilities		24,950,086.32	–
Total current liabilities		650,145,206.26	825,408,868.09
NON-CURRENT LIABILITIES			
Lease liabilities		577,964.91	–
Deferred income		96,941,785.44	92,418,010.48
Total non-current liabilities		97,519,750.35	92,418,010.48
TOTAL LIABILITIES		747,664,956.61	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		361.02	550,525.89
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		328,132,030.25	483,304,751.98
Total equity attributable to shareholders of the Parent		1,430,673,046.58	1,586,395,933.18
Non-controlling interests		(939,466.16)	(917,200.07)
Total shareholders' equity		1,429,733,580.42	1,585,478,733.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,177,398,537.03	2,503,305,611.68

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

2023

(Expressed in Renminbi Yuan)

	Note IV	2023	2022
Revenue	9	1,780,527,288.76	1,780,358,629.25
Less: Cost of sales	9	1,852,080,540.87	1,879,473,952.58
Taxes and surcharges		1,554,146.67	1,944,341.68
Administrative expenses		34,432,350.23	33,857,957.80
Finance net income	10	(24,597,721.17)	(32,614,764.79)
including: interest expenses		62,080.97	–
interest income		24,888,696.81	32,833,581.22
Add: Other income	11	5,057,193.03	2,353,956.28
Investment (loss)/income	12	(753,438.05)	5,673,148.56
including: share of (loss)/profit of an associate		(753,438.05)	5,673,148.56
Reversal of credit impairment		690,798.90	3,567,690.08
Asset impairment losses		(86,914,475.13)	–
Operating loss		(164,861,949.09)	(90,708,063.10)
Add: Non-operating income		4,219.69	3,976.31
Less: Non-operating expenses		602,583.38	2,186,954.71
Total loss		(165,460,312.78)	(92,891,041.50)
Less: Income tax expense	13	(10,265,324.96)	(24,458,953.47)
Net loss		<u>(155,194,987.82)</u>	<u>(68,432,088.03)</u>
Classified by continuity of operations			
Loss from continuing operations		(155,194,987.82)	(68,432,088.03)
Classified by ownership			
Net loss attributable to shareholders of the Parent		(155,172,721.73)	(68,345,251.96)
Loss attributable to non-controlling interests		(22,266.09)	(86,836.07)
Other comprehensive income, net of tax		–	–
Total comprehensive income		<u>(155,194,987.82)</u>	<u>(68,432,088.03)</u>
Including:			
Total comprehensive income attributable to shareholders of the Parent		(155,172,721.73)	(68,345,251.96)
Total comprehensive income attributable to non-controlling interests		(22,266.09)	(86,836.07)
Loss per share (RMB/Share)	15		
Basic		<u>(0.084)</u>	<u>(0.037)</u>
Diluted		<u>(0.084)</u>	<u>(0.037)</u>

NOTES TO FINANCIAL STATEMENTS

2023

(Expressed in Renminbi Yuan)

I. BASIC INFORMATION

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31st December, 2023 but are extracted from those audited consolidated financial statements.

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 5th Floor, Court A, No. 28 Nankai Fourth Road, Nankai District, Tianjin, PRC.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are Pipeline natural gas sales, gas appliance sales, gas pipeline connection services, and gas pipeline transportation services.

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**”, a joint venture of Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited) 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.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis.

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 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)	–	Revenue from sales of piped gas, gas connection and gas transportation is taxable to output VAT at a tax rate of 9% and revenue from gas appliances and other goods 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:

Ageing	31 December 2023	31 December 2022
Within 1 year	192,305,596.54	226,883,322.34
1 to 2 years	8,047.00	534,732.20
2 to 3 years	48,383.89	1,757,247.83
Over 3 years	11,693,493.40	10,572,044.54
Sub-total	204,055,520.83	239,747,346.91
Less: Provision for bad debts of trade receivables	11,755,339.06	12,446,137.96
Total	192,300,181.77	227,301,208.95

The category of trade receivables is analysed below:

Category	31 December 2023					31 December 2022				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Accruing percentage (%)		Amount	Percentage (%)	Amount	Accruing percentage (%)	
Provision for bad debts on individual basis	11,741,877.29	5.75	11,741,877.29	100.00	-	12,376,877.29	5.16	12,376,877.29	100.00	-
Provision for bad debts by credit risk characteristic group	192,313,643.54	94.25	13,461.77	0.01	192,300,181.77	227,370,469.62	94.84	69,260.67	0.03	227,301,208.95
Total	204,055,520.83	100.00	11,755,339.06	5.76	192,300,181.77	239,747,346.91	100.00	12,446,137.96	5.19	227,301,208.95

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

	31 December 2023			31 December 2022		
	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	192,052,454.96	-	-	226,613,398.02	-	-
6 months to 1 year	253,141.58	5.00	12,657.07	269,924.32	5.00	13,496.22
1 to 2 years	8,047.00	10.00	804.70	462,348.31	10.00	46,234.82
2 to 3 years	-	20.00	-	1,949.83	20.00	389.97
Over 3 years	-	40.00	-	22,849.14	40.00	9,139.66
Total	192,313,643.54	0.01	13,461.77	227,370,469.62	0.03	69,260.67

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
2023	12,446,137.96	–	(690,798.90)	11,755,339.06
2022	16,013,828.04	419,942.72	(3,987,632.80)	12,446,137.96

2. Receivables under financing

Item	31 December 2023	31 December 2022
Bank acceptance bills receivable	56,511,058.30	140,278,760.77
Financial company acceptance bills receivable	37,300,000.00	–
Total	<u>93,811,058.30</u>	<u>140,278,760.77</u>

3. Inventories

Category of inventories	31 December 2023	31 December 2022
Gas appliances and others	<u>2,035,300.70</u>	<u>4,277,384.14</u>

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

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

4. Fixed assets

2023

Item	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	-	64,397.24	5,368,503.82	400,409.99	134,871.56	-	5,968,182.61
Transferred from construction in progress	-	18,282,106.55	37,083,976.00	-	19,470.00	-	55,385,552.55
Disposal or scrap	-	678,810.69	2,062,157.29	10,683.76	62,661.40	-	2,814,313.14
Closing balance	<u>48,990,991.60</u>	<u>1,314,033,562.54</u>	<u>296,849,118.08</u>	<u>6,052,602.50</u>	<u>11,160,756.23</u>	<u>4,558,482.24</u>	<u>1,681,645,513.19</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	1,083,517.14	49,832,878.76	16,925,347.11	95,293.13	789,271.38	-	68,726,307.52
Disposal or scrap	-	503,234.97	1,732,163.33	9,615.38	55,963.28	-	2,300,976.96
Closing balance	<u>19,039,760.91</u>	<u>678,247,316.34</u>	<u>83,761,068.52</u>	<u>4,969,360.92</u>	<u>8,064,027.99</u>	<u>2,747,063.24</u>	<u>796,828,597.92</u>
Impairment provision							
Opening balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	606,570.17	64,039,984.70	21,893,175.16	60,077.90	314,667.20	-	86,914,475.13
Disposal or scrap	-	-	-	-	-	-	-
Closing balance	<u>606,570.17</u>	<u>64,039,984.70</u>	<u>27,887,683.41</u>	<u>119,794.78</u>	<u>327,331.49</u>	<u>1,811,419.00</u>	<u>94,792,783.55</u>
Net carrying amount							
At end of the year	<u>29,344,660.52</u>	<u>571,746,261.50</u>	<u>185,200,366.15</u>	<u>963,446.80</u>	<u>2,769,396.75</u>	<u>-</u>	<u>790,024,131.72</u>
At beginning 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>

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

4. Fixed assets (Continued)

2022

Item	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>

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

As at 31 December 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

Item	31 December 2023			31 December 2022		
	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	12,775,367.51	–	12,775,367.51	9,801,362.91	–	9,801,362.91
Other reconstruction	4,833,294.78	(1,035,000.00)	3,798,294.78	2,052,291.35	(1,035,000.00)	1,017,291.35
Mines	408,920.27	(408,920.27)	–	408,920.27	(408,920.27)	–
Total	<u>20,226,922.94</u>	<u>(1,443,920.27)</u>	<u>18,783,002.67</u>	<u>14,471,914.91</u>	<u>(1,443,920.27)</u>	<u>13,027,994.64</u>

The movements of construction in progress in 2023 are as follows:

Item	Opening balance	Addition	Decrease	Closing balance
Buildings	2,209,340.38	–	–	2,209,340.38
Pipeline reconstruction	9,801,362.91	15,046,010.99	12,072,006.39	12,775,367.51
Other reconstruction	2,052,291.35	10,858,408.43	8,077,405.00	4,833,294.78
Indoor gas facility safety improvement project	–	35,236,141.16	35,236,141.16	–
Mines	408,920.27	–	–	408,920.27
Total	<u>14,471,914.91</u>	<u>61,140,560.58</u>	<u>55,385,552.55</u>	<u>20,226,922.94</u>

The movements of construction in progress in 2022 are as follows:

Item	Opening balance	Addition	Decrease	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
Other reconstruction	1,512,668.61	1,098,456.51	558,833.77	2,052,291.35
Mines	408,920.27	–	–	408,920.27
Total	<u>6,317,268.45</u>	<u>67,114,647.53</u>	<u>58,960,001.07</u>	<u>14,471,914.91</u>

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

6. Other non-current asset

Item	31 December 2023	31 December 2022
Certificates of deposit (<i>Note 1</i>)	86,877,000.00	–
Prepaid construction cost	526,857.53	–
Renovation of indoor gas facilities	64,652,773.15	1,606,467.53
Total	<u>152,056,630.68</u>	<u>1,606,467.53</u>

Note 1: The certificates of deposit are 3-year time deposits with a fixed interest rate of 2.9% per annum, which can be withdrawn before maturity, and early withdrawal of the certificates bears interest at the demand deposit rate.

7. Trade payables

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

Ageing	31 December 2023	31 December 2022
Within 1 year	225,401,299.34	393,008,190.82
1 to 2 years	53,862,438.46	25,443,727.91
Over 2 years	17,618,672.28	15,718,649.42
Total	<u>296,882,410.08</u>	<u>434,170,568.15</u>

8. Taxes payable

Item	31 December 2023	31 December 2022
Value-added tax	8,013,254.31	41,959,624.66
Others	534,815.59	1,069,736.93
Total	<u>8,548,069.90</u>	<u>43,029,361.59</u>

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

9. Revenue and cost of sales

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>1,780,527,288.76</u>	<u>1,852,080,540.87</u>	<u>1,780,358,629.25</u>	<u>1,879,473,952.58</u>

Revenue is stated as follows:

	2023	2022
Revenue from contracts with customers	1,780,527,288.76	1,778,523,766.87
Rentals	–	1,834,862.38
Total	<u>1,780,527,288.76</u>	<u>1,780,358,629.25</u>

Disaggregation of revenue from contracts with customers is as follows:

	2023	2022
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	1,724,927,637.16	1,727,833,561.02
Sales of gas appliances and others	4,492,834.42	3,894,037.60
Revenue recognised over time		
Gas connection income	50,917,178.62	46,470,268.27
Gas transportation	189,638.56	325,899.98
Total	<u>1,780,527,288.76</u>	<u>1,778,523,766.87</u>

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

Item	2023	2022
Sales of piped gas	214,589,812.91	157,765,700.19
Gas connection income	31,021,080.65	48,482,262.94
Sales of gas appliances and other commodities	1,347,660.71	5,593,397.62
Total	<u>246,958,554.27</u>	<u>211,841,360.75</u>

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

12. Investment (loss)/income

Item	2023	2022
(Loss)/profit from long-term equity investments under the equity method	<u>(753,438.05)</u>	<u>5,673,148.56</u>

13. Income tax expense

Item	2023	2022
Current income tax expense	–	–
Deferred tax expense	<u>(10,265,324.96)</u>	<u>(24,458,953.47)</u>
Total	<u>(10,265,324.96)</u>	<u>(24,458,953.47)</u>

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

Item	2023	2022
Total loss	(165,460,312.78)	(92,891,041.50)
Income tax expense at statutory tax rate	(41,365,078.20)	(23,222,610.38)
Income not subject to tax	–	(1,418,287.14)
Effect of non-taxable losses	188,359.51	–
Expenses not deductible for tax	40,909.71	287.50
Deductible temporary differences and tax losses not recognised	30,800,810.34	181,656.55
Tax filing differences	<u>69,673.68</u>	<u>–</u>
Income tax expense at the Group's effective tax rate	<u>(10,265,324.96)</u>	<u>(24,458,953.47)</u>

14. Dividend

The directors of the Company do not recommend the payment of dividend for the 12 months ended 31 December 2023.

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

15. Loss per share

	2023 <i>RMB/Share</i>	2022 <i>RMB/Share</i>
Basic loss per share	(0.084)	(0.037)
Diluted loss per share	<u>(0.084)</u>	<u>(0.037)</u>

The calculation of basic loss per share is based on the net loss for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

The calculation of the basic loss per share is as follows:

	2023	2022
Loss		
Net loss for the period attributable to ordinary shareholders of the Company	<u>(155,172,721.73)</u>	<u>(68,345,251.96)</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,839,307,800.00</u>	<u>1,839,307,800.00</u>

The Company did not have potentially dilutive ordinary shares as at the date of approval of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 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 been striving to re-establish the sustainable development of the Group by enhancing the Group's revenue-earning potential through promotion of value-added services to existing customers and looking for new markets, and by enhancing the Group's expenses management through optimizing the cost efficiency and streamlining daily operations of the Group .

FINANCIAL REVIEW

For the Reporting Period, the Group recorded revenue of approximately RMB1,780,527,000 (for the year ended 31 December 2022 (the “**Previous Year**”): RMB1,780,359,000), at a level similar to that of the Previous Year. The gross profit margin for the Reporting Period was a loss of 4.02% (Previous Year: loss of 5.57%). The loss before tax for the Reporting Period was approximately RMB165,460,000 (Previous Year: loss before tax of RMB92,891,000). The loss was mainly attributable to (among others) the following factors:

- (i) the rise in the gas sourcing price in the Reporting Period of the upstream gas source entity due to the impact of the rise in global natural gas price;
- (ii) a reduced sales volume of gas caused by the reduction in gas demand of major users; and
- (iii) the provision for impairment of fixed assets. Taking into account the combined effect of (among others) the two factors mentioned above, the changing market environment in which the Group operates and the Group's sales forecasts, the Company performed impairment testing. Based on the principle of prudence, provision for impairment of fixed assets of approximately RMB86 million was recognized for the Reporting Period.

SEGMENTAL INFORMATION ANALYSIS

During the Reporting Period, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, followed by gas connection and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, total equity attributable to shareholders of the Company was approximately RMB1,430,673,000 (31 December 2022: RMB1,586,396,000). The Company's registered capital was RMB183,930,780 as at 31 December 2023 (with 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the “**Shares**”) in issue, comprising 1,339,247,800 domestic shares and 500,060,000 H shares).

The Group is generally funded by equity financing.

As at 31 December 2023, the Group did not have any bank borrowings (31 December 2022: Nil). As at 31 December 2023, the Company's consolidated net current assets was approximately RMB431,655,000 (31 December 2022: RMB653,587,000), including cash and cash equivalent of approximately RMB789,473,000 (31 December 2022: RMB964,053,000) which was principally denominated in Renminbi.

The Group mostly uses Renminbi in its ordinary business operation. 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 Reporting Period, the Group did not employ any major financial instruments for hedging purposes.

The Group's gearing ratio (total liabilities to total asset ratio) as at 31 December 2023 was approximately 0.34 (31 December 2022: approximately 0.37).

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 may purchase bank 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 the types, amounts, periods and other relevant details of the bank deposit products to be subscribed and to sign on behalf of the Company relevant legal documents with the banks in compliance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the articles of association of the Company and other laws and regulations.

The Group did not hold any significant investments for the Reporting Period (Previous Year: Nil).

MATERIAL ACQUISITION AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

As of 31 December 2023 and the date of this announcement, the Group had no specific plan for material investments or capital assets that have been approved by the Board.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, none of the Group's assets was pledged as security for liability.

CONTINGENT LIABILITIES

As at 31 December 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 31 December 2023, the Group had a workforce of 615 full-time employees (31 December 2022: 695). Total staff costs for the Reporting Period was approximately RMB128,952,000 (Previous Year: RMB136,427,000).

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

The Group provides pre-job and on-the-job training and development opportunities to its staff, which cover areas such as managerial skills, sales and procurement, customer services, safety inspections, workplace ethics and training of other areas relevant to the gas industry.

DIVIDEND

No dividends were declared or proposed during the Reporting Period. The Board does not recommend a distribution of dividend for the Reporting Period (Previous Year: Nil).

PROSPECTS

The China's Long-Range Objectives Through the Year 2035 (2035年遠景目標) envisages that China's carbon emission will be stabilized and decreased, implying a trend of using cleaner energy source. Also, China's 14th Five-Year Plan proposes to enhance the reserves and productivity (增儲上產) of oil and natural gas in the forthcoming five years, while also speeding 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 benefit from the above and experience persistent growth. The Group may be particularly benefited from such growth as the 14th Five-Year Development Plan also emphasizes that Beijing, Tianjin and Hebei shall jointly prevent and control (京津冀協同防控) air pollution and use of clean energy for heating will be promoted in northern China. Together with policies 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.

Natural gas is expected to become a 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 buses in large and medium-scale cities will also gradually become clean gas-fueled. Liquefied natural gas (LNG) vehicles will further expand to intercity coaches and heavy trucks, and the application of LNG to ships and trains will begin. Natural gas will become a competitive fuel in public transportation. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc., will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjin, Hebei and Shandong, Yangtze River delta and the Pearl River delta.

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 prioritization, 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 production management and internal management;
- continue to improve the operations 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 2024, 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, 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.

REVIEW OF ANNUAL RESULTS BY 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 audit committee has reviewed the Company's annual results for the Reporting Period and this announcement.

SCOPE OF WORK OF KPMG HUAZHEN 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 2023 as set out in this announcement have been agreed by the Group's auditor, KPMG Huazhen LLP, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by KPMG Huazhen 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 KPMG Huazhen LLP on this announcement.

OTHER INFORMATION

Significant Events During the Reporting Period

Change of auditors

Ernst & Young Hua Ming LLP had been providing audit work for the Company for consecutive financial years. The Company therefore conducted a new selection process of auditors to further facilitate the independence and objectivity of the Company's audit process and the audit quality of the Company's financial statements. Upon expiration of its term of office and with effect from the conclusion of the Company's annual general meeting 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 were no disagreements or outstanding matters between the Company and Ernst & Young Hua Ming LLP, and there were no circumstances connected with their retirement that need to be brought to the attention of the shareholders of the Company.

More information is set out in the Company's circular dated 12 May 2023.

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 at the annual general meeting held on 27 June 2023. More information is set out in the Company's circular dated 12 May 2023.

Change of composition of the Board and 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. More information is set out in the Company's announcements dated 12 June 2023 and 20 July 2023, respectively.

Amendments to the articles of association

Amendments to the Company's articles of association has come into effect from 28 December 2023. The amendments were made for the purposes of (i) reflecting updates to the laws and regulations of the PRC and to the Listing Rules, and (ii) making other consequential, appropriate and housekeeping amendments. More information is set out in the Company's circular dated 7 December 2023.

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 Engineering Framework Agreement**”). The annual caps (in terms of total settlement amount) are RMB141 million, RMB124 million and RMB77 million for the years ended/ending 31 December 2023, 2024 and 2025, respectively. The New Engineering 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. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. More information is set out in the Company’s circular dated 24 February 2023.

- *Procurement of Gas Meters from Tianjin Yumin*

On 13 February 2023, the Company and Tianjin Yumin Gas Meter Co., Ltd (“**Tianjin Yumin**”, an associate of Jinran China Resources) 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 ended/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. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. More information is set out in the Company’s circular dated 24 February 2023.

- *Gas provision to Tianjin Binran*

On 10 November 2023, the Company and Tianjin Binran Pipe Network Construction Co., Ltd (“**Tianjin Binran**”, an associate of Jinran China Resources) entered into a city gas supply and usage contract pursuant to which the Company agreed to supply natural gas to Tianjin Binran from 1 January 2024 to 31 December 2026. The annual caps are RMB344 million, RMB375 million and RMB408 million for the years ending 31 December 2024, 2025 and 2026, respectively. Such contact was subject to (among other things) the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 December 2023. More information is set out in the Company’s circular dated 7 December 2023.

Significant Events After the Reporting Period

Change of composition of the Board

With effect from 19 February 2024, Mr. Wang Cong has become the Chairman of the Board, an executive Director, and the Chairman of the Nomination Committee of the Company, in place of Mr. Chen Tao (whose resignation became effective on the same date). More information is set out in the Company's circular dated 30 January 2024. Mr. Wang has obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules, and has confirmed that he understood his obligations as a Director, on 19 February 2024.

Continuing connected transaction – Renewal of gas supply contract with Jinran China Resources

The gas supply contract dated 15 November 2022 entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company will expire on 31 March 2024. The Company and Jinran China Resources entered into a new city gas supply and usage contract on 7 February 2024 for the period from 1 April 2024 to 31 March 2027 (“**2024-27 Gas Supply Contract**”). The annual caps under the 2024-27 Gas Supply Contract are RMB1,326 million for the period from 1 April to 31 December 2024, RMB2,282 million for year 2025, RMB2,473 million for year 2026, and RMB992 million for the period from 1 January to 31 March 2027, respectively. The 2024-27 Gas Supply Contract was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It has been approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 March 2024.

More information is set out in the Company's circular dated 5 March 2024.

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. 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).

More information is set out in the Company's announcement dated 20 August 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Reporting Period.

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 complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules in force during the Reporting Period.

Securities Transactions by Directors and Supervisors

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules has been adopted as a code of securities transactions for Directors and Supervisors of the Company (the “**Securities Transactions Code**”). The Company, having made specific enquiries with the Directors and Supervisors, confirms that, during the Reporting Period, all the Directors and Supervisors have complied with the required standards set out in the Securities Transaction Code for securities transactions by the Directors and Supervisors.

Forthcoming Annual General Meeting and Book Closure Period

The annual general meeting of the Company (“**AGM**”) is expected to be held on 27 June 2024 (Thursday) and notice of the AGM will be published in due course.

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 24 June 2024 (Monday) to 27 June 2024 (Thursday) (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 21 June 2024 (Friday).

Annual Report

This announcement is published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.jinrangongyong.com). The Company will publish its 2023 annual report on these websites in due course.

By order of the Board
Tianjin Jinran Public Utilities Company Limited
Wang Cong
Chairman of the Board

Tianjin, the PRC, 28 March 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wang Cong (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.