天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

(Stock Code: 01265)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

- Revenue of approximately RMB760,337,000 was recorded for the six months ended 30 June 2018.
- Gross profit of approximately RMB19,563,000 was recorded for the six months ended 30 June 2018.
- Net profit of approximately RMB22,517,000 was recorded for the six months ended 30 June 2018.
- The Board does not propose an interim dividend for the six months ended 30 June 2018.

RESULTS

The board (the "Board") of directors (the "Directors") of Tianjin Jinran Public Utilities Company Limited (the "Company") is pleased to present the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Period") together with the unaudited comparative figures for the six months ended 30 June 2017 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

Renminbi Yuan

	Note V	30 June 2018 (Unaudited)	31 December 2017 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		**962,093,337.13**	487,228,014.40
Held-for-trading financial assets		**203,235,068.49**	–
Bills receivable and trade receivables	*1*	**508,256,512.16**	382,565,865.83
Prepayments		**10,465,597.52**	12,330,877.27
Other receivables		**13,843,792.62**	13,499,553.24
Inventories	*2*	**2,659,896.49**	2,634,474.00
Other current assets		**4,701,321.84**	627,839,761.12
Total current assets		**1,705,255,526.25**	1,526,098,545.86
NON-CURRENT ASSETS			
Long-term equity investments		**46,329,005.44**	45,732,389.46
Fixed assets	*3*	**828,745,655.79**	849,481,538.16
Construction in progress	*4*	**3,542,863.04**	3,251,773.50
Intangible assets		**11,922,691.90**	12,109,712.19
Deferred tax assets		**23,576,702.93**	23,868,683.78
Total non-current assets		**914,116,919.10**	934,444,097.09
TOTAL ASSETS		**2,619,372,445.35**	2,460,542,642.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 June 2018
Renminbi Yuan

	Note V	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bills payable and trade payables	*5*	**515,386,729.85**	305,598,160.10
Advances from customers		**–**	246,139,859.30
Contract liabilities		**214,690,221.94**	–
Employee benefits payable		**3,975,938.32**	18,046,699.55
Taxes payable	*6*	**25,692,449.10**	50,420,556.68
Other payables		**52,372,440.73**	23,163,380.47
Current portion of non-current liabilities		**3,314,685.93**	3,265,164.61
Provisions		**1,612,720.00**	1,779,195.48
Total current liabilities		**817,045,185.87**	648,413,016.19
NON-CURRENT LIABILITIES			
Deferred income		**65,538,671.20**	66,589,640.40
Total non-current liabilities		**65,538,671.20**	66,589,640.40
Total liabilities		**882,583,857.07**	715,002,656.59
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**	115,753,744.82
Retained earnings		**650,999,276.91**	659,620,982.39
Equity attributable to shareholders of the Parent		**1,741,016,153.91**	1,749,637,859.39
Non-controlling interests		**(4,227,565.63)**	(4,097,873.03)
Total shareholders' equity		**1,736,788,588.28**	1,745,539,986.36
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,619,372,445.35**	2,460,542,642.95

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018
Renminbi Yuan

	Note V	**For the six months ended 30 June 2018 (Unaudited)**	For the six months ended 30 June 2017 (Unaudited)
Revenue	*7*	**760,337,070.47**	706,511,734.63
Less: Cost of sales	*7*	**740,074,390.05**	666,419,878.23
Taxes and surcharges		**699,376.13**	2,796,143.61
Administrative expenses		**11,364,823.74**	10,443,851.23
Finance costs	*8*	**(9,615,552.56)**	(9,180,809.06)
including: interest income		**(9,811,186.72)**	(9,409,072.30)
Add: Other income	*9*	**5,440,720.13**	1,294,631.55
Investment income	*10*	**6,858,807.75**	5,373,176.83
including: share of profit of an associate		**596,615.98**	1,546,875.45
Operating profit		**30,113,560.99**	42,700,479.00
Add: Non-operating income	*11*	**–**	17,000.00
Less: Non-operating expenses		**65,161.50**	54,356.70
Total profit		**30,048,399.49**	42,663,122.30
Less: Income tax expense	*12*	**7,531,564.97**	10,597,748.04
Net profit		**22,516,834.52**	32,065,374.26
Including: continuing operations		**22,516,834.52**	32,065,374.26
Attributable to:			
Shareholders of the Parent		**22,646,527.12**	32,417,488.23
Non-controlling interests		**(129,692.60)**	(352,113.97)
Other comprehensive income, net of tax		**–**	–
Total comprehensive income		**22,516,834.52**	32,065,374.26
Including:			
Total comprehensive income attributable to shareholders of the Parent		**22,646,527.12**	32,417,488.23
Total comprehensive income attributable to non-controlling interests		**(129,692.60)**	(352,113.97)
Earnings per share *(RMB/Share)*	*14*		
Basic		**0.012**	0.018
Diluted		**0.012**	0.018

I. BASIC INFORMATION OF THE GROUP

Tianjin Jinran Public Utilities Company Limited, 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 RMB64,667,255.43 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（天津市萬順置業有限公司）("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.

I. BASIC INFORMATION OF THE GROUP (CONTINUED)

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 at a price of HKD1.90 per share (par value RMB0.10 each) 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 12.82% 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 70.54% 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 29 August 2018.

II. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year ended 2017. Except for the accounting policy changes disclosed in Note III, the accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2017 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year ended 2017 prepared pursuant to the accounting standards for business enterprises.

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

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

III. CHANGES IN ACCOUNTING POLICIES

In 2017, the Ministry of Finance announced the revised "Accounting Standard for Business Enterprises No.14 – Revenue" (the "New Revenue Standard"), "Accounting Standard for Business Enterprises No.22 – Recognition and measurement for financial instruments, "Accounting Standard for Business Enterprises No.23 – Transfer of financial assets", "Accounting Standard for Business Enterprises No.24 – Hedging" and "Accounting Standard for Business Enterprises No.37 – Presentation of financial instruments" (the "New Financial Instruments Standard"). The Group began to implement the accounting treatment to the above newly revised standards from 1 January 2018. According to the convergence rules, the information for the comparative period will not be adjusted and profit or other comprehensive income will be retrospectively adjusted since the difference between the implementation of the new standards and the current standards on the first day.

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The New Revenue Standard

The New Revenue Standard establishes a new revenue recognition model for regulating revenue generated from contracts with customers. According to the New Revenue Standard, the way in which the revenue is recognised should reflect the mode in which the entity transfers goods or services to customers. The amount of revenue should reflect the amount of consideration that the entity is expected to receive due to the transfer of such goods and services to the customer. At the same time, the New Revenue Standard also regulates the judgements and estimates required for each aspect of revenue recognition. The Group only adjusts the cumulative impact of contracts that have not been completed on 1 January 2018. For changes to contracts that occurred before 1 January 2018, the Group adopted a simplified treatment method that all contracts were changed according to the contract and the final arrangement identifies the performance obligations that have been and have not been fulfilled, determines the transaction price, and apportions the transaction price between the fulfilled and outstanding performance obligations.

(1) Impacts of the adoption of the new standards for revenue on relevant items of the statement of financial position at the beginning of the current period are as follows:

Item	31 December 2017 (Audited)	Reclassification	Remeasurement	1 January 2018 (Unaudited)
Current liabilities				
Advances from customers	246,139,859.30	(246,139,859.30)	–	–
Contract liabilities	–	246,139,859.30	–	246,139,859.30

(2) Impacts of the adoption of the new standards for revenue on relevant items of the statement of financial position at the end of the current period are as follows:

Item	**30 June 2018 under new standards for revenue** (Unaudited)	Adjustment	30 June 2018 assuming implementing the original standards for revenue (Unaudited)
Current liabilities			
Advances from customers	**–**	214,690,221.94	214,690,221.94
Contract liabilities	**214,690,221.94**	(214,690,221.94)	–

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The New Financial Instruments Standard

The New Financial Instruments Standard changes the classification and measurement of financial assets and requires three measurement categories: financial assets are measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Equity investments shall be measured at fair value through profit or loss. However, the Company can elect to designate equity investments measured at fair value through other comprehensive income at the date of initial application and the election is irrevocable. (Under this election, only qualifying dividends are recognised in profit or loss. Changes in fair value are never reclassified to profit or loss, even if the asset is sold or otherwise derecognised.)

The New Financial Instruments Standard requires an "expected credit loss" model for recognition and measurement of impairment in financial assets instead of an "objective evidence of impairment" model. The expected credit loss model is applied in financial assets measured at amortised cost or fair value through other comprehensive income, loan commitments and guarantee contracts.

The new hedge accounting model provides a better contact between an entity's risk management strategy and the financial statements and allows more hedging instruments and hedged items to qualify for hedge accounting. The new model cancels the revisiting effective test and introduces the concept of rebalancing mechanism and hedge costs.

If the recognition and measurement of financial instruments before 1 January 2018 is inconsistent with the New Financial Instruments Standard, the Group will make connection and adjustment as required by the new standard. In case of inconsistency between the comparative figures in financial statements in prior period and requirements of the new standard for financial instruments, the Group will not make adjustment. The shortfall between the original carrying amount of the financial instrument and the new carrying amount at the adoption date of the new standard shall be recognised in retained earnings or other comprehensive income at 1 January 2018. There was no significant impact on the adoption of the New Financial Instruments Standard at 1 January 2018.

As at 1 January 2018, the Group recognised a provision for credit loss impairment of trade receivables and others classified as financial assets at amortised cost according to the new standard for financial instruments. Specifically, the effects include the following:

For trade receivables that do not contain a significant financing component or for which the financing component in the contract within 1 year is not considered, the Group adopts a simple method to measure the expected credit losses according to the new standard for financial instruments, i.e., the provision is assessed at an amount equivalent to the expected loss for its whole life. The remeasurement of expected credit losses has had no significant impact on the carrying amount of trade receivables.

For other financial assets at amortised cost (mainly include other receivables and other current assets), the Group adopts a three-phase model to measure the expected credit losses according to the new standards for financial instruments. Based on whether the credit risk has increased significantly after the initial recognition of relevant items, the provision for credit loss is assessed according to the expected credit losses for 12 months or its whole life. The remeasurement of expected credit losses has had no significant impact on the carrying amount of other financial assets at amortised cost.

III. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Presentation of financial statements

According to 《關於修訂印發2018年度一般企業財務報表格式的通知》（財會[2018]15號）, except for the presentation changes of financial statements resulted from the implementation of the New Financial Instruments Standard and the New Revenue Standard, the Group consolidated the "Bills receivable" and "Trade receivables" to the newly added "Bills receivable and trade receivables" item, consolidated the "Dividends receivable" and "Interest receivable" to "Other receivables", consolidated the "Bills payable" and "Trade payables" to the newly added "Bills payable and trade payables" item, and the "Interest expense" and "Interest income" are spilt from the "Finance costs" item. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment. This change of accounting policy has had no impact on the consolidated and company net profit and equity.

IV. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	Before 1 May 2018, the Group's revenue from sales of piped gas, gas connection and gas transportation and rent were taxable to output VAT at a tax rate of 11% and other revenues were taxable to output VAT at a tax rate of 17% which was levied after deducting deductible input VAT for the current period. Since 1 May 2018, the Group's revenue of sales from piped gas, gas connection and gas transportation and rent are taxable to output VAT at a tax rate of 10% and other revenues are taxable to output VAT at a tax rate of 16%.
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.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bills receivable and trade receivables

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bills receivable	**326,591,034.11**	192,759,059.65
Trade receivables	**196,936,883.07**	205,078,211.20
	523,527,917.18	397,837,270.85
Less: Provision for bad debts	**15,271,405.02**	15,271,405.02
	508,256,512.16	382,565,865.83

Bills receivable

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Commercial acceptance bills	**246,368,212.24**	52,769,831.74
Bank acceptance bills	**80,222,821.87**	139,989,227.91
	326,591,034.11	192,759,059.65

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:

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Within 1 year	**169,065,257.93**	183,235,734.08
1 to 2 years	**12,650,509.96**	8,222,071.26
2 to 3 years	**2,937,910.20**	3,148,752.88
Over 3 years	**12,283,204.98**	10,471,652.98
	196,936,883.07	205,078,211.20
Less: Provision for bad debts of trade receivables	**15,271,405.02**	15,271,405.02
	181,665,478.05	189,806,806.18

1. Bills receivable and trade receivables (continued)

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

	Opening balance	Provision for the period/year	Reversal during the period/year	Closing balance
For the six months ended 30 June 2018 (Unaudited)	**15,271,405.02**	**–**	**–**	**15,271,405.02**
2017 (Audited)	10,477,402.01	4,884,053.01	(90,050.00)	15,271,405.02

For the six months ended 30 June 2018, the Group provided no bad debts (2017: RMB4,884,053.01), and reversed no bad debts (2017: RMB90,050.00).

2. Inventories

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Gas	**201,978.85**	207,936.59
Gas appliances	**2,457,917.64**	2,426,537.41
	2,659,896.49	2,634,474.00

As of 30 June 2018, there was no provision for impairment of inventories (31 December 2017: Nil).

3. Fixed assets

For the six months ended 30 June 2018 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening 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
Purchase	–	379,920.52	6,251,512.66	75,504.71	29,436.84	–	6,736,374.73
Transferred from construction in progress	–	–	–	–	–	–	–
Decrease	–	1,496,903.90	–	662,515.00	–	–	2,159,418.90
Closing balance	47,631,489.54	1,147,863,225.58	109,186,497.17	6,663,677.49	8,299,121.02	4,558,482.24	1,324,202,493.04
Accumulated depreciation							
Opening 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
Provision	529,627.50	22,836,243.22	2,051,928.03	222,208.00	269,094.95	–	25,909,101.70
Disposal or scrap	–	–	–	596,263.50	–	–	596,263.50
Closing balance	12,830,872.85	423,947,378.28	37,803,869.54	4,796,399.34	5,452,945.58	2,747,063.24	487,578,528.83
Impairment provision							
Opening balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
30 June 2018	34,800,616.69	723,915,847.30	65,388,119.38	1,807,561.27	2,833,511.15	–	828,745,655.79
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

3. Fixed assets (continued)

2017 (Audited)

	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

As at 30 June 2018, the Group had no fixed assets pending certificates of property ownership (31 December 2017: Nil).

4. Construction in progress

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	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**	2,138,040.00	–	2,138,040.00
Pipeline reconstruction	**291,089.54**	**–**	**291,089.54**	–	–	–
Gas station and others	**1,113,733.50**	**–**	**1,113,733.50**	1,113,733.50	–	1,113,733.50
Mine	**408,920.27**	**(408,920.27)**	**–**	408,920.27	(408,920.27)	–
	3,951,783.31	**(408,920.27)**	**3,542,863.04**	3,660,693.77	(408,920.27)	3,251,773.50

The movements of construction in progress for the six months ended 30 June 2018 are as follows: (Unaudited)

	Opening balance	**Addition**	**Transferred to fixed assets**	**Other transfer out**	**Closing balance**
Building	**2,138,040.00**	**–**	**–**	**–**	**2,138,040.00**
Pipeline reconstruction	**–**	**308,300.35**	**–**	**17,210.81**	**291,089.54**
Gas station and others	**1,113,733.50**	**–**	**–**	**–**	**1,113,733.50**
Connecting pipe renovation	**–**	**508,450.92**	**–**	**508,450.92**	**–**
Mine	**408,920.27**	**–**	**–**	**–**	**408,920.27**
	3,660,693.77	**816,751.27**	**–**	**525,661.73**	**3,951,783.31**

The movements of construction in progress in 2017 are as follows: (Audited)

	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

5. Bills payable and trade payables

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bills payable	**–**	–
Trade payables	**515,386,729.85**	305,598,160.10
Within 1 year	**489,867,468.96**	275,152,192.58
1 to 2 years	**21,848,188.16**	20,706,123.66
Over 2 years	**3,671,072.73**	9,739,843.86
	515,386,729.85	305,598,160.10

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

6. Taxes payable

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Value-added tax	**21,230,899.91**	38,512,309.75
Corporate income tax	**4,318,494.78**	10,202,241.66
Business tax	**(1,493.01)**	(45,819.29)
Others	**144,547.42**	1,751,824.56
	25,692,449.10	50,420,556.68

7. Revenue and cost of sales

	For the six months ended 30 June 2018 (Unaudited)		For the six months ended 30 June 2017 (Unaudited)	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Principal operations	**760,337,070.47**	**740,074,390.05**	706,511,734.63	666,419,878.23
	760,337,070.47	**740,074,390.05**	706,511,734.63	666,419,878.23

Revenue is stated as follows:

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Sales of piped gas	**710,123,335.64**	662,638,262.51
Gas connection income	**39,858,822.93**	31,837,409.38
Gas transportation and rent income	**5,370,851.91**	5,434,063.89
Sales of gas appliances and others	**4,984,059.99**	6,601,998.85
	760,337,070.47	706,511,734.63

8. Finance costs

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Interest income	**(9,811,186.72)**	(9,409,072.30)
Others	**195,634.16**	228,263.24
	(9,615,552.56)	(9,180,809.06)

All the interest income of the Group is generated from current deposits, time deposits, certificates of deposit and structural deposits.

9. Other income

Government grants related to daily operation:

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)	**Relevant to asset/income**
Tax refund *(Note 1)*	**3,201,239.25**	39,140.28	Income
Deferred income *(Note 2)*	**2,239,480.88**	1,255,491.27	Asset/income
	5,440,720.13	1,294,631.55	

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 preference treatment from 1 April 2012 to 31 March 2022 which contained 10% refund on VAT and 60% refund on local remaining part of business tax in five years. The Group recognised the refund of business tax and VAT actually received of RMB3,201,239.25 (for the six months ended 30 June 2017: RMB39,140.28).

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

10. Investment income

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Income from long-term equity investments under equity method	**596,615.98**	1,546,875.45
Income from wealth management products	**6,262,191.77**	3,826,301.38
	6,858,807.75	5,373,176.83

11. Non-operating income

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Government grants not related to daily operation	**–**	17,000.00
	–	17,000.00

12. Income tax expense

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Current income tax expense	**7,239,584.12**	10,283,875.22
Deferred tax expense	**291,980.85**	313,872.82
	7,531,564.97	10,597,748.04

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

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Total profit	**30,048,399.49**	42,663,122.30
Income tax expense at statutory or applicable tax rate *(note 1)*	**7,512,099.88**	10,665,780.58
Income not subject to tax	**(149,154.00)**	(386,718.86)
Expenses not deductible for tax	**3,313.75**	7,351.36
Adjustments in respect of current tax of previous periods	**23,557.62**	917.60
Deductible temporary differences and tax losses not recognised	**141,747.72**	310,417.36
Tax expense at the Group's effective tax rate	**7,531,564.97**	10,597,748.04

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

13. Dividend

The Directors do not recommend an interim dividend for the six months ended 30 June 2018.

14. Earnings per share

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

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

	For the six months ended 30 June 2018 (Unaudited)	For the six months ended 30 June 2017 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	**22,646,527.12**	32,417,488.23
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

For the six months ended 30 June 2018, 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 optimize its management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the Period, the Group reported a revenue of approximately RMB760,337,000 (for the six months ended 30 June 2017: approximately RMB706,512,000), representing an increase of approximately 8% as compared with the corresponding period of last year. The gross profit margin decreased from approximately 5.28% for the six months ended 30 June 2017 to approximately 2.57% for the Period. Profit before tax from continuing operations of the Group amounted to approximately RMB30,048,000 (for the six months ended 30 June 2017: approximately RMB42,663,000), representing a decrease of approximately 30%.

The decline in financial performance of the Group was mainly attributable to the reduced profit margin, which is a result of lower sale price per unit of piped gas. In the second half of the 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 Period, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, followed by gas connection, gas transportation and sales of gas appliances.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2018, total equity attributable to shareholders of the Company amounted to approximately RMB1,741,016,000 (31 December 2017: approximately RMB1,749,638,000). As of 30 June 2018, the Company had a registered capital of RMB183,930,780 comprising 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the "Share(s)"), which consisted of 1,339,247,800 domestic shares ("Domestic Share(s)") and 500,060,000 H shares ("H Share(s)"). The Group is generally funded by equity financing. As at 30 June 2018, the Group did not have any bank borrowing (31 December 2017: Nil).

As at 30 June 2018, the Group had net current assets of approximately RMB888,210,000 (31 December 2017: approximately RMB877,686,000), including cash and cash equivalents of approximately RMB364,660,000 (31 December 2017: approximately RMB286,395,000).

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

Significant Investments

Save as disclosed in this announcement, the Group did not have significant investments for the six months ended 30 June 2018. Details of the income derived from wealth management products and the wealth management products subscribed by the Company during the Period are set out in note V.10 to key items of the consolidated financial statements and the paragraph headed "Subscription of Wealth Management Products" in this announcement.

Material Acquisition And Disposal

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

Future Plans For Material Investments Or Capital Assets

The Group had no specific plan for material investments or capital assets as at 30 June 2018.

Charges On The Group's Assets

As at 30 June 2018, none of the Group's assets was pledged as security for liability.

Gearing Ratio

The Group's gearing ratio (total liabilities to total asset ratio) as at 30 June 2018 was approximately 0.34 (31 December 2017: approximately 0.29).

Contingent Liabilities

As at 30 June 2018, the Group had no material contingent liabilities or guarantees (31 December 2017: Nil).

Treasury Policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Staff and Emolument Policy

As at 30 June 2018, the Group had a workforce of 835 full-time employees (30 June 2017: 884). Total staff costs amounted to approximately RMB50,950,000 for the six months ended 30 June 2018 (30 June 2017: RMB47,480,000).

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

DIVIDEND

No dividends were declared or proposed during the Period. The Directors do not recommend an interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

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, Tianjin, 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 by 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.

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

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

Directors' Interests in Contracts

Save as disclosed in this announcement, no contract of significance to which the Company or its subsidiaries was a party and in which a Director or supervisor of the Company (the "Supervisor") had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

Corporate Governance

For the Period, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Arrangements to Purchase Shares or Debentures

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

Code of Conduct Regarding Securities Transactions by Directors and Supervisors

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

AUDIT COMMITTEE

The Board established an audit committee (the "Audit Committee") on 3 December 2003 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting system and risk management and internal control systems of the Group. During the Period, the Audit Committee comprised three independent non-executive Directors, namely Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed the unaudited interim results for the Period.

SIGNIFICANT EVENTS

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

Background

津燃華潤燃氣有限公司(Jinran China Resources Gas Co., Ltd.*,"Jinran China Resources"), 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 ("Gas Supply"); 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 China Resources to the Company is now subject to the commercial negotiation between Jinran China Resources 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

On 2 March 2018, the Company entered into supplemental agreements to the gas supply contract dated 31 October 2014 in respect of the supply of natural gas by Jinran China Resources to the Company for the 12 months ended 31 December 2017 (the "2017 Gas Supply Contract") with Jinran China Resources to agree on the unit price of natural gas provided by Jinran China Resources 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 China Resources 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 China Resources and the Company agreed that the unit price of natural gas supplied by Jinran China Resources 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 China Resources 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 and Jinran China Resources are still in the process of formulating the complete pricing 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, 6 April 2018, 17 April 2018 and 2 August 2018.

The Company will provide further updates on the progress of the negotiation with Jinran China Resources 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 supply of natural gas to 天津泰華燃氣有限公司 (Tianjin Taihua Gas Co., Ltd*, "Taihua Gas") by the Company (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 Gas Provision Contract

On 4 June 2018, the Company entered into a new gas provision contract (the "New Gas Provision Contract") with Taihua Gas in respect of the Gas Provision from 1 January 2018 and for a term of three years up to 31 December 2020, with the annual caps not exceeding RMB219,594,599, RMB230,574,329 and RMB242,103,045, to amend and reinstate as appropriate the gas provision contract dated 10 November 2017. The New Gas Provision Contract and the transactions contemplated thereunder were approved by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting of the Company held on 26 June 2018.

For details, please refer to the notice of the extraordinary general meeting of the Company dated 23 March 2018, the announcements of the Company dated 4 June 2018 and 26 June 2018, and the circular of the Company dated 8 June 2018.

Connected Transaction in relation to Purchase of Gas Meters

On 12 February 2018, the Company entered into a purchase agreement (the "Purchase 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 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 the highest applicable percentage ratio (as defined under the Listing Rules) for the Purchase Agreement, either on a standalone basis or when aggregated with the purchase and sales agreement dated 18 October 2017, 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 a principal guaranteed structured deposit with guaranteed return in the subscription amount of RMB200 million (equivalent to approximately HK$247 million as at 26 February 2018) for a term of deposit from 26 February 2018 to 26 August 2018 with an interest rate of 4.4% per annum.

As the highest relevant applicable percentage ratio (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) for a term of investment from 27 February 2018 to 27 August 2018.

As the highest relevant applicable percentage ratio (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.

Possible Transfer of the Domestic Shares Held by Tianjin Gas to Jinran China Resources

On 7 June 2018, Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited (華潤燃氣(香港)投資有限公司) entered into a memorandum of understanding to procure the acquisition by Jinran China Resources of all the Domestic Shares held by Tianjin Gas (the "Target Shares"). As at the date of this announcement, Tianjin Gas held 1,297,547,800 Domestic Shares, representing approximately 70.54% of the total issued Shares.

Subject to a formal agreement to be entered into between Tianjin Gas and Jinran China Resources in relation to the transfer of the Target Shares and the satisfaction or waiver (as the case may be) of the conditions precedents thereof, Jinran China Resources (or its wholly-owned subsidiary) and the parties acting in concert with it will hold approximately 70.54% of the entire issued share capital of the Company as at the date of this announcement. In accordance with the requirement of the Code on Takeovers and Mergers issued by The Securities and Futures Commission of Hong Kong (the "Takeovers Code"), if the transfer of the Target Shares is completed, Jinran China Resources will be required to make a mandatory unconditional cash offer for all of the issued Shares (other than those already owned or agreed to be acquired by Jinran China Resources and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. As at the date of this announcement, Tianjin Gas and Jinran China Resources have not entered into any formal agreement for the transfer of the Target Shares and the negotiations are still in progress. The detailed terms and timetable concerned are subject to further agreement between Tianjin Gas and Jinran China Resources, and the transfer of the Target Shares may or may not proceed.

For details, please refer to the Company's announcements dated 8 June 2018, 8 July 2018 and 7 August 2018.

Amendments of the Articles of Association of the Company

Annual general meeting held on 26 June 2018

At the annual general meeting of the Company held on 26 June 2018 (the "AGM"), the Shareholders approved a special resolution in respect of the amendments to the articles of association of the Company (the "Articles") concerning the structure of the share capital of the Company in order to comply with relevant PRC laws and regulations. For details, please refer to the announcement of the Company dated 4 May 2018 and the circular of the Company dated 11 May 2018.

Extraordinary general meeting held on 6 February 2018

The Shareholders had approved a special resolution at an extraordinary general meeting of the Company held on 6 February 2018 to amend the Articles regarding 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 15 December 2017 and 6 February 2018, and the circular of the Company dated 29 December 2017.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes and updated information regarding the Directors and Supervisors since the Company's last published annual report and up to the date of this announcement are set out below:

1. Change of Directors and positions held with the Company:

   (a) Mr. Zhang Tian Hua, Ms. Wang Wen Xia and Mr. Zhang Guo Jian, previously executive Directors, and Mr. Li Da Chuan, previously a non-executive Director, had retired from office as executive Directors or non-executive Director, respectively, and did not seek re-election at the AGM with effect from the conclusion of the AGM due to other work arrangement. Following the retirement of Mr. Zhang Tian Hua and Mr. Zhang Guo Jian as executive Directors, Mr. Zhang Tian Hua ceased to act as the chairman of the Board and the chairman of the nomination committee of the Company (the "Nomination Committee"), and Mr. Zhang Guo Jian ceased to act as an authorised representative of the Company for the purpose of the Listing Rules.

   (b) At the AGM, Mr. Zhao Wei and Mr. Wang Quan Hong had been appointed as executive Directors, and Mr. Wang Jin, Mr. Hou Shuang Jiang (formerly an executive Director) and Mr. Zhao Heng Hai had been appointed as non-executive Directors, and Ms. Tang Jie had been re-elected as the executive Director, and Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li had been re-elected as independent non-executive Directors.

   (c) Following the retirement of Mr. Zhang Tian Hua and Mr. Zhang Guo Jian as executive Directors,

      (i) Mr. Zhao Wei had also been appointed as the chairman of the Board and the chairman of the Nomination Committee; and

      (ii) Mr. Wang Quan Hong had also been appointed as the authorised representative of the Company for the purpose of the Listing Rules.

   For details, please refer to the announcements of the Company dated 19 April 2018, 26 June 2018 and 29 June 2018, and the circular of the Company dated 11 May 2018.

2. Change of Supervisors:

   (a) Due to work arrangement, Mr. Feng Jinhu had retired as the Supervisor with effect from the conclusion of the AGM.

   (b) At the AGM, Mr. Yang Hu Ling had been re-elected as the Shareholders' representative Supervisor, and Ms. Xu Hui and Mr. Liu Zhi Yuan had been re-elected as the independent Supervisors. Ms. Hao Li had been re-elected, and Ms. You Hui Yan had been elected, as the staff representative Supervisors at the staff representatives' meeting.

   For details, please refer to the announcements of the Company dated 19 April 2018, 26 June 2018 and 29 June 2018, and the circular of the Company dated 11 May 2018.

3. Change of Senior Management:

   With effect from 19 April 2018,

   (a) Mr. Zhang Guo Jian, Ms. Wang Li Ping and Ms. Ma Xin resigned as the general manager, the financial controller and the assistant to the general manager of the Company, respectively, due to work arrangement; and

   (b) Mr. Wang Quan Hong, Mr. Liu Xing Hua and Ms. An Li had been appointed as the general manager, deputy general manager and financial controller of the Company, respectively.

CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

With effect from 24 May 2018,

(a) Mr. Wong Yat Tung resigned as the company secretary of the Company (the "Company Secretary") and ceased to act as an authorised representative of the Company under Rule 3.05 of the Listing Rules and an authorised representative of the Company for accepting service of process or notices in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "Authorised Representative"); and

(b) Mr. Lau Kwok Yin had been appointed as the Company Secretary and the Authorised Representative in replacement of Mr. Wong Yat Tung.

For details, please refer to the announcements of the Company dated 19 April 2018 and 24 May 2018.

SUBSEQUENT EVENTS

Change of Principal Place of Business in Hong Kong

The Company's principal place of business in Hong Kong has been changed to 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong with effect from 30 July 2018.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhao Wei
Chairman

Tianjin, the People's Republic of China, 29 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman), Ms. Tang Jie and Mr. Wang Quan Hong, three non-executive Directors, namely Mr. Hou Shuang Jiang, Mr. Wang Jin and Mr. Zhao Heng Hai, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

* *for identification purpose only*