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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 2015**

HIGHLIGHTS

- Revenue of approximately RMB706,754,000 for the six months ended 30 June 2015.
- Gross profit of approximately RMB38,390,000 for the six months ended 30 June 2015.
- Net profit of approximately RMB36,309,000 for the six months ended 30 June 2015.
- The Board does not propose an interim dividend for the six months ended 30 June 2015.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Tianjin Jinran Public Utilities Company Limited (the “Company”) is pleased to present the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 together with the unaudited comparative figures for the six months ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended	
		30 June	30 June
		2015	2014
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited and restated)
Continuing operations			
Revenue	4	706,754	681,846
Cost of sales		(668,364)	(643,664)
Gross profit		38,390	38,182
Other income	5	673	3,561
Other gains and losses	6	16,654	13,237
Selling expenses		–	(24)
Administrative expenses		(11,363)	(11,194)
Share of profit of associates		4,504	3,870
Profit before tax	7	48,858	47,632
Income tax expense	8	(11,285)	(11,151)
Profit for the period from continuing operations, all attributable to owners of the Company		37,573	36,481
Discontinued operations			
Loss for the period from discontinued operations	9	(1,264)	(2,161)
Profit and total comprehensive income for the period		36,309	34,320
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		36,742	34,990
Non-controlling interests		(433)	(670)
		36,309	34,320
Earnings per share			
From continuing and discontinued operations – basic (RMB cents)	11	2.00	1.90
From continuing operations – basic (RMB cents)	11	2.04	1.98

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015 <i>RMB'000</i> (unaudited)	31 December 2014 <i>RMB'000</i> (audited)
	NOTES		
Non-current assets			
Property, plant and equipment	12	867,247	894,324
Prepaid lease payments	13	11,931	12,091
Intangible assets		445	103
Interests in associates		41,493	36,989
Deferred tax assets		7,035	7,691
Prepayment for pipeline reconstruction	22(b)	11,840	13,249
		<u>939,991</u>	<u>964,447</u>
Current assets			
Inventories		4,380	1,909
Trade receivables	14	189,253	216,244
Prepayments and other receivables	14	16,984	30,427
Amount due from related parties	15	29,743	28,350
Other financial assets	16	716,432	793,436
Bank balances and cash		143,679	92,776
		<u>1,100,471</u>	<u>1,163,142</u>
Assets classified as held for sale	9	8,624	9,888
		<u>1,109,095</u>	<u>1,173,030</u>
Current liabilities			
Trade and other payables	17	244,402	297,795
Dividend payable		10,975	10,975
Income tax payable		8,049	14,192
Amounts due to related parties	15	89,263	152,940
		<u>352,689</u>	<u>475,902</u>
Liabilities directly associated with assets classified as held for sale	9	2,957	2,957
		<u>355,646</u>	<u>478,859</u>
Net current assets		<u>753,449</u>	<u>694,171</u>
Total assets less current liabilities		<u><u>1,693,440</u></u>	<u><u>1,658,618</u></u>

		30 June 2015	31 December 2014
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Non-current liabilities			
Deferred revenue	18	<u>23,207</u>	<u>24,694</u>
		<u>1,670,233</u>	<u>1,633,924</u>
Capital and reserves			
Share capital	19	183,931	183,931
Share premium and reserves		<u>1,488,081</u>	<u>1,451,339</u>
Equity attributable to owners of the Company		1,672,012	1,635,270
Non-controlling interests		<u>(1,779)</u>	<u>(1,346)</u>
Total Equity		<u>1,670,233</u>	<u>1,633,924</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company						Non-controlling interest	Total
	Share capital	Share premium	Statutory surplus reserve	Enterprise expansion fund	Accumulated profits	Total		
	RMB'000	RMB'000	RMB'000 (note i)	RMB'000 (note i)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014 (audited)	183,931	788,703	58,471	23,817	512,844	1,567,766	30	1,567,796
Profit and total comprehensive income for the period (as restated) (note 2)	-	-	-	-	34,990	34,990	(670)	34,320
Appropriation (note i)	-	-	8,187	4,094	(12,281)	-	-	-
At 30 June 2014 (unaudited and restated)	183,931	788,703	66,658	27,911	535,553	1,602,756	(640)	1,602,116
Profit and total comprehensive income (expenses) for the period	-	-	-	-	32,514	32,514	(706)	31,808
At 31 December 2014 (audited)	183,931	788,703	66,658	27,911	568,067	1,635,270	(1,346)	1,633,924
Profit and total comprehensive income (expenses) for the period	-	-	-	-	36,742	36,742	(433)	36,309
Appropriation (note i)	-	-	6,758	3,379	(10,137)	-	-	-
At 30 June 2015 (unaudited)	183,931	788,703	73,416	31,290	594,672	1,672,012	(1,779)	1,670,233

Notes:

(i) Appropriation of reserves

As a foreign invested joint stock company, the transfers to statutory surplus reserve fund is based on the profit after tax stated in the financial statements prepared under the PRC accounting standards at the discretion of the board of directors. The statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries are required to maintain a non-distributable enterprise expansion fund. Appropriations to such reserve are made out of net profit after tax annually of the PRC subsidiaries at the discretion of its board of directors. The enterprise expansion fund is used for expanding the capital base of the PRC companies by means of capitalisation issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited and restated)
Operating activities		
Net cash (used in)/from operating activities	<u>(37,684)</u>	<u>155,701</u>
Investing activities		
Purchase of property, plant and equipment	(3,395)	(1,689)
Purchase of intangible assets	(351)	(111)
Proceeds from disposal of property, plant and equipment	–	1
Interest received	172	186
Acquisition of financial assets designated at fair value through profit or loss (“FVTPL”)	(4,724,000)	(3,605,500)
Proceeds from the redemption of financial assets designated at FVTPL	4,816,020	3,331,873
Government grant received	<u>–</u>	<u>7,400</u>
Net cash from/(used in) investing activities	<u>88,446</u>	<u>(267,840)</u>
Cash used in financing activity		
Dividend paid	<u>–</u>	<u>(668)</u>
Net increase/(decrease) in cash and cash equivalents	50,762	(112,807)
Cash and cash equivalents at 1 January	<u>93,253</u>	<u>287,136</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u><u>144,015</u></u>	<u><u>174,329</u></u>
Attributable to:		
Continuing operations	143,679	173,434
Disposal groups classified as held for sales	<u>336</u>	<u>895</u>
	<u><u>144,015</u></u>	<u><u>174,329</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. CHANGE IN ACCOUNTING POLICY

As disclosed in the annual consolidated financial statements of the Group for the financial year ended 31 December 2014, the Company conducted a comprehensive self-review over its accounting books and records in accordance with HKFRSs following the internal audit decision of the Ministry of Finance of the People’s Republic of China Tianjin Office received by the Company in 2014, pursuant to which the directors considered that in the light of the latest developments and changes in circumstances in Tianjin natural gas supply industry, the public services business of the Group related to gas pipeline construction and gas distribution no longer met the scope criteria set out in HK(IFRIC)-Int 12 *Service Concession Arrangements* (“HK(IFRIC)-Int 12”). Therefore, the directors of the Company had determined to change the accounting policy of the Group and Company such that the infrastructure used in the public service concession arrangements are accounted for as property, plant and equipment. Accordingly, in preparing the annual consolidated and the Company’s financial statements for the financial year ended 31 December 2014, the comparative figures for prior years have been restated and reclassified, as appropriate, to account for the infrastructure under HKAS 16 *Property, Plant and Equipment*, instead of accounting for them as intangible assets required under HK(IFRIC)-Int 12.

The nature and effects of those restatements and reclassification for the comparative figures for the prior period presented as comparative figures in these condensed consolidated financial statements are immaterial.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are relevant, among others, for the preparation of Group’s condensed consolidated financial statements, and the application of which has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Saved as the above, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

The Group’s principal operations are conducted in the PRC. The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company.

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments for the periods under review:

Six-months ended 30 June 2015

Continuing operations:

	Sales of piped gas <i>RMB'000</i>	Gas connection <i>RMB'000</i>	Gas transportation <i>RMB'000</i>	Sales of gas appliances <i>RMB'000</i>	Segment total <i>RMB'000</i>
Segment revenue from external customers	<u>633,608</u>	<u>64,653</u>	<u>4,744</u>	<u>3,749</u>	<u>706,754</u>
Segment profit	<u>(593)</u>	<u>36,732</u>	<u>1,405</u>	<u>846</u>	<u>38,390</u>

Reconciliation of segment profit to consolidated profit before tax

	<i>RMB'000</i>
Total segment profit	38,390
Share of profit of associates	4,504
Other income	673
Other gains and losses	16,654
Corporate expenses	(11,363)
Profit before tax from continuing operations	<u>48,858</u>

Six-months ended 30 June 2014

Continuing operations:

	Sales of piped gas <i>RMB'000</i> (restated)	Gas connection <i>RMB'000</i>	Gas transportation <i>RMB'000</i>	Sales of gas appliances <i>RMB'000</i>	Segment total <i>RMB'000</i> (restated)
Segment revenue from external customers	<u>617,227</u>	<u>56,342</u>	<u>4,593</u>	<u>3,684</u>	<u>681,846</u>
Segment profit	<u>6,795</u>	<u>29,246</u>	<u>1,291</u>	<u>850</u>	<u>38,182</u>

Reconciliation of segment profit to consolidated profit before tax

RMB'000
(restated)

Total segment profit	38,182
Share of profit of associates	3,870
Other income	3,561
Other gains and losses	13,237
Corporate expenses	(11,218)
Profit before tax from continuing operations	<u>47,632</u>

5. OTHER INCOME

Continuing operations

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Value added tax and business tax refund	501	3,375
Bank interest income	172	186
	<u>673</u>	<u>3,561</u>

6. OTHER GAINS AND LOSSES

Continuing operations

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on redemption of financial assets designated at FVTPL	13,584	10,500
Unrealised gain on fair value change of financial assets designated at FVTPL	1,432	630
Reversal of impairment for doubtful debts recovered	1,313	1,746
Government grant	1,313	365
Loss on disposal of property, plant and equipment	(988)	(4)
	<u>16,654</u>	<u>13,237</u>

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)
Profit for the period from continuing operations has been arrived at after charging:		
Staff costs including directors' and supervisors' remuneration		
– basic salary and allowance	38,445	35,473
– retirement benefit scheme contributions	6,838	5,965
– directors' and supervisors' fee	129	375
– welfare, labour union and others	811	605
Total staff cost	<u>46,223</u>	<u>42,418</u>
Depreciation of property, plant and equipment	30,424	33,762
Amortisation of intangible assets (included in administrative expenses)	9	4
Foreign exchange gain	–	5
Amortisation of prepaid lease payments (included in administrative expenses)	160	160
Operating lease rentals in respect of rented premises	563	584
Cost of gas purchased	<u>557,847</u>	<u>536,367</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)
Current tax	10,629	12,486
Deferred tax	<u>656</u>	<u>(1,335)</u>
	<u>11,285</u>	<u>11,151</u>

The Company and its subsidiaries are subject to the PRC Enterprise Income Tax of 25% for six months ended 30 June 2015 (six months ended 30 June 2014: 25%).

No provision for Hong Kong profits tax has been made as the Group's income neither arises in nor is derived from Hong Kong.

9. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As disclosed in the annual consolidated financial statements of the Group for the financial year ended 31 December 2014, a strategic decision was made on 23 June 2014 to place greater focus on the Group's key competencies in gas related industries and the Board resolved a plan to dispose mineral related business. The Company was negotiating with several interested parties to dispose its 88% equity interest in 貴州津維礦業投資有限公司 (“貴州津維”). 貴州津維 owns 70% equity interest in 貴州省台江縣國新鉛鋅選礦有限責任公司 (“貴州國新”) which owns a mining right of a lead-zinc mine located in Taijiang County, Guizhou Province. Both 貴州津維 and 貴州國新 are engaged in the mining and trading of lead and zinc operation (“mineral operation”).

As a result, the Group's mineral operation are presented as discontinued operation in the consolidated statement of profit or loss and other comprehensive income separately from continuing operations. As at respective reporting dates, including 30 June 2014, 31 December 2014 and 30 June 2015, the assets and liabilities attributable to the operations have been classified as disposal group held for sale and are separately presented in the consolidated statement of financial position.

An impairment loss of RMB1,991,000 has been recognised in the year ended 31 December 2014 to write down the mining rights included in the assets and liabilities classified as held for sales to its fair values less costs to sell of RMB4,259,000 as of 31 December 2014. This is a non-recurring fair value which has been measured using unobservable inputs, based on the prices for recent sales of similar mining rights as well as offers received available near reporting dates, and is therefore within level 3 of the fair value hierarchy.

During the initial one-year period since June 2014, the market conditions that existed at the date the disposal group was classified initially as held for sale have deteriorated and, as a result, the disposal group was not sold to the interested parties by the end of that period. Based on the most recent transaction prices as a reference, a further impairment loss of RMB1,068,000 has been recognised in the current interim period. The Group remains committed to its plan to sell the disposal group and the disposal group continues to be actively marketed at a price that is reasonable given the change in market conditions. As a result, the directors consider the assets should continue to be classified as held for sale at the end of the reporting period.

The results of the discontinued mining operation included in the loss for the period from discontinued operation are set out below.

The loss for the periods from the discontinued operation

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	600
Cost of sales	–	(638)
Gross loss	–	(38)
Administrative expenses	(196)	(1,510)
Loss before tax	(196)	(1,548)
Income tax expense	–	–
Loss after the taxation	(196)	(1,548)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(1,068)	(613)
Loss for the year from discontinued operation	(1,264)	(2,161)
Attributable to:		
Owners of the Company	(831)	(1,491)
Non-controlling interests	(433)	(670)
	(1,264)	(2,161)

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year from discontinued operation has been arrived at after charging:		
Depreciation of property, plant and equipment	–	444
Staff cost	90	132
	90	132

Cash flows for the periods from the discontinued operations were as follows:

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflows from operating activities/net cash flows	(141)	398

The assets and liabilities associated with the disposal group held for sale are analysed as follows:

	30 June 2015 RMB'000 (unaudit)	31 December 2014 RMB'000 (audit)
Property, plant and equipment	4,507	4,507
Mining right	3,191	4,259
Other receivables	590	645
Cash and bank balances	336	477
Assets of mineral operation classified as held for sale	8,624	9,888
Trade and other payables	2,957	2,957
Liabilities associated with assets classified as held for sale	2,957	2,957
Net assets of mineral operation classified as held for sale	5,667	6,931

10. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 and 2014.

During the current interim period, no final dividend in respect of the year ended 31 December 2014 was declared.

11. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June 2015 RMB'000	2014 RMB'000 (restated)
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to owners of the Company	36,742	34,990
Number of shares		
Number of ordinary shares		
for the purpose of basic earnings per share ('000)	1,839,308	1,839,308

No diluted earnings per share have been presented as there were no potential ordinary shares outstanding during both period.

From continuing operations

The calculation of earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (unaudited and restated)
Earnings		
Profit for the period attributable to the owners of the Company	36,742	34,990
<i>Add:</i> Loss for the period from discontinued operation attributable to owners of the Company	<u>831</u>	<u>1,491</u>
Profit for the year attributable to owners of the Company from continuing operations	<u><u>37,573</u></u>	<u><u>36,481</u></u>
Number of shares		
Number of ordinary shares ('000)	<u><u>1,839,308</u></u>	<u><u>1,839,308</u></u>

Basic earnings per share related to the discontinued operation is RMB0.05 cents loss per share (six months ended 30 June 2014: RMB0.08 cents loss per share) based on the loss for the period from discontinued operation attributable to owners of the Company of RMB831,000 (six months ended 30 June 2014: RMB1,491,000), and the number of ordinary shares as per the table above.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group purchased property, plant and equipment of approximately RMB4,335,000 (six months ended 30 June 2014: RMB1,459,000). During the same period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately RMB988,000 (six months ended 30 June 2014: RMB5,000) to third parties, resulting in a loss on disposal of approximately RMB988,000 (six months ended 30 June 2014: RMB4,000).

13. PREPAID LEASE PAYMENTS

	30 June 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Leasehold land in the PRC:		
Medium-term lease	<u>12,233</u>	<u>12,393</u>
Analysed for reporting purpose as:		
Current portion (included in prepayments and other receivables)	302	302
Non-current portion	<u>11,931</u>	<u>12,091</u>
	<u>12,233</u>	<u>12,393</u>

Prepaid lease payments is amortised over 40 to 50 years on a straight-line basis in accordance with the remaining lease term.

14. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES

	30 June 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Trade receivables	73,810	91,405
Note receivables	121,271	131,980
Less: Impairment loss recognised	<u>(5,828)</u>	<u>(7,141)</u>
Trade receivables, net	<u>189,253</u>	<u>216,244</u>
Other receivables	13,279	26,157
Less: Impairment loss recognised	<u>(2,285)</u>	<u>(2,285)</u>
	10,994	23,872
Prepayment	<u>5,990</u>	<u>6,555</u>
	<u>16,984</u>	<u>30,427</u>

The Group has a policy of allowing an average credit period of 90 days to its customers, and up to 180 days for certain customers with long-established relationship and good repayment history.

For certain customers, in particular in the business of gas connection, the Group required a certain level of deposits to be paid. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Note receivable were issued by banks with maturity days within 90 days.

The aged analysis of trade and note receivables net of allowance presented based on the date of the billing date which approximate to revenue recognition date are as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
0-90 days	84,913	146,446
91-180 days	69,687	39,655
181-270 days	16,297	6,500
271-365 days	4,143	3,300
Over 365 days	14,213	20,343
	189,253	216,244

15. AMOUNTS DUE FROM (TO) RELATED PARTIES

- (a) The amounts due from related parties are all trade in nature, unsecured and non-interest bearing. The credit period is 90 days. Details of the balances are set out in note 22(b). An aged analysis of such balances net of allowance of doubtful debts presented based on the billing date at the end of the reporting period, which approximated the revenue recognition dates are as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
0-90 days	7,241	11,793
91-180 days	3,513	2,391
181-270 days	2,575	2,292
271-365 days	3,198	2,806
Over 365 days	13,216	9,068
	29,743	28,350

- (b) The amounts due to related parties are all trade in nature, unsecured and non-interest bearing. The credit period is 90 days. Details of the balances are set out in note 22(c). An aged analysis of such balances presented based on the billing date at the end of the reporting period are as follows:

	30 June 2015	31 December 2014
0-90 days	83,563	148,948
91-180 days	4,143	—
181-270 days	39	2,449
271-365 days	76	—
Over 365 days	1,442	1,543
	89,263	152,940

16. OTHER FINANCIAL ASSETS

The balances represent the investments in the Wealth Management Products (the “WMP”) and Government Bond Repurchase products (the “GBR”) amounting to RMB716,432,000 (31 December 2014: RMB717,736,000) and Nil (31 December 2014: RMB75,700,000) respectively, both of which were issued by licensed financial institutions with guaranteed return of principal and not redeemable before maturity date by the Group. The expected annual return rates of WMP are 2.3% to 4.2% (2014: from 4% to 4.8%) per annum and investment period are all within 90 days (2014: within 90 days). The financial assets have been designated as financial assets at FVTPL on initial recognition as the financial asset forms part of a group of financial assets, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

The fair value of other financial assets is calculated at the present value of the estimated future cash flows based on expected annual return rates.

During the period, the Group invested in the WMP and GBR amounting to RMB4,704,000,000 (2014: RMB3,373,500,000) and RMB20,000,000 (2014: RMB232,000,000.00), respectively, both of which were issued by licensed financial institutions with guaranteed return of principal and not redeemable before maturity date. The proceeds from the redemption of WMP and GBR amounting to RMB4,720,227,000 (2014: RMB3,146,863,000) and RMB95,793,000 (2014: RMB185,010,000).

The Group’s outstanding balances of WMPs with RMB616,098,000 as of 30 June 2015 were redeemed subsequent to the end of the reporting period and the proceeds of RMB617,097,000 were received by the Group upon redemption.

17. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis based on invoice date as follows:

	30 June 2015 RMB’000	31 December 2014 RMB’000
0-90 days	26,579	37,519
91-180 days	24,254	2,208
181-270 days	6,343	9,028
271-365 days	2,436	–
Over 365 days	2,702	12,850
Trade payables	<u>62,314</u>	<u>61,605</u>
Advance from customers	168,065	184,340
Value-added tax payable and other tax payables	5,069	32,800
Accrued staff costs and pension	5,124	16,202
Accrued expense	2,927	2,119
Others	903	729
	<u>182,088</u>	<u>236,190</u>
	<u>244,402</u>	<u>297,795</u>

18. DEFERRED REVENUE

	30 June 2015 RMB'000	31 December 2014 RMB'000
Government grants:		
At the beginning of the year	25,423	4,344
Received during the year	–	22,266
Credited to profit or loss	<u>(1,313)</u>	<u>(1,187)</u>
	<u>24,110</u>	<u>25,423</u>
Analysed for reporting purpose as:		
Current portion	903	729
Non-current portion	<u>23,207</u>	<u>24,694</u>
	<u>24,110</u>	<u>25,423</u>

The government grants have been received by the Company mainly for the pipelines related construction. There are no unfulfilled conditions or contingencies attached to these grants.

19. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid share Capital
	Domestic Shares	H Shares	RMB'000
Shares of RMB0.1 each			
As at 1 January 2014,			
30 June 2014, 1 January 2015 and 30 June 2015	<u>1,339,247,800</u>	<u>500,060,000</u>	<u>183,931</u>

20. CAPITAL COMMITMENTS

30 June	31 December
2015	2014
RMB'000	RMB'000

Capital expenditure in respect of the acquisition of property,
plant and equipment contracted for but not provided
in the consolidated financial statements

1,046

–

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
	30 June 2015	31 December 2014			
WMP	RMB716,432,000	RMB717,736,000	Level 2	Discounted cash flow, future cash flows are estimated based on expected annual return rates.	The higher the expected annual return rates, the higher the fair value.
GBR	Nil	RMB75,700,000	Level 2	Discounted cash flow, future cash flows are estimated based on expected annual return rates.	The higher the expected annual return rates, the higher the fair value.

22. RELATED PARTY TRANSACTIONS/BALANCES

(a) During the periods, the following related party transactions took place:

Name of related party	Relationship	Nature of transactions	Six months ended 30 June	
			2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Tianjin Gas	Holding company	Rental expense	490	467
津燃華潤燃氣有限公司	Joint venture of the holding company	Purchase of gas	550,602	530,722
		Gas transportation income	4,744	4,593
		Entrustment fee	762	–
天津市燃氣熱力規劃設計院	Subsidiary of holding company	Construction design fee	1,291	1,233
天津泰華燃氣有限公司	Subsidiary of holding company	Sales of gas	115,317	99,656
天津市裕民燃氣表具有限公司	Subsidiary of holding company	Purchase of gas meters	2,880	–
濱海中油燃氣有限責任公司	Subsidiary of holding company	Sales of gas	73	–
天津市液化氣工程有限公司	Subsidiary of holding company	Gas connection services	–	39
天津市聯益燃氣配套工程有限責任公司	Subsidiary of holding company	Gas connection services	–	65
天津市津燃物業管理有限公司	Subsidiary of holding company	Property management fee	210	235

(b) Details of amount due from related parties are as follows:

Name of related party	Relationship	30 June 2015 RMB'000	31 December 2014 RMB'000
津燃華潤燃氣有限公司	Joint venture of the holding company		
	– Current	24,255	18,988
	– Non-current (note)	11,840	13,249
		36,095	32,237
天津市裕民燃氣表具有限公司	Subsidiary of holding company	4,696	1,791
天津泰華燃氣有限公司	Subsidiary of holding company	792	7,428
天津市燃氣熱力規劃設計院	Subsidiary of holding company	–	143
		41,583	41,599

Note: In 2014, Tianjin Government approved the Group's pipeline reconstruction projects with estimated total costs of RMB24,206,000, of which RMB14,866,000 is to be financed by government's grants and the remaining balance of RMB9,340,000 is to be borne by the Group. The reconstruction projects are to replace certain existing old pipelines, whose net book values are negligible, with new pipelines. Tianjin Government has assigned and hence the Group has entrusted 津燃華潤燃氣有限公司 (“津燃華潤”) to manage and execute the reconstruction projects of the Group. During the period end of 30 June 2015, the total cost of pipeline reconstruction amounted to RMB12,366,000 and both of the Tianjin Government and the Group has paid through 津燃華潤 the full amount of the estimated total cost of RMB14,866,000 and RMB9,340,000, respectively. Therefore, the balance of RMB11,840,000 is presented as prepayment for pipeline reconstruction in the consolidated statement of financial position as at 30 June 2015 and will be recorded as long-term assets when the construction is completed.

(c) Details of amount due to related parties are as follows:

Name of related party	Relationship	30 June 2015 RMB'000	31 December 2014 RMB'000
津燃華潤燃氣有限公司	Joint venture of the holding company	81,954	145,107
天津市燃氣熱力規劃設計院	Subsidiary of the holding company	4,894	3,704
天津市液化氣工程 有限公司	Subsidiary of the holding company	1,306	1,306
天津市裕民燃氣表具有限公司	Subsidiary of the holding company	703	2,410
天津市聯益燃氣配套工程 有限責任公司	Subsidiary of the holding company	324	324
濱海中油燃氣有限責任公司	Subsidiary of the holding company	53	60
天津市聯寅燃氣通信技術 有限責任公司	Subsidiary of the holding company	29	29
		89,263	152,940

(d) Other PRC government-related entities

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significant influenced by the Chinese Mainland government (“government-related entities”). Apart from the transactions with the holding company and its fellow subsidiaries, associate and joint venture which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with other government-related entities directly or indirectly controlled, jointly controlled or significant influenced by the Chinese Mainland government in the ordinary course of business. The directors consider those government-related entities are independent third parties so far as the Group’s business transactions with them are concerned.

The Group provides gas connection services and sales of piped gas and gas appliance to certain companies which are government-related entities and the amount of revenue from these companies accounted for a significant portion of the total revenue. In addition, the Group has entered into a majority of various banking transactions, which are government-related entities, including deposits placements and acquired financial products classified other financial assets. The Group has also entered into various transactions, including other operating expenses with other government-related entities which individually and collectively were insignificant during the period.

The Directors are of the opinion that the following transactions with other government – related entities require disclosure:

Transactions with other government – related entities, including state-controlled banks in the PRC

	Six months ended 30 June	
	2015	2014
	RMB’000	RMB’000
Acquire financial products of WMPs	3,635,000	2,274,000

Balances with other government-related entities, including state-controlled banks in the PRC

	30 June	31 December
	2015	2014
	RMB’000	RMB’000
Other financial assets	616,098	637,686

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2015	2014
	RMB’000	RMB’000
Short-term benefit	634	645
Post-employment benefit	88	24
	722	669

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2015 (the “Period”), in order to maintain the sustainable development of the Group, the Board and the management have started with the enhancement of the internal control and took the initiative to optimize its management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the Period, the Group reported a revenue of approximately RMB706,754,000, representing an increase of approximately 3.65% as compared with the corresponding period of last year. The gross profit margin decreased from approximately 5.60% for the six months ended 30 June 2014 to approximately 5.43% for the six months ended 30 June 2015. The profit for the Period and total comprehensive income for the Period attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately RMB36,742,000 (the six months ended 30 June 2014: approximately RMB34,990,000) representing an increase of approximately 5%.

The improvement in the overall financial performance of the Group but with a decline in sales volume of natural gas was mainly attributable to the following factors:

1. the gas connection income had increased due to the raise in the recognition of revenue from newly commenced projects in Dongli, Xiqing and Hangu in the PRC covered by the Company during the Period; and
2. the decline in sales volume of natural gas was mainly due to the decrease in the consumption of natural gas by price-sensitive industrial customers after the upward price adjustment in the years of 2013 and 2014. The sales volume of the natural gas decreased further as a result of the continuous downturn of the industrial economy in the year of 2015.

Segmental Information Analysis

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

Liquidity, Financial Resources and Capital Structure

The Group is generally funded by equity financing. As at 30 June 2015, the Group did not have any bank borrowing.

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.

The Group’s gearing ratio (total liabilities to total asset rate) as at 30 June 2015 was approximately 18.49%.

Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities or guarantees.

Staff and Emolument Policy

As at 30 June 2015, the Group had a workforce of 945 full-time employees.

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. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees.

DIVIDEND

No dividends were declared or proposed during the Period. The Directors do not recommend an interim dividend for the six months ended 30 June 2015.

PROSPECTS

Development of the PRC Gas Sector

In January 2013, the PRC government promulgated the "Twelfth Five-Year Plan on Energy Development", which proposed that 1,000 natural gas distributed energy projects are to be established and gas-generated electricity stations of 30 million KW are to be built by 2015. This implies that electricity generation by natural gas and natural gas distributed form of energy has become the key to energy strategy of China. It is anticipated that the natural gas consumption in China in 2015 will exceed 230 billion cubic meters, and the proportion of natural gas in China's primary energy consumption structure will increase from less than 5% in 2012 to over 7.5% in 2015, indicating that the growth of the energy industry in China remains strong.

Benefiting from the reformation of gas companies across China and the considerable demands, the Group expects to further increase its market share in its existing operational locations. The Directors and management of the Company will try their best to bring satisfactory returns to the shareholders of the Company (the "Shareholders").

The principal objectives of the Group are to expand its supply of natural gas business through expansion of its gas pipelines network and to maximize the returns for the Shareholders. To achieve these objectives, the Group will pursue the strategies set out below:

- The Group will continue to supply piped natural gas to its existing operational locations in Tianjin City and will aim at expansion by constructing new pipelines and connecting to more users in its existing operational locations.
- The Group will seek to expand its gas pipelines network by mergers and acquisitions, if suitable assets or suitable targets are identified.
- Apart from its natural gas operation in Tianjin City, the Group will also continue to explore and develop its natural gas operation in Jining City.
- The Company will continue its expansion in Binhai New District.

The Group plans to further explore the following areas in the future:

- Focus on the balanced development of various gas-related businesses and make efforts to develop the piped gas market, including participating in the urban natural gas pipeline network projects in local areas of China by way of mergers or acquisitions.
- Continue to advance the research, evaluation, negotiation and other work related to existing projects, and ensure the fulfillment of the business objectives.
- Continue to strengthen the financial management of the Group. The Group also aims to continuously lower the operating costs and maximize the revenue from the operating projects.
- Further its efforts in personnel training and recruitment, facilitate the smooth operations and developments of the Group, develop positive corporate culture, and upgrade the management of the Company.

Directors', Chief Executives' and Supervisors' Interests in Securities

As at 30 June 2015, the interests and short positions of the Directors, chief executives and supervisors (the "Supervisors") of the Company in the shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix 10 to the Listing Rule to be notified to the Company and the Stock Exchange were as follows:

Long position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of Director/Supervisor	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Ms. Tang Jie	Beneficial owner	41,700,000	2.27%/3.11%

Save as disclosed in the above paragraph, as at 30 June 2015, none of the Directors, chief executives and Supervisors of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

Substantial Shareholders and Other Shareholders

So far as known to the Directors, as at 30 June 2015, the following persons, not being a Director, chief executive or Supervisor of the Company, had interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

Substantial Shareholders

Long position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of Shareholder	Capacity	Number of Domestic Shares held	Approximate
			percentage of interests in the Company/ Domestic Shares of the Company
Tianjin Gas Group Company Limited ("Tianjin Gas") (Note 1) 天津市燃氣集團有限公司	Beneficial owner	1,297,547,800	70.55%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") (Note 2) 天津能源投資集團有限公司	Interest of a controlled corporation	1,297,547,800	70.55%/96.89%

Notes:

- On 1 September 2014, Tianjin Gas and Tianjin Wanshun Real Estate Company Limited (天津市萬順置業有限公司) ("Tianjin Wanshun") entered into a share transfer agreement for the transfer of 235,925,000 Domestic Shares, representing 12.83% of the total issued share capital of the Company from Tianjin Wanshun to Tianjin Gas at a consideration of RMB117,962,500 (the "Tianjin Wanshun Share Transfer"). The Tianjin Wanshun Share Transfer has been completed on 11 February 2015. On 16 October 2014, Tianjin Gas and Beacon Coatings entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares, representing approximately 6.42% of the total issued share capital of the Company, from Beacon Coatings to Tianjin Gas at nil consideration, subject to the obtaining of the approvals from the relevant government authorities (the "Beacon Coatings Share Transfer"). The Beacon Coatings Share Transfer is still subject to the registration of the share transfer and change in shareholders and has not yet been completed. Tianjin Gas was considered to be interested in the said 354,030,313 Domestic Shares in respect of the Tianjin Wanshun Share Transfer and the Beacon Coatings Share Transfer as at 30 June 2015.
- The registration of the transfer of all equity interest in Tianjin Gas held by Tianjin Municipal Government to Tianjin Energy has been completed on 13 January 2015. Immediately following the completion of the aforesaid equity transfer, Tianjin Energy has become the intermediary holding company of Tianjin Gas. Therefore Tianjin Energy is deemed, or taken to be interested in all the Domestic Shares beneficially held by Tianjin Gas for the purpose of the SFO.

Other Shareholders

Long position

H Shares of RMB0.1 each in the capital of the Company

Name of Shareholder	Capacity	Number of H Shares held	Approximate percentage of interests in the Company/ H Shares of the Company
Liu Hei Wan	Interests held jointly with another person (<i>note 1</i>)	14,500,000	0.79%/2.90%
	Held by controlled corporation (<i>note 2</i>)	30,000,000	1.63%/6.00%
Law Suet Yi	Interests held jointly with another person (<i>note 1</i>)	14,500,000	0.79%/2.90%
	Interest of spouse (<i>note 3</i>)	30,000,000	1.63%/6.00%
The Waterfront Development Group Limited	Beneficial owner (<i>note 2</i>)	30,000,000	1.63%/6.00%

Notes:

1. As at 30 June 2015, Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held the 14,500,000 H Shares of the Company.
2. The Waterfront Development Group Limited is wholly-owned by Mr. Liu Hei Wan and thus a controlled corporation held by Mr. Liu Hei Wan. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 H Shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.
3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the Shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.

Save as disclosed above, as at 30 June 2015, the Directors are not aware of any person, not being a Director, chief executive or Supervisor of the Company, who had interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

During the Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors' Interests in Contracts

No contract of significance to which the Company or its subsidiaries was a party and in which a Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

Corporate Governance

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

Arrangements to Purchase Shares or Debentures

At no time during the Period was the Company or its subsidiaries a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Code of Conduct Regarding Securities Transactions by Directors

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules has been adopted as a code of securities transactions for Directors and Supervisors of the Company (the "Code"). The Company, having made specific enquiries with the Directors and Supervisors, confirms that, during the Period, all the Directors and Supervisors have complied with the required standards set out in the Code for securities transaction by the Directors and Supervisors.

AUDIT COMMITTEE

The Board established an audit committee (the "Audit Committee") on 3 December 2003 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. As at 31 August 2015, the Audit Committee comprised 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 unaudited interim results for the Period.

SIGNIFICANT CHANGES

Connected Transaction in Relation to Purchase of Gas Meters

On 19 June 2015, the Company entered into a purchase and sales agreement with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd) (“Tianjin Yumin”), a subsidiary of Tianjin Gas and thus also connected person of the Company, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 40,000 gas meters at an aggregate purchase price of RMB14,000,000 (the “Purchase and Sales Agreement”).

The purchase price for the gas meters shall be fully settled by the Company by way of cash or cheque and Tianjin Yumin will issue the value added tax receipt and deliver the products accordingly. The purchase price is determined based on the bidding price submitted by Tianjin Yumin in the tender for the purchase of the meters by the Company. The Company will pay the purchase price in cash with its internal resources.

Tianjin Yumin is a manufacturer of gas meters in Tianjin which manufactures its own branded gas meters. The selection of the supplier of the gas meters by the Company and the price of the gas meters are determined through tender. The Company has engaged a company (the “Tender Company”), being an independent third party with qualifications for conducting tenders, for carrying out the tender. When selecting the successful bidder, factors such as the bidding price, the professional qualifications, the experience and the reputation in the industry of the bidders have been taken into consideration. Tianjin Yumin was confirmed to be the successful bidder by the Tender Company.

The terms of the Purchase and Sales Agreement are determined through the tender.

As one or more of the applicable percentage ratios for the Purchase and Sales Agreement were more than 0.1% but below 5%, the Purchase and Sales Agreement and the transactions contemplated thereunder were subject to, among other things, the reporting and announcement requirements but are exempt from independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 19 June 2015.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhang Tian Hua
Chairman

Tianjin, PRC, 31 August 2015

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. Zhang Tian Hua (Chairman), Ms. Tang Jie, Ms. Wang Wen Xia, Mr. Zhang Guo Jian and Mr. Hou Shuang Jiang, 1 non-executive Director, namely Mr. Li Da Chuan, and 3 independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.