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 2017

The board (the "**Board**") of directors (the "**Directors**") of Tianjin Jinran Public Utilities Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	**31 December 2017** *RMB*	31 December 2016 *RMB*
ASSETS			
CURRENT ASSETS			
Cash and bank balances		**487,228,014.40**	742,041,438.93
Bills receivable	*1*	**192,759,059.65**	28,947,523.90
Trade receivables	*2*	**189,806,806.18**	176,815,553.49
Prepayments		**12,330,877.27**	22,769,642.37
Other receivables		**13,499,553.24**	7,349,468.18
Inventories	*3*	**2,634,474.00**	3,446,232.90
Available-for-sale financial assets		**–**	404,181,369.86
Other current assets		**627,839,761.12**	17,561,547.42
Total current assets		**1,526,098,545.86**	1,403,112,777.05
NON-CURRENT ASSETS			
Long-term equity investments		**45,732,389.46**	45,412,860.30
Fixed assets	*4*	**849,481,538.16**	860,912,498.76
Construction in progress	*5*	**3,251,773.50**	10,049,235.37
Intangible assets		**12,109,712.19**	14,327,188.78
Deferred tax assets		**23,868,683.78**	16,393,774.50
Other non-current assets		**–**	11,523,250.21
Total non-current assets		**934,444,097.09**	958,618,807.92
TOTAL ASSETS		**2,460,542,642.95**	2,361,731,584.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 31 December 2017

	Note	**31 December 2017** *RMB*	31 December 2016 *RMB*
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	*6*	**305,598,160.10**	250,271,945.72
Advances from customers		**246,139,859.30**	277,071,948.46
Employee benefits payable		**18,046,699.55**	21,743,029.89
Taxes payable	*7*	**50,420,556.68**	30,492,785.27
Dividends payable		**10,974,939.71**	10,974,939.71
Other payables		**12,188,440.76**	11,312,332.46
Current portion of non-current liabilities		**3,265,164.61**	2,213,956.03
Provisions		**1,779,195.48**	–
Total current liabilities		**648,413,016.19**	604,080,937.54
NON-CURRENT LIABILITIES			
Deferred income		**66,589,640.40**	50,599,022.50
Total non-current liabilities		**66,589,640.40**	50,599,022.50
Total liabilities		**715,002,656.59**	654,679,960.04
SHAREHOLDERS' EQUITY			
Share capital		**183,930,780.00**	183,930,780.00
Capital reserve		**790,332,352.18**	790,332,352.18
Surplus reserve		**115,753,744.82**	110,209,819.32
Retained earnings		**659,620,982.39**	625,276,444.20
Equity attributable to shareholders of the Parent		**1,749,637,859.39**	1,709,749,395.70
Non-controlling interests		**(4,097,873.03)**	(2,697,770.77)
Total shareholders' equity		**1,745,539,986.36**	1,707,051,624.93
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,460,542,642.95**	2,361,731,584.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	Note	**2017** **RMB**	2016 *RMB*
Revenue	*8*	**1,469,163,857.24**	1,198,148,807.39
Less: Cost of sales	*8*	**1,400,787,518.28**	1,163,988,242.17
Taxes and surcharges		**6,133,954.87**	4,528,833.54
Administrative expenses		**28,555,154.76**	24,540,636.84
Finance costs	*9*	**(15,360,587.32)**	(13,367,237.53)
Asset impairment losses		**13,643,273.55**	(1,000,000.00)
Add: Investment income	*10*	**15,384,176.92**	13,363,066.44
including: share of profits of associates		**2,439,519.37**	2,540,600.69
Gain on disposal of assets		**–**	282,347.80
Other income	*11*	**6,195,937.76**	–
Operating profit		**56,984,657.78**	33,103,746.61
Add: Non-operating income	*12*	**38,000.00**	17,953,207.10
Less: Non-operating expenses		**4,541,015.16**	3,089,085.68
Total profit		**52,481,642.62**	47,967,868.03
Less: Income tax expense	*13*	**13,808,483.67**	11,008,364.71
Net profit		**38,673,158.95**	36,959,503.32
Attributable to:			
Continuing operations		**38,673,158.95**	36,959,503.32
Attributable to:			
Shareholders of the Parent		**40,073,261.21**	37,659,482.52
Non-controlling interests		**(1,400,102.26)**	(699,979.20)
Other comprehensive income, net of tax		**–**	–
Total comprehensive income		**38,673,158.95**	36,959,503.32
Including:			
Total comprehensive income attributable to shareholders of the Parent		**40,073,261.21**	37,659,482.52
Total comprehensive income attributable to non-controlling interests		**(1,400,102.26)**	(699,979.20)
Earnings per share *(RMB/Share)*	*15*		
Basic		**0.02**	0.02
Diluted		**0.02**	0.02

I. BASIC INFORMATION OF THE GROUP

Tianjin Jinran Public Utilities Company Limited (the "Company"), formerly named Tianjin Tianlian Public Utilities Company Limited (天津天聯公用事業股份有限公司), is a joint stock limited company registered in Tianjin, the People's Republic of China (the "PRC") on 16 December 1998. The Company's overseas listed foreign shares ("H Shares") were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's office address and headquarter is located in No.18 Zhengzhou Road, Heping District, Tianjin.

The Company's original registered capital was RMB2 million. Pursuant to a resolution of shareholders' meeting passed on 26 November 2001, the registered capital of the Company was increased from RMB2,000,000.00 to RMB2,849,618.00 with a premium of RMB19,150,382.00 by contribution from existing shareholders and new investors.

Pursuant to a resolution passed on 12 December 2001, the registered capital of the Company was increased from RMB2,849,618.00 to RMB69,500,000.00, divided into 69,500,000 Domestic Shares of RMB1 each, by capitalisation of reserves of the Company as at 30 November 2001. Such transformation of the Company was approved by 津股批[2001]22號《關於同意天津市天聯天然氣有限公司整體變更為天津天聯公用事業股份有限公司的批復》issued by Tianjin Municipal Government on 26 December 2001.

Pursuant to a resolution of shareholders' meeting passed on 28 August 2002, each of Domestic Shares of RMB1 was sub-divided into 10 Domestic Shares of RMB0.1 each. The registered capital of the Company after sub-division of shares was 695 million Domestic Shares of RMB0.1 each.

The Company issued 300,000,000 H Shares and converted 30,000,000 Domestic Shares into H Shares by way of placing for listing of H Shares on the Growth Enterprise Market (the "GEM") of the Stock Exchange on 9 January 2004. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB64,667,225.43 from the new issue of shares by way of public offer and placing (including share capital of RMB33,000,000.00 and share premium of RMB31,667,255.43).

On 18 April 2005, Tianjin Leason Investment Group Company Limited (天津聯盛投資集團有限公司) ("Leason") and Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) ("Tianjin Gas") entered into a share transfer agreement in relation of the sale of 174,125,000 Domestic Shares (representing 17.5% of the total issued share capital of the Company) by Leason to Tianjin Gas at a price of RMB0.23 per share amounting to a total consideration of RMB40,048,750.00.

On 28 December 2005, Leason and Tianjin Wanshun Real Estate Company Limited (天津萬順置業有限公司) ("Tianjin Wanshun") entered into a share transfer agreement in relation of the sale of 220,025,000 Domestic Shares (representing 22.31% of the total issued share capital of the Company) by Leason to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB63,807,250.00. On the same day, Ms. Liang Jingqi and Tianjin Wanshun entered into a share transfer agreement in relation of the sale of 13,900,000 Domestic Shares (representing 1.40% of the total issued share capital of the Company) by Ms. Liang to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB4,031,000.00.

On 29 May 2007, approved by the Ministry of Commerce of the People's Republic of China, the Company changed to a foreign investment limited liability company. The Company obtained the certificate of approval and the business licence on 4 June 2007 and 2 August 2007, respectively.

On 13 March 2008, the Company issued 154,600,000 H Shares and converted 15,460,000 Domestic Shares into H Shares by way of placing of new shares on GEM. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 (including share capital of RMB17,006,000.00 and the premium of RMB236,003,696.34).

Pursuant to the announcement of the Company dated on 5 October 2009, the Company entered into an Assets Acquisition Agreement with Tianjin Gas, pursuant to which the Company conditionally agreed to acquire assets from Tianjin Gas. To satisfied the consideration, the Company issued 689,707,800 Domestic Shares (par value RMB0.10 each) to Tianjin Gas on 7 April 2011 and the transaction was completed on 11 April 2011. The Domestic Shares enjoy equal interests as that of the H Shares. Upon the completion of transaction, the total issued share capital of the Company increased to RMB183.93 million.

The Company's listing has been transferred from the GEM to the Main Board of the Stock Exchange since 18 October 2011.

Pursuant to a resolution passed 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 licence 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.

On 1 September 2014, Tianjin Gas and 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) by Tianjin Wanshun to Tianjin Gas at a price of RMB0.50 per share amounting to a total consideration of RMB117,962,500.00. The shares transfer has been completed on 11 February 2015. Since then, Tianjin Gas held 64.12% of the total issued share capital of the Company, and Tianjin Wanshun was no longer the shareholder of the Company.

On 16 October 2014, Tianjin Gas and Tianjin Beacon Coatings Company Limited (天津燈塔塗料有限公司) ("Beacon Coatings") entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares (representing 6.42% of the total issued share capital of the Company) by Beacon Coatings to Tianjin Gas at nil consideration, subject to the obtaining of the approvals from the relevant government authorities. Upon the completion of the registration procedures of shares transfer, Tianjin Gas held 70.55% of the total issued share capital of the Company, and Beacon Coatings was no longer the shareholder of the Company.

Pursuant to the announcement of the Company dated on 13 January 2015, the registration of the transfer of all equity interests in Tianjin Gas held by State-owned Assets Supervision Commission of Tianjin Municipal Government to Tianjin Energy Investment Company Limited (天津能源投資集團有限公司) ("Tianjin Energy") has been completed. Immediately following the completion of the aforesaid equity transfer, the Company's holding company became Tianjin Gas, the Company's ultimate holding company became Tianjin Energy, and all shares were held by State-owned Assets Supervision Commission of Tianjin Municipal Government.

I. BASIC INFORMATION OF THE GROUP (Continued)

The principal activities of the Group are the sale and distribution of piped gas, the lease of pipelines, the operation and management of gas pipeline infrastructure, the sale and installation of gas appliances, investment, operation of urban gas (subject to obtaining a valid qualification certificate), import and export according to state regulations for enterprises, pipeline project, investment consultation and mining investment.

These financial statements were approved and authorised for issue by the board of directors of the Company on 27 March 2018. According to the articles of association of the Company, the financial statements will be submitted to the shareholders' meeting for approval.

II. BASIS OF PREPARATION

The Company used to adopt Hong Kong Financial Reporting Standards in preparing financial statements for information disclosure at the Hong Kong Stock Exchange. In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by the Hong Kong Stock Exchange in December 2010, from this financial year, the Company decided to prepare the financial statements in accordance with "Accounting Standards for Business Enterprises" and the relevant regulations issued by the Ministry of Finance of the People's Republic of China ("PRC Accounting Standards") for information disclosure at the Hong Kong Stock Exchange.

The financial statements are prepared in accordance with "Accounting Standards for Business Enterprises – General Principles" issued by the Ministry of Finance of the People's Republic of China, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (Accounting Standards for Business Enterprises, collectively).

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

The financial statements are prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	The Group's revenues of sales of piped gas, gas connection and gas transportation are taxable to output VAT at a tax rate of 11%, and other revenues are taxable to output VAT at a tax rate of 17% which is levied after deducting deductible input VAT for the current period. According to《財政部、國家稅務總局關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知》（財稅[2012]71號）, the Group's revenues of gas connection and gas transportation are taxable to output VAT at a tax rate of 11%.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Education supplementary tax	–	It is levied at 3% on the turnover taxes paid.
Local education supplementary tax	–	It is levied at 2% on the turnover taxes paid.
Corporate income tax	–	It is levied at 25% on the taxable profit.

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills receivable

	31 December 2017	31 December 2016
Commercial acceptance bills	**52,769,831.74**	–
Bank acceptance bills	**139,989,227.91**	28,947,523.90
	192,759,059.65	28,947,523.90

As at 31 December 2017, the Group had no discounted or endorsed undue bills (31 December 2016: Nil).

2. Trade receivables

The credit period of trade receivables is usually 90 to 180 days. The trade receivables bear no interest.

The aging of trade receivables is analysed below:

	31 December 2017	31 December 2016
Within 1 year	**183,235,734.08**	171,039,236.27
1 to 2 years	**8,222,071.26**	4,275,343.61
2 to 3 years	**3,148,752.88**	4,024,820.01
Over 3 years	**10,471,652.98**	7,953,555.61
	205,078,211.20	187,292,955.50
Less: Provision for bad debts of trade receivables	**15,271,405.02**	10,477,402.01
	189,806,806.18	176,815,553.49

The movements in the provision for bad debts of trade receivables are as follows:

	Opening balance	**Provision for the year**	**Reversal during the year**	**Closing balance**
2017	10,477,402.01	4,884,053.01	(90,050.00)	15,271,405.02
2016	11,477,402.01	–	(1,000,000.00)	10,477,402.01

At the end of 2017, the Group provided bad debts of RMB4,884,053.01 (2016: Nil), and reversed bad debts of RMB90,050.00 (2016: RMB1,000,000.00).

3. Inventories

	31 December 2017	31 December 2016
Gas	**207,936.59**	194,181.07
Gas appliances	**2,426,537.41**	3,252,051.83
	2,634,474.00	3,446,232.90

As of 31 December 2017, there were no provision for impairment of inventories (31 December 2016: Nil).

4. Fixed assets

31 December 2017

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	45,513,789.54	1,117,761,887.84	94,273,914.15	6,729,261.91	7,092,843.13	4,558,482.24	1,275,930,178.81
Purchase	–	1,314,921.32	8,668,497.16	521,425.87	1,183,916.05	–	11,688,760.40
Transferred from construction in progress	2,117,700.00	37,565,503.58	–	–	–	–	39,683,203.58
Disposal or scrap	–	7,662,103.78	7,426.80	–	7,075.00	–	7,676,605.58
Closing balance	47,631,489.54	1,148,980,208.96	102,934,984.51	7,250,687.78	8,269,684.18	4,558,482.24	1,319,625,537.21
Accumulated depreciation							
Opening balance	11,241,990.38	360,360,752.20	31,118,488.72	4,751,899.96	4,624,552.01	2,072,657.45	414,170,340.72
Provision	1,059,254.97	45,795,429.93	4,636,598.37	418,554.88	559,298.62	674,405.79	53,143,542.56
Disposal or scrap	–	5,045,047.07	3,145.58	–	–	–	5,048,192.65
Closing balance	12,301,245.35	401,111,135.06	35,751,941.51	5,170,454.84	5,183,850.63	2,747,063.24	462,265,690.63
Impairment provision							
Opening balance	–	–	136,803.56	30,178.04	5,952.06	674,405.67	847,339.33
Provision	–	–	5,857,704.69	29,538.84	6,712.23	1,137,013.33	7,030,969.09
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
31 December 2017	35,330,244.19	747,869,073.90	61,188,534.75	2,020,516.06	3,073,169.26	–	849,481,538.16
31 December 2016	34,271,799.16	757,401,135.64	63,018,621.87	1,947,183.91	2,462,339.06	1,811,419.12	860,912,498.76

4. Fixed assets (Continued)

31 December 2016

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	44,527,113.81	1,075,859,109.53	86,391,395.82	9,989,461.60	6,455,589.02	5,228,966.41	1,228,451,636.19
Purchase	986,675.73	887,267.40	7,972,263.16	607,806.30	655,669.11	–	11,109,681.70
Transferred from construction in progress	–	49,813,807.74	–	–	–	–	49,813,807.74
Disposal or scrap	–	8,798,296.83	89,744.83	3,868,005.99	18,415.00	670,484.17	13,444,946.82
Closing balance	45,513,789.54	1,117,761,887.84	94,273,914.15	6,729,261.91	7,092,843.13	4,558,482.24	1,275,930,178.81
Accumulated depreciation							
Opening balance	10,204,935.65	323,442,136.54	26,760,198.64	7,489,981.06	4,081,976.70	1,632,561.73	373,611,790.32
Provision	1,037,054.73	44,133,522.17	4,394,566.73	751,156.79	543,713.81	787,278.07	51,647,292.30
Disposal or scrap	–	7,214,906.51	36,276.65	3,489,237.89	1,138.50	347,182.35	11,088,741.90
Closing balance	11,241,990.38	360,360,752.20	31,118,488.72	4,751,899.96	4,624,552.01	2,072,657.45	414,170,340.72
Impairment provision							
Opening balance	–	–	136,803.56	30,178.04	5,952.06	773,600.55	946,534.21
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	99,194.88	99,194.88
Closing balance	–	–	136,803.56	30,178.04	5,952.06	674,405.67	847,339.33
Net carrying amount							
31 December 2016	34,271,799.16	757,401,135.64	63,018,621.87	1,947,183.91	2,462,339.06	1,811,419.12	860,912,498.76
31 December 2015	34,322,178.16	752,416,972.99	59,494,393.62	2,469,302.50	2,367,660.26	2,822,804.13	853,893,311.66

As at 31 December 2017, the Group has no fixed assets pending certificates of property ownership (31 December 2016: Nil).

5. Construction in progress

	31 December 2017			31 December 2016		
	Gross carrying amount	**Provision for impairment**	**Carrying amount**	Gross carrying amount	Provision for impairment	Carrying amount
Building	**2,138,040.00**	**–**	**2,138,040.00**	4,255,740.00	–	4,255,740.00
Pipeline reconstruction	**–**	**–**	**–**	3,974,141.57	–	3,974,141.57
Gas station and others	**1,113,733.50**	**–**	**1,113,733.50**	1,410,433.53	–	1,410,433.53
Mine	**408,920.27**	**(408,920.27)**	**–**	408,920.27	–	408,920.27
	3,660,693.77	**(408,920.27)**	**3,251,773.50**	10,049,235.37	–	10,049,235.37

The movements of construction in progress in 2017 are as follows:

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Building	4,255,740.00	–	2,117,700.00	–	2,138,040.00
Pipeline reconstruction	3,974,141.57	34,013,504.62	36,617,228.82	1,370,417.37	–
Gas station and others	1,410,433.53	–	–	296,700.03	1,113,733.50
Connecting pipe renovation	–	1,163,971.68	–	1,163,971.68	–
鄱陽南路睿思路 medium pressure pipeline	–	948,274.76	948,274.76	–	–
Mine	408,920.27	–	–	–	408,920.27
	10,049,235.37	36,125,751.06	39,683,203.58	2,831,089.08	3,660,693.77

The movements of construction in progress in 2016 are as follows:

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Building	4,255,740.00	–	–	–	4,255,740.00
Pipeline reconstruction	9,676,166.70	45,348,249.50	48,432,970.74	2,617,303.89	3,974,141.57
Gas station and others	961,100.03	1,830,170.50	1,380,837.00	–	1,410,433.53
Mine	408,920.27	–	–	–	408,920.27
	15,301,927.00	47,178,420.00	49,813,807.74	2,617,303.89	10,049,235.37

6. Trade payables

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

The aging of trade payables is analysed below:

	31 December 2017	31 December 2016
Within 1 year	**275,152,192.58**	225,278,411.37
1 to 2 years	**20,706,123.66**	20,571,999.86
Over 2 years	**9,739,843.86**	4,421,534.49
	305,598,160.10	250,271,945.72

7. Taxes payable

	31 December 2017	31 December 2016
Value-added tax	**38,512,309.75**	28,593,581.27
Corporate income tax	**10,202,241.66**	2,937,321.92
Business tax	**(45,819.29)**	(1,271,151.95)
Others	**1,751,824.56**	233,034.03
	50,420,556.68	30,492,785.27

8. Revenue and cost of sales

	2017		2016	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal operations	**1,469,163,857.24**	**1,400,787,518.28**	1,198,148,807.39	1,163,988,242.17
	1,469,163,857.24	**1,400,787,518.28**	1,198,148,807.39	1,163,988,242.17

Revenue is stated as follows:

	2017	2016
Sales of piped gas	**1,324,193,081.15**	1,069,072,833.60
Gas connection income	**122,127,257.74**	110,948,012.77
Gas transportation and rent income	**10,767,404.56**	5,954,083.46
Sales of gas appliances	**12,076,113.79**	12,173,877.56
	1,469,163,857.24	1,198,148,807.39

9. Finance costs

	2017	2016
Interest income	**(15,780,791.93)**	(13,853,823.01)
Others	**420,204.61**	486,585.48
	(15,360,587.32)	(13,367,237.53)

10. Investment Income

	2017	2016
Income from long-term equity investments under equity method	**2,439,519.37**	2,540,600.69
Income from wealth management products	**12,944,657.55**	10,822,465.75
	15,384,176.92	13,363,066.44

11. Other income

Government grants related to daily operation:

	2017	2016	Relevant to Asset/Income
Tax refund *(Note 1)*	**1,451,975.85**	–	Income
Deferred income *(Note 2)*	**4,743,961.91**	–	Asset/Income
	6,195,937.76	–	

Note 1: According to 《南政發(1998)54號》 issued by the General Office of Changqing Science, Industry & Trade Zone in Jinnan District, Tianjin, the Group is eligible for tax preferences treatment from April 1 2012 to March 31 2022 which contained 10% refund on VAT and 60% refund on local remaining part of business tax. The Group recognised the refund of business tax and VAT actually received of RMB1,451,975.85 in other income.

Note 2: The deferred income was related to the Group's daily operation and pipelines reconstruction projects.

12. Non-operating income

	2017	2016
Government grants not related to daily operation	**37,000.00**	–
Tax refund *(Note 1)*	**–**	4,641,487.64
Heat supply subsidy *(Note 2)*	**–**	10,543,419.84
Deferred income *(Note 3)*	**–**	2,737,219.48
Others	**1,000.00**	31,080.14
	38,000.00	17,953,207.10

Note 1: According to 《南政發(1998)54號》 issued by the General Office of Changqing Science, Industry & Trade Zone in Jinnan District, Tianjin, the Group is eligible for tax preferences treatment from April 1 2012 to March 31 2022 which contained 10% refund on VAT and 60% refund on local remaining part of business tax. The Group recognised the refund of business tax and VAT actually received of RMB1,451,975.85 in other income. (2016：RMB4,641,487.64, recognized in non-operating income).

Note 2: Pursuant to《市發展改革委市建委市財政局關於我市燃氣供熱虧損及疏導報告》津發改價管[2015]1112, the Group is required to offer discounts to entities which purchase gas from the Group for heating, and the government would provide the Group with subsidy in respect of the discounts. The Group did not receive any heat supply subsidy in 2017.

Note 3: The deferred income was related to the Group's daily operation and pipeline reconstruction projects. It was recognised in other income in 2017, while it was recognised in non-operating income in 2016.

13. Income tax expense

	2017	2016
Current income tax expense	**21,283,392.95**	15,715,678.71
Deferred tax expense	**(7,474,909.28)**	(4,707,314.00)
	13,808,483.67	11,008,364.71

13. Income tax expense (Continued)

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

	2017	2016
Total profit	**52,481,642.62**	47,967,868.03
Income tax expense at statutory tax rate *(note 1)*	**13,120,410.65**	11,991,967.01
Income not subject to tax	**(609,879.84)**	(635,150.17)
Expenses not deductible for tax	**13,583.56**	18,728.00
Recognise the unrecognised deductible temporary differences of previous years	**–**	(1,021,618.87)
Adjustments in respect of current tax of previous periods	**917.62**	–
Deductible temporary differences and tax losses not recognised	**1,283,451.68**	654,438.74
Tax expense at the Group's effective tax rate	**13,808,483.67**	11,008,364.71

Note 1: The income tax of the Group is calculated based on the estimated taxable income gained in China and the applicable tax rate.

14. Dividend

On 27 March 2018, approved by the seventeenth meeting of the fifth board of directors, the Company recommends annual dividend of RMB0.017 per share to shareholders of the Company. This profit distribution plan will be submitted for approval on the annual shareholders' meeting of the Company.

15. Earnings per share

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

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

	2017	2016
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**40,073,261.21**	37,659,482.52
Shares		
Weighted average number of ordinary shares in issue of the Company	**1,839,307,800.00**	1,839,307,800.00

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year of 2017, 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 2017 (the "**Year**"), the Group reported a revenue of approximately RMB1,469,164,000, representing an increase of approximately 23% as compared with the year ended 31 December 2016 (the "**Previous Year**"). The gross profit margin increased from approximately 2.47% for the Previous Year to approximately 4.24% for the year ended 31 December 2017. The profit before tax from continuing operations for the year ended 31 December 2017 amounted to approximately RMB52,482,000 (2016: approximately RMB47,968,000) representing an increase of approximately 9% from the Previous Year.

The improvement in financial performance of the Group was mainly attributable to (i) an increase in demand from certain major industrial and commercial customers of the Group for the Group's piped gas, as compared with the Previous Year; and (ii) an increase in gas connection income due to increased demand for piped gas connection services provided by the Group after the National Games hold in Tianjin. In the coming financial year, the Company will further enhance market expansion efforts, seize the opportunity of the shift from coal to gas, and explore profit growth points.

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 and rent.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group is generally funded by equity financing. As at 31 December 2017, the Group had no bank borrowings.

The Group mostly uses Renminbi in its ordinary business operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's gearing ratio (total liabilities to total asset rate) as at 31 December 2017 was approximately 0.29 (as at 31 December 2016: approximately 0.28).

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities or guarantees (2016: Nil).

STAFF AND EMOLUMENT POLICY

As at 31 December 2017, the Group had a workforce of 836 full-time employees (2016: 892). The total employee costs were approximately RMB123,091,683 (2016: RMB117,603,000).

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(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. The Company plans to expand in the following areas:

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

- Continue to improve the financial management system, with a view to 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 TRANSACTIONS

Continuing Connected Transactions in relation to the Gas Supply by Jinran Gas

On 17 March 2017, the Company entered into a supplemental agreement (the "**Supplemental Agreement**") with 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd*) ("**Jinran Gas**") to (1) a gas supply contract (the "**2016 Gas Supply Contract**") dated 31 October 2014 in respect of the supply of natural gas by Jinran Gas to the Company ("**Gas Supply**") for the twelve months ended 31 December 2016 and (2) a gas supply contract (the "**2017 Gas Supply Contract**") dated 31 October 2014 in respect of the supply of natural gas by Jinran Gas to the Company for the twelve months ended 31 December 2017, to revise the unit price of natural gas (the "**Price**") and the settlement date for the gas charge for the period commencing from 20 November 2016 to 15 March 2017.

Pursuant to the Supplemental Agreement, the Price was amended from approximately RMB2.655 per cubic metre (tax excluded) to RMB2.204 per cubic metre (tax excluded) with the annual caps for gas charge for 2016 Gas Supply Contract and 2017 Gas Supply Contract remaining unchanged. Accordingly, the respective maximum volume of gas supply under 2016 Gas Supply Contract and 2017 Gas Supply Contract will be adjusted.

Pursuant to the Supplemental Agreement, the settlement day for the gas charge by the Company based on the actual consumption of natural gas by the Group during each month was amended from the 25th day to the 10th day of month.

Further to the Supplemental Agreements, on 2 March 2018, the Company entered into the supplemental agreement to the 2017 Gas Supply Contract with Jinran Gas to agree on the unit price of natural gas provided by Jinran Gas to the Company for the period from 1 September 2017 to 31 December 2017 at approximately RMB2.104 per cubic metre (tax excluded, and being the weighted average of the unit price for the four months ended 31 December 2017). Details of the transaction are set out in the paragraph headed "Important events after the reporting period" in this announcement.

Save as disclosed above, all the terms of the 2016 Gas Supply Contract and 2017 Gas Supply Contract remain unchanged.

For details, please refer to the announcement of the Company dated 31 October 2014, 17 March 2017 and 5 March 2018.

Continuing Connected Transaction in relation to the Gas Provision to Taihua Gas

As the gas provision contract dated 31 October 2014 in respect of the supply of natural gas by the Company to 天津泰華燃氣有限公司 (Tianjin Taihua Gas Co., Ltd.*) ("**Taihua Gas**") for the three years ended 31 December 2017 has expired on 31 December 2017, on 10 November 2017, the Company and Taihua Gas entered into a conditional gas provision contract ("**New Taihua Gas Provision Contract**") in respect of the supply of natural gas by the Company to Taihua Gas ("**Gas Provision**") for the three years ending 31 December 2020 with the annual caps not exceeding RMB205,872,975, RMB216,166,623.80 and RMB226,974,922.90, respectively, subject to the approval of the shareholders of the Company ("**Shareholders**").

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the annual caps for the New Taihua Gas Provision Contract for the year ending 31 December 2018, 31 December 2019 and 31 December 2020 exceed 5%, the New Taihua Gas Provision Contract will be subject to, inter alia, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

On 29 December 2017, the Board resolved to set an annual cap of RMB50,000,000 (the "**Additional 2018 Cap**") for the Gas Provision for the year ending 31 December 2018 before obtaining the approval of the independent Shareholders. All the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Additional 2018 is less than 5%.

Please refer to the Company's announcement dated 10 November 2017 and 29 December 2017.

For the latest progress of the Gas Supply and the Gas Provision, please refer to the paragraph headed "Important events after reporting period" in this announcement.

Connected Transaction in relation to Purchase of Gas Meters

On 18 October 2017, the Company entered into a purchase and sales agreement (the "**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**"), pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 45,000 gas meters at an aggregate purchase price of RMB15,750,000 (equivalent to approximately HK$18,742,500 as at 18 October 2017).

Tianjin Gas is a controlling shareholder of the Company, and thus a connected person of the Company. Tianjin Yumin is a subsidiary of Tianjin Gas and thus also a connected person of the Company.

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 transaction contemplated thereunder were subject to the reporting and announcement requirements but were exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 18 October 2017.

DIVIDENDS

The Board recommends the distribution of a dividend for the year ended 31 December 2017 of RMB0.017 (before considering any tax effect) per share to the Shareholders, amounting to RMB31,268,233 in aggregate.

The proposed dividend will be denominated in Renminbi. Dividend payable to holders of Domestic Shares will be paid in Renminbi, whereas dividend payable to holders of H Shares will be paid in Hong Kong dollars. The exchange rate of Renminbi to Hong Kong dollars to be adopted will be the average middle rate of the five business days preceding the date of declaration of such dividend (exclusive) (being 26 June 2018, the date of the annual general meeting of the Company) as announced by the People's Bank of China.

Pursuant to the PRC Individual Income Tax Law（《中華人民共和國個人所得稅法》）, the Implementation Regulations of the PRC Individual Income Tax Law（《中華人民共和國個人所得稅法實施條例》）, the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 60 of the Announcement of the State Administration of Taxation for2016)（《國家稅務總局非居民納稅人享受稅收協定待遇管理辦法》）（國家稅務總局公告2016年第60 號）, the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348)（《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》（國稅函[2011]348 號））, other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)(《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國 稅函[2008]897 號)).

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

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

During the year ended 31 December 2017, 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 2017.

CORPORATE CHANGES

Change in accounting policy and Change of Auditor

According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" (the "**Consultation Conclusions**") published by the Stock Exchange in December 2010, (i) Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using China Accounting Standards for Business Enterprises ("**CASBE**"); and (ii) Mainland audit firms approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission are allowed to service such issuers using CASBE. In light of the Consultation Conclusions and the commitment to optimize the corporate governance of the Company, starting from the financial year ended 31 December 2017, the Company adopts CASBE in preparation of the financial statements of the Company. Such change was approved by the Shareholders at the extraordinary general meeting of the Company held on 29 December 2017 ("**2017 EGM**").

Accordingly, as approved by the Shareholders at the 2017 EGM, Ernst & Young has been terminated as the international auditor of the Company; and Ernst & Young Hua Ming LLP has been appointed as the sole auditor of the Company, in light of the acceptance of Mainland accounting and auditing standards and Mainland audit firms by the Stock Exchange.

For details, please refer to the announcements of the Company dated 23 August 2017 and 29 December 2017, and the circular of the Company dated 13 November 2017.

Amendments to the Articles of Association of the Company

The Shareholders had passed special resolutions at two extraordinary general meetings held on 29 December 2017 and 6 February 2018 respectively to amend the articles of association of the Company (the "**Articles**") regarding (i) the alignment in the preparation of financial statements in accordance with CASBE as mentioned above and (ii) the requirement in accordance with the PRC laws and regulations implemented requiring state-owned enterprise to prescribe party building work into the Articles. For details, please refer to the announcements of the Company dated 23 August 2017, 15 December 2017, 29 December 2017, and 6 February 2018, and the circulars of the Company dated 13 November 2017 and 29 December 2017.

SIGNIFICANT EVENTS

Subscription of Wealth Management Products

On 22 February 2017, the Company entered into a wealth management agreement with 上海浦東發展銀行股份有限公司（天津分行）(Shanghai Pudong Development Bank Co., Ltd. (Tianjin Branch)*) (the "**PDB Wealth Management Agreement**") to subscribe for the 利多多對公結構性存款固定持有期產品（保證收益型）(Liduoduoduigong Structured Deposit Fixed-term Product) (Guaranteed Income)*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 22 February 2017).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the PDB Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the PDB Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details, please refer to the announcement of the 22 February 2017.

On 27 February 2017, the Company entered into a wealth management agreement with 天津濱海農村商業銀行股份有限公司（天津分行）(Tianjin Binhai Rural Commercial Bank Co., Ltd (Tianjin Branch)*) (the "**Binhai Wealth Management Agreement**") to subscribe for the 濱海金芒果穩健專屬人民幣理財計劃1701號4期 (Binhai Jinmangguo Stable RMB Financial product no. 1701 Series 4*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 27 February 2017).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Binhai Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the Binhai Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details, please refer to the announcement of the 27 February 2017.

On 21 August 2017, the Company entered into a wealth management agreement with 中國農業銀行股份有限公司(天津分行) (Agricultural Bank of China Limited (Tianjin Branch)*) (the "**Agricultural Bank of China Wealth Management Agreement**") to subscribe for 中國農業銀行「本利豐」定向人民幣理財產品 (Agricultural Bank of China "Benlifeng" oriented RMB Wealth Management Product*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 21 August 2017).

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Agricultural Bank of China Wealth Management Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Agricultural Bank of China Wealth Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the announcement of the Company dated 21 August 2017.

On 24 August 2017, the Company entered into wealth management agreements ("**Wealth Management Agreement(s)**") with Bank of China Limited and Ping An Bank Limited to subscribe for (i) 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 (ii) 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*) respectively, in the subscription amounts of RMB200 million (equivalent to approximately HK$234 million as at 24 August 2017) for each of the above subscriptions.

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under each of the Wealth Management Agreements exceeds 5% but is less than 25%, the transactions contemplated under each of the Wealth Management Agreements constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the announcement of the Company dated 24 August 2017.

On 30 August 2017, the Company entered into a wealth management agreement ("**Qilu Bank Wealth Management Agreement**") with 齊魯銀行股份有限公司 (Qilu Bank Company Limited*), to subscribe for 齊魯銀行「泉心理財」暢盈九州惠利787號人民幣理財產品 ("Quanxin" Wealth Management "Chang Ying Jiu Zhou Hui Li" No.787 RMB Wealth Management Product of Qilu Bank*) in the subscription amount of RMB200 million (equivalent to approximately HK$236 million as at 30 August 2017).

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Qilu Bank Wealth Management Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Qilu Bank Wealth Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the announcement of the Company dated 30 August 2017.

IMPORTANT EVENT(S) AFTER REPORTING PERIOD

Continuing Connected Transactions in relation to the Gas Supply and Gas Transportation from Jinran Gas

Background

Jinran Gas, as the sole wholesale supplier of natural gas in the Tianjin City and part of the rural areas of Tianjin, where the Company operates, has been (1) supplying natural gas to the Company under the existing gas supply contract which has expired on 31 December 2017; and (2) transmitting natural gas via the Gangnan Pipeline owned and managed by the Company under the existing gas transportation contract which has also expired on 31 December 2017 ("**Gas Transportation**"). In the light of the new pricing directive issued by the Tianjin Development and Reform Commission (the "**Commission**") on 27 September 2017 (the "**September Directive**") which stipulates that the unit price applicable to the provision of natural gas by Jinran Gas to the Company is now subject to the commercial negotiation between Jinran Gas and the Company instead of subject to a directive price issued by the Commission from time to time just like the past.

Supplemental Agreements in relation to the 2017 Gas Supply Contract

Further to the Supplemental Agreements, on 2 March 2018, the Company entered into supplemental agreements to the 2017 Gas Supply Contract with Jinran Gas to agree on the unit price of natural gas provided by Jinran Gas to the Company for the period from 1 September 2017 to 31 December 2017. Pursuant to the 2017 Gas Supply Contract, the unit price of normal gas supplied by Jinran Gas to the Company was approximately RMB2.655 per cubic metre (tax excluded, and the price subject to adjustment in accordance with the direction of the Tianjin municipal price bureau from time to time). Jinran Gas and the Company agreed that the unit price of natural gas supplied by Jinran Gas to the Company for the period commencing from 1 September 2017 to 31 December 2017 was approximately RMB2.104 per cubic metre (tax excluded, and being the weighted average of the unit price for the four months ended 31 December 2017). Save as disclosed above, all the terms of the 2017 Gas Supply Contract remain unchanged.

For details, please refer to the Company's announcement dated 31 October 2014, 30 December 2014, 29 December 2017, 28 February 2018 and 5 March 2018, and the circular of the Company dated 12 December 2014.

Latest Progress

Due to an unexpected prolongation of the negotiation process on the pricing terms, Jinran Gas and the Company are unable to enter into the new contracts concerning the Gas Supply and the Gas Transportation for the three years ending 31 December 2020 ("**New Contracts**") on or before 1 January 2018 and comply with the independent shareholders' approval, reporting, annual review and/or announcement requirements, if applicable, under Chapter 14A of the Listing Rules. The prolongation is primarily caused by a sudden and drastic change in respect of the September Directive.

After the said expirations, the transactions in respect of the Gas Supply and the Gas Transportation ("**Jinran Transactions**") must continue as a matter of public interest and necessity, providing natural gas for residential and non-residential uses in Tianjin. New Contracts are needed to govern the Jinran Transactions starting from 1 January 2018.

As at the date of this announcement, the Company is still in negotiation with Jinran Gas on the terms of the New Contracts. For details, please refer the announcements of the Company dated 29 December 2017, 1 February 2018 and 28 February 2018.

The Company will provide further updates on the progress of the negotiation with Jinran Gas on the New Contracts from time to time and will comply with the requirements of reporting, announcement, annual review and/or independent Shareholders' approval, if applicable, under Chapter 14A of the Listing Rules accordingly if and when the New Contracts are executed.

Continuing Connected Transaction in relation to the Gas Provision to Taihua Gas

Supplemental Agreements to 2017 Taihua Gas Provision Contract

In the light of the September Directive, on 2 March 2018, the Company entered into supplemental agreements to the gas provision contract dated 31 October 2014 in respect of the Gas Provision for the year ended 31 December 2017 ("**2017 Taihua Gas Provision Contract**") with Taihua Gas to agree on the unit price of natural gas provided by the Company to Taihua Gas for the period from 1 September 2017 to 31 December 2017. Pursuant to the last pricing directive issued by the Commission before the September Directive, the directive price for the supply of natural gas by the Company to Taihua Gas was approximately RMB2.207 per cubic metre (tax excluded). Taihua Gas and the Company had agreed that the weighted average unit price of natural gas supplied by the Company to Taihua Gas was approximately RMB2.265 per cubic metre (tax excluded) for the period from 1 September 2017 to 31 December 2017. Save as disclosed above, all the terms of the 2017 Taihua Gas Provision Contract remain unchanged.

For details, please refer to the Company's announcements dated 31 October 2014, 30 December 2014 and 2 March 2018, and the circular of the Company dated 12 December 2014.

New Taihua Gas Provision Contract

In view of the above situation, certain terms of the New Taihua Gas Provision Contract may be amended, subject to further negotiation between the Company and Taihua Gas. An extraordinary general meeting of the Company will be held on 9 May 2018 (Friday) at 3:00 p.m. for the purposes of considering and passing the resolutions in relation to the Gas Provision for the three years ending 31 December 2020.

For details, please refer to the notice of the extraordinary general meeting of the Company dated 23 March 2018.

Connected Transaction in relation to Purchase of Gas Meters

On 12 February 2018, the Company entered into a purchase agreement ("**Purchase Agreement**") with Tianjin Yumin, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase up to 45,000 gas meters at an aggregate purchase price of RMB15,615,000 (equivalent to approximately HK$19,362,600 as at 12 February 2018).

As one or more of the applicable percentage ratios for the Purchase Agreement, either on a standalone basis or when aggregated with the Purchase and Sales Agreement as referred to in the paragraph headed "Connected Transactions" above, are more than 0.1% but below 5%, the Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 12 February 2018.

Subscription of Wealth Management Products

On 26 February 2018, the Company entered into a structured deposit agreement ("**Everbright Bank Structured Deposit Agreement**") with 中國光大銀行股份有限公司(天津分行) (China Everbright Bank Co., Ltd. (Tianjin branch)*), in respect of structure deposit in the subscription amount of RMB200 million (equivalent to approximately HK$247 million as at 26 February 2018).

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the subscription amount under the Everbright Bank Structured Deposit Agreement exceed 5% but are less than 25%, the transaction contemplated under the Everbright Bank Structured Deposit Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the Company's announcement dated 26 February 2018.

On 27 February 2018, the Company entered into a wealth management agreement ("**Industrial Bank Wealth Management Agreement**") with 興業銀行股份有限公司(天津分行) (Industrial Bank Co., Ltd (Tianjin branch)*) to subscribe for 興業銀行「金雪球」保本浮動收益封閉式人民幣理財產品 ("Golden Snowball" principal-guaranteed with floating return and closed-end RMB Wealth Management Product of Industrial Bank*) in the subscription amount of RMB200 million (equivalent to approximately HK$247 million as at 27 February 2018).

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the subscription amount under the Industrial Bank Wealth Management Agreement exceed 5% but are less than 25%, the transaction contemplated under the Industrial Bank Wealth Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules. For details, please refer to the Company's announcement dated 27 February 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are 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 and confirmed this results announcement and the consolidated results of the Company for the Year.

SCOPE OF WORK OF ERNST & YOUNG HUA MING LLP

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young Hua Ming LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young Hua Ming LLP in this respect did not constitute an assurance engagement in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young Hua Ming LLP on the preliminary announcement.

ANNUAL GENERAL MEETING AND BOOK CLOSURE PERIOD

The annual general meeting of the Company is expected to be held on 26 June 2018 (Tuesday) at 3:00 p.m. at Floor 9, Gangao Tower, 18 Zhangzhou Road, Heping District, Tianjin , PRC and notice of the annual general meeting ("**AGM**") will be published and despatched in the manner as required by the Listing Rules. To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 27 May 2018 to 26 June 2018 (both days inclusive) during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 25 May 2018.

In order to determine the Shareholders entitled to the dividend, the register of members of the Company will be closed from 30 June 2018 to 5 July 2018 (both days inclusive) during which no transfer of shares will be registered. In order to be entitled to the dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 29 June 2018.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hklistco.com/1265). The annual report of the Company for the year ended 31 December 2017 will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Tianjin, People's Republic of China, 27 March 2018

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

* *for identification purpose only*