天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01265)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**Year ended 31 December 2015 *RMB'000***	Year ended 31 December 2014 *RMB'000*
Continuing operations			
Revenue	*3*	**1,322,843**	1,448,785
Cost of sales		**(1,295,754)**	(1,377,926)
Gross profit		**27,089**	70,859
Other income		**8,414**	11,809
Other gains and losses		**30,941**	26,272
Selling expenses		**–**	(66)
Administrative expenses		**(26,480)**	(24,683)
Share of profits of an associate		**8,915**	7,573
Profit before tax		**48,879**	91,764
Income tax expense	*5*	**(10,174)**	(21,157)
Profit for the year from continuing operations, all attributable to owners of the Company		**38,705**	70,607
Discontinued operation			
Loss for the year from discontinued operation		**(2,353)**	(4,479)
Profit and total comprehensive income for the year		**36,352**	66,128
Profit and total comprehensive income for the year attributable to:	*7*		
Owners of the Company		**37,004**	67,504
Non-controlling interests		**(652)**	(1,376)
		36,352	66,128

	NOTES	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Earnings per share			
From continuing and discontinued operations			
– basic (RMB cents)	*7*	**2.0**	3.7
From continuing operations			
– basic (RMB cents)	*7*	**2.1**	3.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	31 December 2015 RMB'000	31 December 2014 RMB'000
Non-current Assets			
Property, plant and equipment		**865,636**	894,324
Prepaid lease payments		**11,789**	12,091
Intangible assets		**422**	103
Interests in an associate		**44,452**	36,989
Deferred tax assets		**11,687**	7,691
Prepayment for pipeline reconstruction		**11,019**	13,249
		945,005	964,447
Current Assets			
Inventories		**3,853**	1,909
Trade and note receivables	*8*	**151,531**	216,244
Prepayment and other receivables	*8*	**35,978**	30,427
Other financial assets		**–**	793,436
Amounts due from related parties		**64,110**	28,350
Bank balances and cash		**1,003,009**	92,776
		1,258,481	1,163,142
Assets classified as held for sale		**7,725**	9,888
		1,266,206	1,173,030
Current Liabilities			
Trade and other payables	*9*	**333,450**	297,795
Dividend payable		**10,975**	10,975
Income tax payable		**1,162**	14,192
Amounts due to related parties		**156,751**	152,940
		502,338	475,902
Liabilities directly associated with assets classified as held for sale		**2,568**	2,957
		504,906	478,859
Net current assets		**761,300**	694,171
Total Assets less Current Liabilities		**1,706,305**	1,658,618
Non-current Liability			
Deferred revenue		**36,029**	24,694
		1,670,276	1,633,924

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2015

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Capital and Reserves		
Share capital	**183,931**	183,931
Share premium and reserves	**1,488,343**	1,451,339
Equity attributable to owners of the Company	**1,672,274**	1,635,270
Non-controlling interests	**(1,998)**	(1,346)
Total Equity	**1,670,276**	1,633,924

1. GENERAL

The Company was established in the People's Republic of China (the "PRC") as a joint stock limited company. Its holding company is 天津市燃氣集團有限公司 ("Tianjin Gas"), and its ultimate holding company is Tianjin Energy Investment Company Limited (天津能源投資集團有限公司), of which all equity interests are held by Tianjin Municipal Government. The Company's overseas listed foreign shares ("H Shares") were listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2004. In June 2007, the Company transformed into a foreign invested joint stock limited company. The Company's listing was transferred from GEM to the Main Board of the Stock Exchange since 18 October 2011. On 20 June 2012, the Company changed its name from Tianjin Tianlian Public Utilities Company Limited (天津天聯公用事業股份有限公司) to Tianjin Jinran Public Utilities Company Limited (天津津燃公用事業股份有限公司). A new business license under the new name of the Company was issued by the Tianjin Administration of Industry and Commerce Bureau (天津市工商行政管理局) on 17 August 2012.

The Company's registered address is in Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin. The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

2.2 New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 *Effective for annual periods beginning on or after 1 January 2018*
2 *Effective for annual periods beginning on or after 1 January 2016*
3 *Effective for annual periods beginning on or after a date to be determined*

Other than described below, the directors of the Company ("Directors") consider the application of the new and revised HKFRSs that have been issued but are not yet effective would not have any material impact on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have impact on the results and the financial position of the Group. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts and the related Interpretations* when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for HKFRS 9 *Financial Instruments* ("HKFRS 9") and HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"), the Directors do not anticipate that the application of the new and revised HKFRSs above will have a material effect on the Group's consolidated financial statements.

3. REVENUE

Revenue from continuing operations represents revenue from sales of piped gas, revenue from gas connection, gas transportation revenue and revenue from sales of gas appliances, net of discount and sales related tax, during the year.

The following is an analysis of the Group's revenue from continuing operations for its major products and services:

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Sales of piped gas	**1,173,572**	1,245,381
Gas connection income	**120,934**	176,148
Gas transportation income	**3,575**	9,067
Sales of gas appliances	**24,762**	18,189
	1,322,843	1,448,785

4. SEGMENT INFORMATION

Information reported to the board of Directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of services delivered and goods sold. Mineral exploration segment was discontinued in the current year and hence the segment information reported below does not include any amounts for this discontinued operation. Therefore, the Group is divided into reportable operating segments as follows:

1. Sales of piped gas – sales of piped gas to industrial and residential users
2. Gas connection – provision of piped gas connection services
3. Gas transportation – transportation of gas to 津燃華潤燃氣有限公司 ("津燃華潤")
4. Sales of gas appliances

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment performance is evaluated based on segment result and is measured consistently with profit before tax in the consolidated financial statements, except for items managed on a group basis and not allocated to operating segments, as reconciled below. There were no inter-segment sales in the periods reported.

Year ended 31 December 2015

Continuing operations:	Sales of piped gas *RMB'000*	Gas connection *RMB'000*	Gas transportation *RMB'000*	Sales of gas appliances *RMB'000*	Segment total *RMB'000*
Segment revenue from external customers	1,173,572	120,934	3,575	24,762	1,322,843
Segment profit/(loss)	(38,808)	64,728	(2,955)	4,124	27,089

Reconciliation of segment profit to consolidated profit before tax

	RMB'000
Total segment profit	27,089
Share of profits of an associate	8,915
Other income	8,414
Other gains and losses	30,941
Corporate expenses	(26,480)
Profit before tax from continuing operations	48,879

Year ended 31 December 2014

Continuing operations:

	Sales of piped gas *RMB'000*	Gas connection *RMB'000*	Gas transportation *RMB'000*	Sales of gas appliances *RMB'000*	Segment total *RMB'000*
Segment revenue from external customers	1,245,381	176,148	9,067	18,189	1,448,785
Segment profit	(28,537)	93,778	2,464	3,154	70,859

Reconciliation of segment profit to consolidated profit before tax

	RMB'000
Total segment profit	70,859
Share of profits of an associate	7,573
Other income	11,809
Other gains and losses	26,272
Corporate expenses	(24,749)
Profit before tax from continuing operations	91,764

Other segment information– continuing operations and discontinued operation

	Sales of piped gas		Gas connection		Gas transportation		Total for all segments		Corporate expenses		Discontinued segment		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit:														
Depreciation of property, plant and equipment	**48,141**	58,113	**–**	–	**6,485**	6,485	**54,626**	64,598	**2,520**	2,182	**–**	970	**57,146**	67,750
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**32**	8	**–**	765	**32**	773
Amortisation of prepaid lease payments	**–**	–	**–**	–	**–**	–	**–**	–	**302**	302	**–**	–	**302**	302

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the board of Directors for review.

Geographical information

The Group's operations and non-current assets are all of located in the PRC and all its revenue are earned from customers located in the PRC. Accordingly, no geographical information is presented.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
	RMB'000	*RMB'000*
Company A – Revenue from sales of piped gas	**216,850**	190,857

5. INCOME TAX EXPENSE

	Year ended 31 December 2015	Year ended 31 December 2014
	RMB'000	*RMB'000*
Continuing operations		
The charge comprises:		
PRC Enterprise Income Tax	**14,170**	27,074
Deferred tax	**(3,996)**	(5,917)
	10,174	21,157

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 25% for the year (2014: 25%).

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Profit before tax		
– from continuing operations	**48,879**	91,764
– from discontinued operation	**(2,353)**	(4,479)
Profit before tax	**46,526**	87,285
Tax at the domestic income tax rate of 25%	**11,631**	21,821
Tax effect of share of profits of an associate	**(2,229)**	(1,893)
Tax effect of expenses that are not deductible in determining taxable profit	**103**	131
Tax effect of deductible temporary difference not recognised	**504**	498
Tax effect of tax losses not recognised	**165**	600
Income tax expenses for the year	**10,174**	21,157

6. DIVIDEND

No dividend was declared or proposed during the year ended 31 December 2015, nor any dividend been proposed since the end of reporting period.

7. 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:

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**37,004**	67,504
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 years.

From continuing operations

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

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
For the calculation of basic earnings per share:		
Earnings		
Profit for the year attributable to owners of the Company	**37,004**	67,504
Add: Loss for the year from discontinued operation attributable to owners of the Company	**1,701**	3,103
Profit for the year attributable to owners of the Company from continuing operations	**38,705**	70,607
Number of shares		
Number of ordinary shares *('000)*	**1,839,308**	1,839,308

Basic earnings per share related to the discontinued operation is RMB0.09 cents loss per share (2014: RMB0.17 cents loss per share) based on the loss for the year from discontinued operation attributable to owners of the Company of RMB1,701,000 (2014: RMB3,103,000), and the number of ordinary shares as per the table above.

8. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade receivables	**79,109**	91,405
Note receivables	**83,899**	131,980
Less: impairment loss recognised	**(11,477)**	(7,141)
Net trade and note receivables	**151,531**	216,244
Other receivables	**31,995**	26,157
Less: impairment loss recognised	**(2,285)**	(2,285)
Net other receivables	**29,710**	23,872
Prepayment	**6,268**	6,555
	35,978	30,427

Movement in impairment loss recognised:

	2015	2014
	RMB'000	*RMB'000*
Trade receivables:		
At beginning of the year	**7,141**	5,829
Impairment losses recognised	**5,652**	4,713
Amounts recovered during the year	**(1,316)**	(3,401)
At end of the year	**11,477**	7,141
Other receivables:		
Balance at 31 December 2015 and 31 December 2014	**2,285**	2,285

Most of the trade receivables and other receivables impaired were past due for over one year as at the end of the reporting period and with no subsequent settlement records.

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.

9. TRADE AND OTHER PAYABLES

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

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
0 – 90 days	**32,433**	37,519
91 – 180 days	**3,889**	2,208
181 – 270 days	**17,622**	9,028
271 – 365 days	**6,869**	–
Over 365 days	**6,826**	12,850
Trade payables	**67,639**	61,605
Advance from customers	**216,563**	184,340
Value-added tax payable and other tax payables	**24,024**	32,800
Accrued staff costs and pension	**20,654**	16,202
Accrued expense	**3,528**	2,119
Others	**1,042**	729
	265,811	236,190
	333,450	297,795

10. SUBSEQUENT EVENT

On 31 January 2016, the fellow subsidiary of the holding Company 天津濱海燃氣集團有限公司 ("Binhai Gas Group"), has committed in writing to the Group that Binhai Gas Group will commence use-or-pay a minimum RMB6,000,000 per annum to the Group for gas transportation service with effect from 1 May 2016, with detailed terms to be determined by the Group and Binhai Gas Group by 30 April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year of 2015, in order to maintain the sustainable development of the Group, the Board and the management have committed to, on one hand, developing new markets, and as the consumption of original users decreases, explore new gas users and, on the other hand, enhancing internal control and cost management, as well as taking the initiative to optimise management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2015 (the "Year"), the Group reported a revenue of approximately RMB1,322,843,000, representing a decrease of approximately 8.69% as compared with the year ended 31 December 2014 (the "Previous Year"). The gross profit margin decreased from approximately 4.89% for the Previous Year to approximately 2.05% for the year ended 31 December 2015. The profit before tax from continuing operations for the year ended 31 December 2015 amounted to approximately RMB48,879,000 (2014: approximately RMB91,764,000) representing a decrease of approximately 46.73%.

The decline in financial performance of the Group was mainly attributable to (i) a decrease in gas connection income due to the relatively sluggish property market in the Group's business operation areas in Tianjin, resulting in a decrease in demand for piped gas connection services provided by the Group. Our gas connection income in 2015 decreased by approximately RMB55.22 million as compared to 2014, while gross profit remained at the same level as that of 2014 thanks to our our enhanced cost control; and (ii) a decrease in demand from certain major industrial and commercial customers of the Group for the Group's piped gas services, as compared with the Previous Year. In respect of natural gas sales, our sales in 2015 decreased by approximately 27.52 million m^3 as compared with the Previous Year.

SEGMENTAL INFORMATION ANALYSIS

During the Year, 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, which is followed by gas connection, sales of gas appliances and gas transportation.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the Group had no bank borrowings. The Group mostly uses Renminbi in its operation and it has not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's gearing ratio (total liabilities to total asset rate) as at 31 December 2015 was approximately 0.24 (as at 31 December 2014: approximately 0.24).

As at 31 December 2015, approximately 100% of the total amount of cash and cash equivalents of the Group was in Renminbi (as at 31 December 2014: 100%). The Group had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates in its normal business operation is only minimal.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities or guarantees.

STAFF AND EMOLUMENT POLICY

As at 31 December 2015, the Group had a workforce of 918 full-time employees. The total employee costs were approximately RMB116,270,000.

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

PROSPECTS

Development of the PRC Gas Sector

During the "13th Five – Year Plan", optimising energy structure and managing environmental pollution at the national level will be the most significant driving force for natural gas consumption in China. Since 2013, China has successively released such framework documents such as the Plan of Action for the Prevention of Air Pollution (《大氣污染防治行動計劃》), 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》). In November 2014, China and the USA issued a joint statement in respect of dealing with climate change in Beijing, formally proposing for the first time that China's carbon emissions will reach its peak in 2030 and China will put effort for early achievement. In accordance with the Action Plan for Energy Development Strategy (2014-2020) (《能源發展戰略行動計劃劃(2014-2020年)》) released by the State Council, the proportion of natural gas among primary energy consumption will increase to 10% or more by 2020.

The new Natural Gas Utilization Policy (《天然氣利用政策》) issued in 2013 further indicates the future development direction for China's natural gas utilization. In urban gas field, China's new urbanization is being promoted constantly. The annual average population of gasification is around 30 million people and national urban gasification rate will reach more than 60% by 2020. As a result, natural gas will become the main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities. 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, Tianjing, Hebei and Shandong, Yangtze River delta and the Pearl River delta. It is expected that by 2020, urban and industrial consumption will account for over 60% of the total gas consumption. Domestic and overseas consulting agencies forecast that natural gas consumption will reach 300 billion to 360 billion cubic meters in 2020.

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 maximize returns for its shareholders. Our Company plans to expand in the following areas:

- On the premise of ensuring the strategic direction and business needs, lay emphasis on five principles, which are strategic orientation, economical efficiency, financing matching, risk prevention and order of priority, to achieve continuing growth of net cash flows.

- Continue to improve the financial management system, with a view to reducing operating costs, and maximize the benefits from project operations.

- Continue to strengthen the support of scientific and technological innovation to the businesses of the Company, enhance the introduction and development of advanced technologies, as well as apply such advanced technologies to the production management and the internal management.

- Continue to improve the operation management system and mechanism, with emphasis on operation security, optimize management methods and means and promote the pre-control safety management, so as to ensure safe operation.

- 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.

CONNECTED TRANSACTION IN RELATION TO INSTALLATION SERVICES OF GAS METRES

On 13 March 2015, the Company entered into an installation services agreement (the "Installation Services Agreement") with 天津市益銷燃氣工程發展有限公司 (Tianjin Yixiao Construction Development Limited*) ("Tianjin Yixiao"), which is owned as to 75% by 天津市眾元天然氣工程有限公司 (Tianjin Zhongyuan Natural Gas Engineering Limited*) (a subsidiary of 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) ("Tianjin Gas")) and 25% by 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Limited*) (a subsidiary of Tianjin Gas), pursuant to which Tianjin Yixiao agreed to provide installation services of indoor gas meters to the Group in Tianjin (with commencement date being 15 March 2015 and completion date being 31 December 2015) at a consideration of RMB12,800,000.

Tianjin Gas is a controlling shareholder of the Company. As at the date of the Installation Services Agreement, Tianjin Yixiao was owned as to 75% by 天津市眾元天然氣工程有限公司 (Tianjin Zhongyuan Natural Gas Engineering Limited*) (a subsidiary of Tianjin Gas) and 25% by 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Limited*) (a subsidiary of Tianjin Gas) respectively and thus a connected person of the Company.

As one or more of the applicable percentage ratios (other than the profit ratio) for the Installation Services Agreement are more than 0.1% but below 5%, the Installation Services Agreement and the transactions contemplated thereunder are 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 13 March 2015.

CONNECTED TRANSACTION IN RELATION TO PURCHASE OF GAS METRES

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").

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.

DIVIDENDS

No dividend was proposed during 2015, nor has any dividend been proposed since 31 December 2015 (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE 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's corporate governance practices are based on the code provisions as set out in Appendix 14 to the Listing Rules.

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

CORPORATE CHANGES

1. Change of independent non-executive Directors and members of the committees of the Board

Each of Professor Zhang Yu Li, Mr. Luo Wei Kun and Mr. Tam Tak Kei, Raymond has resigned as independent non-executive Director of the Company with effect from 16 June 2015 owing to increasing commitments to other professional and personal affairs. On the same day, the appointment of each of Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun as an independent non-executive Director has been approved by the Shareholders at the annual general meeting to fill the vacancy.

Following the resignation as an independent non-executive Director, (i) Professor Zhang Yu Li has resigned as a member of the nomination committee (the "Nomination Committee") and the chairman of the audit committee (the "Audit Committee") of the Company; (ii) Mr. Luo Wei Kun has resigned as the chairman of the remuneration committee (the "Remuneration Committee") of the Company, and a member of each of the Audit Committee and the Nomination Committee of the Company; and (iii) Mr. Tam Tak Kei, Raymond has resigned as a member of the Remuneration Committee and the Audit Committee, all with effect from 16 June 2015.

On the same day, (i) Mr. Guo Jia Li, an independent non-executive Director, was appointed as the chairman of the Audit Committee and a member of the Remuneration Committee; (ii) Mr. Zhang Ying Hua, an independent non-executive Director, was appointed as the chairman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee; (iii) Mr. Yu Jian Jun, an independent non-executive Director, was appointed as a member of each of the Audit Committee and the Nomination Committee; and (iv) Mr. Hou Shuang Jiang, an executive Director, was appointed as a member of the Remuneration Committee, all with effect from 16 June 2015.

2. Change of supervisors of the Company ("Supervisor(s)")

The resignations of (i) each of Mr. Jiang Nian and Mr. Dou Run Liang as an independent Supervisor; (ii) Mr. Sun Xue Gang as a staff representative Supervisor; and (iii) Mr. Cao Shu Jing as a Shareholders representative Supervisor, took effect from 16 June 2015.

On the same day, (i) each of Ms. Xu Hui and Mr. Xue You Zhi was appointed as an independent Supervisor; (ii) Mr. Li Rui Wen was appointed as a staff representative Supervisor; and (iii) Mr. Yang Hu Ling was appointed as a Shareholders' representative supervisor and the chairman of the supervisory committee of the Company, all with effect from 16 June 2015.

Mr. Li Rui Wen resigned as a staff representative Supervisor with effect from 14 September 2015 due to personal work commitments. On the same day, Mr. Feng Jin Hu was appointed as a staff representative Supervisor by the staff representatives of the Company to fill the vacancy.

3. Change of Company Secretary and Authorised Representative

Mr. Kwok Shun Tim has resigned as the company secretary and authorised representative (both under Rule 3.05 of the Listing Rules and under Part 16 of the Companies Ordinance) of the Company with effect from 16 December 2015. On the same day, Mr. Wong Yat Tung was appointed as the company secretary and authorised representative (both under Rule 3.05 of the Listing Rules and under Part 16 of the Companies Ordinance) of the Company with effect from the same day to fill the vacancy.

4. Change of Principal Place of Business in Hong Kong

The principal place of business in Hong Kong of the Company has been changed to 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong with effect from 16 December 2015.

IMPORTANT EVENT(S) AFTER REPORTING PERIOD

Proposed resignation of Supervisor

On 15 January 2016. The Board of the Company announced that Mr. Xue You Zhi has on 14 January 2016 proposed to resign from his position as the independent supervisor of the Company due to his personal work commitments to accord with the relevant requirements of 中華人民共和國教育部 (The Ministry of Education of the People's Republic of China*). Mr. Xue's resignation shall become effective upon the approval of the appointment of a new independent supervisor of the Company at an extraordinary general meeting of the Company.

For details of the proposed resignation, please refer to the announcement of the Company dated 15 January 2016.

Subscription of Wealth Management Products

On 3 February 2016, the Company entered into wealth management agreements (the "First Wealth Management Agreements") to subscribe for the 中國銀行人民幣「按期開放」理財產品 (RMB "Open-ended Product with due dates" Product of BOC*) and 平安銀行對公結構性存款(掛鉤利率)產品 (Structured Corporate Deposits (Interest rate linked) Product of Ping An Bank*) in the subscription amounts of RMB200 million (equivalent to approximately HK$236 million as at 3 February 2016) and RMB200 million (equivalent to approximately HK$236 million as at 3 February 2016) respectively.

Since the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under each of the First Wealth Management Agreements exceeds 5% but is less than 25%, the transaction contemplated under each of the First Wealth Management Agreements constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For details of the transactions, please refer to the announcements of the Company dated 3 February 2016.

On 4 February 2016, the Company entered into wealth management agreements (the "Second Wealth Management Agreements") with 中國農業銀行股份有限公司 (Agricultural Bank of China Limited*) and 齊魯銀行股份有限公司 (Qilu Bank Company Limited*) to subscribe for 中國農業銀行「本利豐」定向人民幣理財產品 ("Benlifeng" oriented RMB Wealth Management Product of Agricultural Bank*) and 齊魯銀行「泉心理財」暢盈九洲惠利514號人民幣理財產品 ("Quanxin" Wealth Management "Chang Ying Jiu Zhou Hui Li" No.514 RMB Wealth Management Product of Qilu Bank*) in the subscription amounts of RMB200 million (equivalent to approximately HK$236 million as at 4 February 2016) and RMB200 million (equivalent to approximately HK$236 million as at 4 February 2016) respectively.

Since the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under each of the Second Wealth Management Agreements exceeds 5% but is less than 25%, the transaction contemplated under each of the Second Wealth Management Agreements constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

For details of the transactions, please refer to the announcements of the Company dated 4 February 2016.

AUDIT COMMITTEE

The Company has established an audit committee 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 risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed the annual report and the annual results of the Company for the Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Tianjin, PRC, 22 March 2016

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.

* *For identification purpose only*