

中國天然氣集團有限公司 CHINA LNG GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

ANNUAL REPORT 2014





Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Biographical Details of Directors and Senior Management	7
Corporate Governance Report	10
Report of the Directors	17
Independent Auditor's Report	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Consolidated Financial Statements	28
Financial Summary	55
Group's Properties	56



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kan Che Kin, Billy Albert (*Chairman*)
Mr. Chen Li Bo (*Deputy Chairman*)
(appointed on 9 January 2015)
Ms. Li Shu Han, Eleanor Stella
Mr. Li Kai Yien, Arthur Albert

Independent Non-Executive Directors

Mr. Simon Murray
(appointed on 23 October 2014)
Dr. Lam, Lee G.
(appointed on 23 October 2014)
Mr. Li Siu Yui
Mr. Ip Woon Lai
Mr. Lee Kong Leong

AUDIT COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Ip Woon Lai
Mr. Lee Kong Leong

REMUNERATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Ip Woon Lai
Mr. Kan Che Kin, Billy Albert

NOMINATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Ip Woon Lai
Mr. Kan Che Kin, Billy Albert

COMPANY SECRETARY

Ms. Ha Cheuk Man

INDEPENDENT AUDITORS

PKF

AUTHORISED REPRESENTATIVES

Mr. Kan Che Kin, Billy Albert
Ms. Ha Cheuk Man

PRINCIPAL BANKERS

Hang Seng Bank Limited
China Construction Bank (Asia)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F, St. John's Building
33 Garden Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

chinalng.todayir.com

STOCK CODE

931



Chairman's Statement

On behalf of the board of directors (the "Directors") of China LNG Group Limited (the "Company"), I now present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

BUSINESS REVIEW

During the year, there has been a significant increase in net profit to approximately HK\$293,732,000 (2013: HK\$20,600,000) representing an increase by over 13 times as compared to 2013. The significant increase was mainly attributable to a net bargain purchase gain on acquisition and realised gain on total disposal of shares (the "Fullshare Shares") and convertible bonds (the "Convertible Bonds") of Fullshare Holdings Limited (previously named as Warderly International Holdings Limited) ("Fullshare"), the shares of which are listed on the Main Board of the Stock Exchange, of approximately HK\$350 million recognised in the segment of trading of securities. During the year, the Group purchased 152,050,000 Fullshare Shares and Convertible Bonds in the principal amounts of HK\$80,000,000 at a consideration of HK\$87,602,500 from Mr. Kan Che Kin, Billy Albert, an executive Director and substantial shareholder of the Company. Shortly afterwards, the Group entered into a conditional transfer deed dated 21 June 2014 in relation to disposal of the Convertible Bonds for a cash consideration of HK\$380,000,000 and disposed of the entire shares of Fullshare through the market. Total gain generated from segment of trading of held for trading securities was approximately HK\$357 million for the year ended 31 December 2014.

For the segment of properties investment, the Group holds three residential properties located in Kwu Tung, Central Mid-levels and Repulse Bay. During the year, only the residential property located in Central Mid-levels derived rental income while the other two residential properties located in Kwu Tung and Repulse Bay remained vacant. The property located in Kwu Tung was subsequently disposed of at a consideration of HK\$27,500,000 on 16 February 2015. The Group continues to seek for tenants of the vacant property located in Repulse Bay.

China is considered to be the largest energy consumers in the world. In order to control the smog pollution and to improve air quality, the use of natural gas will increase significantly in sectors of large coal and oil consumption. Since 2013, the Company has been engaging great effort in negotiations with governments in various provinces in the People's Republic of China (the "PRC") and other parties in the private and public sectors in relation to the development of the liquefied natural gas (the "LNG") businesses in the PRC. During the year, the Company has entered into seventeen strategic cooperation framework agreements/letters of intent with various PRC government departments, PRC listed companies and PRC private companies in relation to investment in aspects of application of LNG related businesses.

At the annual general meeting of the Company held on 21 May 2014, the resolution of change of name of the Company to "China LNG Group Limited" in English and "中國天然氣集團有限公司" in Chinese (for identification purpose only) was unanimously passed by the shareholders of the Company. The new name of the Company brings a fresh corporate image and more accurately reflects the Group's direction in the development of LNG related businesses in the future. During the year, a large management team has been set up in formulating development plans and procedures on the finance leasing business of LNG vehicles and vessels in China. We expect this new business to bring new momentum and start a new chapter in the development of LNG business in China for the Group.



Chairman's Statement

PROSPECTS

2015 is a year turning a new chapter in the natural gas industry in China for the Company.

The Company has now set up two wholly owned subsidiaries in China respectively in June 2014 and February 2015.

The first subsidiary “宏勢投資管理(上海)有限公司” (Great Trend Investment Management (Shanghai) Co., Ltd*) (“Great Trend”), which is set up in Shanghai Pilot Free Trade Zone in June 2014, is to be responsible for investment in natural gas midstream and downstream projects. In the recent years, there has been a blowout development in the natural gas upstream chain in China based on repeated emphasis by the state in the use of natural gas to improve the pollution problem in China. However, the development of the end user market in the nature gas downstream is obviously very much lagging behind that of the upstream. Great Trend is to invest in LNG filling and refilling facilities specifically for the inland transportation heavy vehicles and vessels sailing along the inland rivers throughout China

The second subsidiary “港能國際融資租賃有限公司” (China LNG Finance Leasing Co., Ltd*) (“CLNG Finance”) is set up in Shanghai in February 2015. CLNG Finance is to provide finance leasing services for LNG transport vehicles and vessels and equipments. CLNG Finance is also making arrangements to set up other subsidiaries in Zhejiang, Guangdong and Tianjin. The initial registered capital of USD48 million has already been injected into CLNG Finance bank account in Shanghai, allowing the subsidiary to conduct leasing business up to USD 480 million through lending from the banking system in China.

Our management in Shanghai are finalising the registration of “綠車會” (Environment Vehicles Club) that provides a comprehensive platform for heavy vehicle operators and vessel operators looking to purchase a LNG vehicle and a LNG vessel. This platform will provide a convenient service to our buyers for OEM manufactured LNG vehicles / vessels, planting of LNG refilling stations along their transmission routes, legal and safety protection through our IT designed systems inside the vehicles/vessels, privileged discounts in LNG refill and insurance coverages, special maintenance discounted programs with the manufactures, sharing of advertising income and other products privileges being offered from time to time by merchants in different consumer markets.

At present, there are over 20 million heavy vehicles and 1.2 million river and offshore vessels. Every year, 800,000 new heavy vehicles and over 10,000 new vessels would need to be purchased to replace those obsolete ones due to heavy usages. Over 80% of these new purchases have financing needs. In the National People's Congress of this year, Premier Li Ke-qiang considered environmental pollution as the “Disease of people's livelihood, pain in people's hearts”; the government is more determined than it has ever been to strengthen the control of smog from its originating sources by changing the fuel structure of transport vehicles and vessels. The Company aims at promoting the use of LNG, cooperate with the green energy strategy of the state. The Company will make investment through the understanding and support of local governments and people from different backgrounds. Apart from the fact that the prospect of our LNG business in China is exceptionally large and bright that will make big income for our shareholders, we shall also help to recreate a white cloud and blue sky for our next generation in China.

Kan Che Kin, Billy Albert

Chairman

Hong Kong, 30 March 2015

* For identification purpose only



Management Discussion and Analysis

FINANCIAL REVIEW

During the year, turnover of the Group increased significantly by over 13 times from approximately HK\$24,831,000 to approximately HK\$357,893,000. The increase in turnover mainly resulted from a net bargain purchase gain on acquisition and realised gain on total disposal of Fullshare Shares and the Convertible Bonds of approximately HK\$350 million recognised in the segment of trading of securities. Dividend income for the year from held for trading investments decreased by 70% from approximately HK\$8,330,000 to approximately HK\$2,492,000.

For the segment of investment properties, the Group holds three residential properties located in Kwu Tung (the “Kwu Tung Property”), Central Mid-levels (the “Central Property”) and Repulse Bay (the “Repulse Bay Property”) (collectively, the “Properties”) during the year. Based on the independent valuation of the Properties, the values of the Properties totally increased by approximately HK\$1,822,000 for the year ended 31 December 2014 as compared with 31 December 2013. The rental income of HK\$840,000 remains unchanged, which was derived from the Central Property for both years. The Kwu Tung Property and Repulse Bay Property remained vacant during the year. Subsequent to the year ended 31 December 2014, the Kwu Tung Property was disposed of at a consideration of HK\$27,500,000. The Group continues to seek for tenant of the Repulse Bay Property for rental income purpose.

In conclusion, the net result of the Group increased significantly by over 13 times to approximately HK\$294 million as compared to 2013.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK\$246 million as at 31 December 2014 (2013: approximately HK\$170 million). There was no other short-term borrowing as at 31 December 2014 and 31 December 2013, no gearing ratio of the Group as at 31 December 2014 and 31 December 2013 was calculated. Net assets were approximately HK\$492 million as at 31 December 2014 (2013: approximately HK\$255 million).

The Group recorded total current asset value of approximately HK\$460 million as at 31 December 2014 (2013: approximately HK\$171 million) and total current liability value of approximately HK\$57 million as at 31 December 2014 (2013: approximately HK\$1.5 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was approximately 8.1 as at 31 December 2014 (2013: approximately 117.89).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group were mainly denominated in Hong Kong dollars and United States dollars. In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the year. The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

TREASURY POLICIES

Bank balance and cash held by the Group were denominated in Hong Kong dollars and United States dollars. The Group currently does not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored interest rate exposure from time to time and will consider hedging significant interest rate exposure should the need arise.



Management Discussion and Analysis

PLEDGE OF ASSETS

The Group had no pledged assets as at 31 December 2014.

SIGNIFICANT INVESTMENT

During the year, the Group acquired equity securities listed in Hong Kong of approximately HK\$222 million and convertible bonds of a Hong Kong listed company of HK\$80 million, of which approximately HK\$93,472,000 had been disposed of. As at 31 December 2014, the held for trading investment represented the equity securities listed in Hong Kong at fair value of approximately HK\$213 million. Details of the performance of these listed securities are set out in Note 7 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries or associated companies for the year ended 31 December 2014.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 31 December 2014 are set out in note 7 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2014.

STAFF AND REMUNERATION POLICIES

As at 31 December 2014, the Group had 17 employees (2013: 5 employees). The Group's total staff costs amounted to approximately HK\$2,212,000 (2013: HK\$1,799,000) for the year ended 31 December 2014.

The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance. Other benefits include medical and retirement schemes.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "Audit Committee") include the review and supervision of the Group's financial reporting process and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014 and was of the opinion that the audited consolidated financial statements of the Group have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.

MAJOR CORPORATE EVENT

During the reporting period, the name of the Company was changed to "China LNG Group Limited" in English and "中國天然氣集團有限公司" in Chinese (for identification purpose only). The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 28 May 2014 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 June 2014. The stock short name of Shares for trading on the Stock Exchange was changed to "CHINA LNG" in English and to "中國天然氣" in Chinese with effect from 9:00 a.m. on 23 June 2014.



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kan Che Kin, Billy Albert (“Mr. Kan”)

Mr. Kan, aged 62, was appointed as an executive Director, the chairman and the chief executive officer of the Company in May 2013. Mr. Kan graduated from the University of East Anglia with a Bachelor of Science degree. Mr. Kan is an associate member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and a fellow of the Hong Kong Securities Institute. Mr. Kan had worked with Deloitte Touche Tohmatsu and KPMG and is equipped with extensive experience in accounting, taxation and corporate finance. In addition, Mr. Kan has over 20 years of experience in serving on the board of directors of financial institutions and listed companies in Hong Kong, including Security Pacific Credit Hong Kong Limited (a subsidiary of Security Pacific National Bank, taken over by Bank of America then by China Construction Bank), Burlingame International Company Limited (now renamed as EverChina Int’l Holdings Company Limited) (stock code: 202) and Warderly International Holdings Limited (now renamed as Fullshare Holdings Limited) (stock code: 607). Mr. Kan resigned as a director of EverChina Int’l Holdings Company Limited in September 2000 and of Fullshare Holdings Limited in December 2013. Mr. Kan is also a director of several wholly-owned subsidiaries of the Company. Ms. Li Shu Han, Eleanor Stella is a niece of Mr. Kan, Mr. Li Kai Yien, Arthur Albert is a nephew of Mr. Kan.

Mr. Chen Li Bo (“Mr. Chen”)

Mr. Chen, aged 65, was appointed as an executive Director and the deputy chairman of the Company in January 2015. Mr. Chen graduated from China’s Northeastern University of Finance (formerly the Liaoning Institute of Finance), worked for the China Construction Bank for over 15 years and was a vice president of the Pudong branch. Mr. Chen worked over 14 years for HKC (Holdings) Limited, whose predecessor is Kumagai Gumi (Hong Kong) Limited 熊谷組(香港)有限公司 and was their executive director, chief operating officer, deputy chairman and chief executive officer. Mr. Chen has served on the board of directors of two listed companies in Hong Kong, including HKC (Holdings) Limited (stock code: 190) and J.I.C. Technology Company Limited (now renamed as China Renewable Energy Investment Limited) (stock code: 987). He resigned as director of HKC (Holdings) Limited and China Renewable Energy Investment Limited in 2008. Mr. Chen has extensive experience in finance and corporate affairs in China.

Ms. Li Shu Han, Eleanor Stella (“Ms. Li”)

Ms. Li, aged 45, was appointed as an executive Director in October 2007. She holds a Bachelor of Science Accounting degree from University of Southern California. Ms. Li was admitted as a member of American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants in 1995. She has extensive experience in accounting, corporate finance and corporate restructuring. Ms. Li is currently a director of Wealth Loyal Development Limited, a private company engaged in investment holding. Ms. Li is a niece of Mr. Kan and sister of Mr. Li Kai Yien, Arthur Albert.

Mr. Li Kai Yien, Arthur Albert (“Mr. Li”)

Mr. Li, aged 42, was appointed as an executive Director in October 2007. Mr. Li graduated from University of Southern California with a Bachelor of Science degree in 1995. Mr. Li has been a Certified Public Accountant since 2001 and has more than 10 years’ experience in accounting and securities dealing. Mr. Li is currently a dealer representative of Phillip Securities (HK) Ltd. Mr. Li is a nephew of Mr. Kan and brother of Ms. Li.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Simon Murray (“Mr. Murray”)

Mr. Murray, aged 75, was appointed as an independent non-executive Director in October 2014. Mr. Murray has been awarded the CBE (Commander of the British Empire) by H.M. The Queen, and the Order of Merit of the French Republic and is a “Chevalier de La Legion d’Honneur”. He holds an Honorary Degree in law, from Bath University and attended the (SEP) Stanford Executive Programme in the United States.



Biographical Details of Directors and Senior Management

Mr. Murray is currently the chairman of General Enterprise Management Services (International) Limited (GEMS Ltd.), a private equity fund management company. He is a non-executive director of Greenheart Group Limited (Stock Code: 94) and IRC Limited (Stock Code: 1029), and an independent non-executive director of CK Hutchison (Holdings) Limited (with effect from 18 March 2015, Cheung Kong (Holdings) Limited became a wholly owned subsidiary of CK Hutchison Holdings Limited and its listing status was replaced by CK Hutchison (Stock Code: 0001)), Orient Overseas (International) Limited (Stock Code: 316), Wing Tai Properties Limited (Stock Code: 369) and Spring Asset Management Limited (Stock Code: 1426), the manager of Spring Real Estate Investment Trust, all of which are companies listed on the Stock Exchange. He is also a non-executive director of Compagnie Financière Richemont SA, a company listed in Switzerland.

He has been an independent non-executive director and vice chairman of Essar Energy Plc from April 2010 to May 2014, and the chairman and an independent non-executive director of Gulf Keystone Petroleum Ltd. from July 2013 to April 2015, both companies are listed in the United Kingdom. He was formerly an independent non-executive director of Hutchison Whampoa Limited (Stock Code: 13), Arnhold Holdings Limited (renamed to Summit Ascent Holdings Limited after his resignation on 24 March 2011) and a non-executive chairman of Glencore International Plc (renamed to Glencore Xstrata Plc)(Stock Code: 805), all are companies listed in Hong Kong; an independent director of Sino-Forest Corporation, previously listed in Canada and a non-executive director of Vodafone Group Plc, a company listed in the United Kingdom.

Dr. Lam, Lee G. (“Dr. Lam”)

Dr. Lam, aged 55, was appointed as an independent non-executive Director in October 2014. Dr. Lam is currently Chairman-Indochina, Myanmar and Thailand (and formerly Chairman-Hong Kong), and Senior Adviser-Asia, of Macquarie Capital (Hong Kong) Limited.

Dr. Lam holds a Bachelor of Science in Sciences and Mathematics, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the United Kingdom, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in law from the University of Wolverhampton in the United Kingdom, a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

Dr. Lam has over 30 years of experience in multinational general management, management consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications, media and technology (TMT), consumer/healthcare, infrastructure/real estates, resources/energy and financial services sectors, and he also serves on the board of a number of publicly listed companies and investment funds in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and the Legal Aid Services Council of Hong Kong, Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People’s Political Consultative Conference (CPPCC), a Vice Chairman of Liaoning Chinese Overseas Friendship Association, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents’ Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the General Council of the Chamber of Hong Kong Listed Companies, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a Member of the Hong Kong – Thailand Business Council, a founding Member of the Hong Kong-Korea Business Council, a Vice President of the Hong Kong Real Property Federation, and Chairman of Monte Jade Science and Technology Association of Hong Kong, a Member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, and an adjunct professor at the Department of Management in the Chinese University of Hong Kong.



Biographical Details of Directors and Senior Management

Dr. Lam is currently an independent non-executive director of CSI Properties Limited (Stock Code:497), Glorious Sun Enterprises Limited (Stock Code: 393), Heng Fai Enterprises Limited (Stock Code:185), Imagi International Holdings Limited (Stock Code: 585), Mei Ah Entertainment Group Limited (Stock Code: 391), Mingyuan Medicare Development Company Limited (Stock Code: 233), Sunwah Kingsway Capital Holdings Limited (Stock Code: 188), Vongroup Limited (Stock Code: 318), all of which are companies listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He is an independent/non-executive director of Rowsley Limited (Stock Code: A50), Asia-Pacific Strategic Investments Limited (Stock Code: 5RA) and Top Global Limited (Stock Code: 519), all of which are companies listed on the Stock Exchange of Singapore. He is also an independent/non-executive director of Sunwah International Limited (Stock Code: TSX SWH)(listed on the Toronto Stock Exchange), Vietnam Equity Holding (Stock Code: 3MS) and Vietnam Property Holding (Stock Code: 3MT) (both companies are listed on the Stuttgart Stock Exchange) and Coalbank Limited (Stock Code: ASX CBQ) (listed on the Australian Stock Exchange).

Mr. Li Siu Yui

Mr. Li Siu Yui, aged 44, was appointed as an independent non-executive Director in October 2007. He holds a Master’s degree in Business Administration from University of Wales. He has over 10 years’ experience in the area of investment. He was working in securities companies during the period from 1997 to 2002. He has been engaged as an investment manager in two private companies since 2002.

Mr. Ip Woon Lai (“Mr. Ip”)

Mr. Ip, aged 44, was appointed as an independent non-executive Director in October 2007. Mr. Ip holds a Bachelor of Commerce in Accounting and Finance degree from University of New South Wales and was admitted as a certified practicing accountant of the Australian Society of Certified Practicing Accountants in 1998. He began his professional career with Arthur Andersen & Co. in Hong Kong in 1994. Mr. Ip has extensive corporate finance and investment banking experience and had worked for various international investment banks including Warburg Dillon Read and ING Bank N.V.. He had also worked in Hysan Development Company Limited where he served as deputy head of corporate finance from 2005 to 2006. After that, Mr. Ip has been working in private equity industry in the Greater China region.

Mr. Lee Kong Leong (“Mr. Lee”)

Mr. Lee, aged 50, was appointed as an independent non-executive Director in December 2006. Mr. Lee holds a Bachelor of Commerce in Accounting and Information Systems degree from the University of New South Wales. He began his professional career with Coopers & Lybrand in Malaysia in 1988. From 1989 to 1995, he held senior positions with PriceWaterhouseCoopers and C.P. Pokphand Ltd. in Hong Kong. He is a certified practicing accountant with the Australian Society of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. From 2001 to 2004, he was a director of Harbin Brewery Group Limited, a company listed on the Stock Exchange from 2002 to 2004.

SENIOR MANAGEMENT

Ms. Ha Cheuk Man (“Ms. Ha”)

Ms. Ha, aged 34, was appointed as the company secretary of the Company in December 2013. Ms. Ha holds a Bachelor Degree of Business Administration (Hon) in Accounting from the Hong Kong Baptist University. She is a member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in the field of accounting, auditing, taxation and secretarial services.



Corporate Governance Report

CORPORATE GOVERNANCE CODE

China LNG Group Limited (the “Company”) is committed to maintaining a high standard of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (collectively, the “Group”) to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders of the Company (the “Shareholders”) and other stakeholders.

The Company has complied with the code provisions of the Corporate Governance Code during the year ended 31 December 2014 except for the following deviations:

1. Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company have been held by Mr. Kan during the year. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Mr. Kan and believes that his dual roles will be beneficial to the Group.
2. Under the Code Provisions A.4.1 and A.4.2, non-executive Director should be appointed for a specific term and each Director should be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors (“INEDs”) are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association (the “Articles of Association”) of the Company at least once every three years.
3. Under the Code Provision A.6.7, non-executive directors, including independent non-executive directors, should attend board, committee and general meetings. One of the INEDs, namely Mr. Lee Kong Leong was unable to attend the extraordinary general meetings (the “EGMs”) held on 24 April 2014 and 23 October 2014 as he had other business engagements. However, he subsequently requested the company secretary of the Company to report to him on the views of the Shareholders in the EGMs. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the INEDs was ensured.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. According to the Model Code A.3(a)(i) and B.8, a director must not deal in any securities of the listed issuer without first notifying in writing the chairman or a director other than him and receiving a dated written acknowledgement during the period of 60 days immediately preceding the publication date of the annual results and a director must not deal in any securities of the listed issuer.

Ms. Li Shu Han, Eleanor Stella (“Ms. Li”), an executive director of the Company, disposed 1,000,000 share of the Company in the market on 2 September 2014 without notifying in writing the Company’s chairman or a designated director and has not obtained a written acknowledgement as set out in Rule B.8 of the Model Code. On 17 September 2014, Ms. Li notified the Company of the above transaction and undertook that she will in future comply with the required standards as set out in the Model Code.

Mr. Li Kai Yien, Arthur Albert (“Mr. Li”), an executive director of the Company, has mistakenly purchased in total 800,000 shares of the Company from the market during the prohibition period (from 29 January 2015 to 30 March 2015) on 9 March, 10 March and 11 March 2015 respectively without first notifying in writing the Company. However, Mr. Li has disposed all 800,000 shares of the Company at a loss through the market immediately on 11 March 2015 as soon as he discovers this mistake. On 11 March 2015, Mr. Li notified the Company the above transactions and undertook that he will comply with the required standards as set out in the Model Code in future.

Save as disclosed above, the Company has made specific enquiry of all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the year ended 31 December 2014 and up to 30 March 2015.



Corporate Governance Report

BOARD OF DIRECTORS

The Board currently comprises nine Directors, with five INEDs. The composition of the Board during the year is set out as follows:

Executive Directors

Mr. Kan (*Chairman*) (Note 1)
Mr. Chen Li Bo (*Deputy Chairman*) (appointed on 9 January 2015)
Mr. Li Kai Yien, Arthur Albert (Note 1)
Ms. Li Shu Han, Eleanor Stella (Note 1)

INEDs

Mr. Simon Murray (appointed on 23 October 2014)
Dr. Lam, Lee G. (appointed on 23 October 2014)
Mr. Li Siu Yui
Mr. Ip Woon Lai
Mr. Lee Kong Leong

Note 1 Ms. Li Shu Han, Eleanor Stella is the niece of Mr. Kan and sister of Mr. Li Kai Yien, Arthur Albert. Mr. Li Kai Yien, Arthur Albert is the nephew of Mr. Kan.

The Board is responsible for approving and monitoring the Group's strategies, policies and business plans, reevaluating the performance of the Group and supervising the work of management. The management is responsible for the daily operations of the Group including the preparation of annual and interim accounts for Board approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and ensuring compliance in accordance with the relevant statutory requirements and rules and regulations.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules that requires every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

The INEDs are not appointed for specific terms but are subject to retirement by rotation and re-election in accordance with the Articles of Association at least once every three years.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.



Corporate Governance Report

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. According to the training records provided to the Company by the individual Directors, the Directors have read journals, regulatory updates and/or attended external seminars and programmes with appropriate emphasis on the roles, functions and duties of a director of a listed company in 2014.

The roles of the chairman and the chief executive officer were both held by Mr. Kan during the year. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies.

One INED, Mr. Lee Kong Leong was unable to attend the EGMs as he had other business engagements. However, he subsequently requested the company secretary of the Company to report to him on the views of the Shareholders in the EGMs. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the INEDs was ensured.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “Board Diversity Policy”) on 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The nomination committee of the Company (the “Nomination Committee”) will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

A copy of the Board Diversity Policy has been published on the Stock Exchange’s website for public information.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) consists of one executive Director and two independent non-executive Directors and its members during the year were:

Mr. Li Siu Yui (*Chairman*)
Mr. Ip Woon Lai
Mr. Kan

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies to all Directors and the senior management, to review and approve the management’s proposals with reference to the Board’s corporate goals and objectives, to determine the remuneration packages of individual executive Directors and senior management, including benefits-in-kind, pension rights and compensation payments, and to make recommendation to the Board on the remuneration of the non-executive Directors.



Corporate Governance Report

In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management. The terms of reference of the remuneration committee, which described its authority and duties, are available on the Company's website.

No Directors can determine their own remuneration package. During the year, the Remuneration Committee held one meeting. Matters considered at the meeting included revision of the compensation payable to all Directors and senior management of the Group and recommendation to the Board on the Group's remuneration policy and structure.

Remuneration payable to senior management (excluding Directors) for the year ended 31 December 2014 is within the HK\$500,000 to HK\$1,000,000 band. Directors' emoluments comprise payments to the Directors by the Group in connection with the management of the affairs of the Group and other benefits. The amounts paid to each Director for the year ended 31 December 2014 are shown in note 9 to the consolidated financial statements.

AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") was formed to review and supervise the financial reporting process and internal control of the Company. The Audit Committee comprises solely the three independent non-executive Directors and both Mr. Ip Woon Lai and Mr. Lee Kong Leong possess the appropriate professional qualifications, business and financial experience and skills. The Audit Committee members during the year were:

Mr. Li Siu Yui (*Chairman*)
Mr. Lee Kong Leong
Mr. Ip Woon Lai

The Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determine is necessary and to perform investigations.

The terms of reference of the audit committee, which described its authority and duties, are available on the Company's website.

During the year, the Audit Committee held two meetings. Matters considered at the meetings included revision of the Group's 2013 annual results, 2014 interim results, the fees for engaging the external auditors to provide the audit for the year 2013 and the interim review for the year 2014, the independence of the external auditors, the fees for non-audit services, the Company's financial control, internal control and risk management system.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") in October 2007. The Nomination Committee consists of one executive Director and two independent non-executive Directors and its members during the year were:

Mr. Li Siu Yui (*Chairman*)
Mr. Ip Woon Lai
Mr. Kan

The Nomination Committee has established formal procedures for the appointments of new Directors and re-nomination and re-election of Directors. In nominating candidates for appointment of Directors, the Nomination Committee will consider their necessary expertise and experience. The Nomination Committee held one meeting during the year. Matters considered at the meeting included revision of the structure, size and composition of the Board, qualifications for all Directors and senior management of the Group and independence of the independent non-executive Directors.

The terms of reference of the nomination committee, which described its authority and duties, are available on the Company's website.

Corporate Governance Report

DIRECTORS' ATTENDANCE AT BOARD, REMUNERATION COMMITTEE, NOMINATION COMMITTEE AND AUDIT COMMITTEE MEETINGS AND GENERAL MEETINGS

Directors	Attendance/Number of meetings held during the year					
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Annual general meeting	Extraordinary general meeting
Executive Directors						
Mr. Kan (<i>Chairman</i>)	18/18	N/A	1/1	1/1	1/1	1/2
Ms. Li Shu Han, Eleanor Stella	17/18	N/A	N/A	N/A	0/1	0/2
Mr. Li Kai Yien, Arthur Albert	18/18	N/A	1/1	1/1	1/1	2/2
INEDs						
Mr. Simon Murray (appointed on 23 October 2014)	0/0 (during appointment period)	N/A	N/A	N/A	0/0 (during appointment period)	0/0 (during appointment period)
Dr. Lam, Lee G. (appointed on 23 October 2014)	0/0 (during appointment period)	N/A	N/A	N/A	0/0 (during appointment period)	0/0 (during appointment period)
Mr. Li Siu Yui	18/18	2/2	1/1	1/1	1/1	2/2
Mr. Ip Woon Lai	18/18	2/2	1/1	1/1	1/1	2/2
Mr. Lee Kong Leong	16/18	2/2	N/A	N/A	1/1	0/2

AUDITOR'S REMUNERATION

The amount of auditor's remuneration for the year ended 31 December 2014 was HK\$335,000. Messrs. PKF also provided non-audit services including taxation services to the Group for the year ended 31 December 2014. In considering the re-appointment of external auditors, the Audit Committee has taken into consideration their relationship with the Company and their independence in the provision of non-audit services. Based on the results of the review and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint Messrs. PKF as the external auditors of the Company for the year 2015, subject to approval by the Shareholders at the forthcoming annual general meeting to be held on 21 May 2015. There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee within one year commencing on the date of his ceasing to be a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

INTERNAL CONTROL

During the year, the Board through the Audit Committee, has conducted a review of the effectiveness of the system of internal control of the Group to ensure that a sound internal control system is maintained and operated by the management in compliance with the agreed procedures and standards. The review has covered all material aspects of internal control including financial, operational and compliance controls and risk management functions of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 31 December 2014. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 31 December 2014 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

A report of the independent auditors of the Group is set out on page 23 of this annual report.



Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

A Shareholders' communication policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at chinaing.todayir.com;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;
- (iv) Annual general meeting and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management;
- (v) the Company's share registrars' serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;
- (vi) Shareholders and the investment community may at any time make a request to the company secretary of the Company in writing for the Company's information to the extent such information is publicly available. The contacts details are set out in the "Company Information" section of the Company's website at chinaing.todayir.com; and
- (vii) Publicly available news and information about the Company can also be sent to Shareholders who have subscribed to the service on the Company's website.

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the Shareholders. Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting of the Company. The chairman of the Board had attended the AGM.

Mr. Li Siu Yui, the chairman of the Remuneration Committee, Audit Committee and Nomination Committee and the auditors of the Company had attended the AGM.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, one of the INEDs, Lee Kong Leong could not attend the EGMs. However, he subsequently requested the company secretary of the Company to report to him on the views of the Shareholders in the EGMs. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the INEDs was ensured.

The notice to Shareholders is to be sent in the case of an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered not less than 21 clear days before the meeting. All other extraordinary general meetings may be called by not less than 14 clear days' notice. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.



Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the company secretary of the Company of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If the Board do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionist(s) shall convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may by ordinary resolution elect any individual ("Candidate") to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedures:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.
2. Obtain a notice signed by the Candidate stating his willingness to be elected.
3. Both notices, completed in accordance with Rules 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.
4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the company secretary of the Company whose contact details are set out in the "Company Information" section of the Company's website at chinalng.todayir.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the year, the Company has not made any changes to its Memorandum and Articles of Association. An updated version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.



Report of the Directors

The board (the “Board”) of directors (the “Directors”) of China LNG Group Limited (the “Company”) presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of the Group are properties investment and trading of securities and development of LNG related businesses. The principal activities of its subsidiaries are set out in note 29 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 24 of this annual report.

The Directors have resolved to recommend the payment of a final dividend of HK0.2 cent (2013: HK0.3 cent) per share (the “Share”) of the Company in cash distributed from the share premium account of the Company for the year ended 31 December 2014 to shareholders (the “Shareholders”) whose names appear on the register of members of the Company on 2 June 2015 and also to recommend the offer to the shareholders the right to elect as an alternative, to receive such final dividend wholly or partly by allotment of new Shares (the “Scrip Shares”) credited as fully paid in lieu of cash (“Scrip Dividend Scheme”), subject to the approval of the shareholders on the payment of final dividend at the annual general meeting of the Company and the granting by The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Shares to be issued pursuant thereto. Together with the paid interim dividend of HK0.2 cent (2013: Nil) per share, the total dividend for the year will be HK0.4 cents (2013: HK0.3 cents) per share.

After payment of the final dividend, assuming the Shareholders wish to receive the final dividend in cash and there is no other changes to the share premium account, the Company’s share premium account is expected to be reduced to approximately HK\$483,723,000.

The register of members of the Company will be closed from 29 May 2015 to 2 June 2015, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 28 May 2015.

A circular containing details of the Scrip Dividend Scheme will be despatched to shareholders together with the form of election for the scrip dividend on or about 11 June 2015. It is expected that the certificates for the Scrip Shares and cheques for cash entitlements will be despatched to shareholders on or about 7 July 2015.

SHARE CAPITAL

Details of share capital of the Company are set out in note 22(a) to the consolidated financial statements.

CONVERTIBLE NOTES

The Company issued the convertible notes (the “Convertible Notes”) in an aggregate principal amount of HK\$358 million to Mr. Kan Che Kin, Billy Albert (“Mr. Kan”) on 13 February 2008. Details of the issue and movements in the Convertible Notes during the year are set out in note 23 to the consolidated financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 55 of the annual report.

PROPERTIES

Particulars of the properties of the Group are shown on page 56 of the annual report.



Report of the Directors

INVESTMENT PROPERTIES AND PLANT AND EQUIPMENT

Details of movements in investment properties and plant and equipment of the Group during the year are set out in notes 15 and 16 to the consolidated financial statements respectively.

SHARE OPTION SCHEME

The Company has not adopted any share option scheme as at 31 December 2014.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:-

Executive Directors:-

Mr. Kan (*Chairman*)

Mr. Chen Li Bo (*Deputy Chairman*) (appointed on 9 January 2015)

Ms. Li Shu Han, Eleanor Stella

Mr. Li Kai Yien, Arthur Albert

Independent Non-Executive Directors:-

Mr. Simon Murray (appointed on 23 October 2014)

Dr. Lam, Lee G. (appointed on 23 October 2014)

Mr. Li Siu Yui

Mr. Ip Woon Lai

Mr. Lee Kong Leong

In accordance with the provisions of the Company's articles of association (the "Articles of Association"), Mr. Ip Woon Lai, Mr. Chen Li Bo, Mr. Simon Murray and Dr. Lam, Lee G. will retire at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election.

The Company has not entered into any service agreement with the Directors.

Each of the independent non-executive Directors was appointed in accordance with the Articles of Association.

None of the Directors being proposed for re-election at the forthcoming AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the five independent non-executive Directors an annual confirmation for the year ended 31 December 2014 of his independence as required under Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and considers all the independent non-executive directors are independent.



Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO) or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:—

Name of Director	Name of company in which interests were held	Nature of interests	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding
Mr. Kan	The Company	Beneficial owner	Long position	8,051,950,718 Shares	71.40%
	The Company	Beneficial owner	Short position	40,000,000 Shares	0.35%
Ms. Li Shu Han, Eleanor Stella	The Company	Beneficial owner	Long position	1,000,000 Shares	0.01%

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2014.



Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, so far as was known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Name of shareholders	Long position/ Short position	Number of Shares held	Approximate percentage of the Issue share capital of the Company
Mrs. Kan Kung Chuen Lai	Long position	8,051,950,718 Shares (Note 1)	71.40%
	Short position	40,000,000 Shares (Note 1)	0.35%

Note:

1. Mrs. Kan Kung Chuen Lai is the spouse of Mr. Kan. Therefore, she is deemed to be interested in the Shares held by Mr. Kan pursuant to the SFO.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2014.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Convertible Notes as set out in note 23 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executives of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

On 8 October 2014, the Company entered into the loan facility agreement (the "Loan Facility Agreement") with Mr. Kan in relation to provision of a standby facility of HK\$360,000,000 to the Company by Mr. Kan for part of the anticipated capital expenditure needed in the development of the liquefied natural gas businesses of the Company.

Save for the Loan Facility Agreement and the Convertible Notes as set out in note 23 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any contract of significance entered into between the Group and a controlling Shareholder of the Company during the year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 9 to the consolidated financial statements.



Report of the Directors

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of the Company as at 31 December 2014 and 2013 were as follows:-

	2014 HK\$'000	2013 HK\$'000
Share premium	506,277	488,569
Contributed surplus	112,369	112,369
Accumulated losses	(576,832)	(573,702)
Total	41,814	27,236

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to shareholders of the Company subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Articles of Association provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and accumulated losses.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

MAJOR CUSTOMER AND SUPPLIER

During the year, the Group has one lessee which accounted for less than 30% of its total turnover and the Group did not have any supplier. The Directors do not consider any one lessee to be influential to the Group.

None of the Directors, their respective associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the lessee of the Group for the year ended 31 December 2014.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.



Report of the Directors

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes maintained by the Group are set out in note 25 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competed or was likely to compete either directly or indirectly with business of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was sufficient public float throughout the year ended 31 December 2014 and as at the latest practicable date prior to the issue of this annual report.

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

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 28 to the consolidated financial statements.

AUDITORS

Messrs. PKF will retire and a resolution to re-appoint Messrs. PKF as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Kan Che Kin, Billy Albert
Chairman

Hong Kong
30 March 2015



Independent Auditor's Report



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

**To the shareholders of China LNG Group Limited
(Formerly known as Artel Solutions Group Holdings Limited)**
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China LNG Group Limited (formerly known as Artel Solutions Group Holdings Limited) and its subsidiaries (collectively, the "Group") set out on pages 24 to 54, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF

Certified Public Accountants
Hong Kong
30 March 2015



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Rental income	6	840	840
Dividend income from held for trading investments	6	2,492	8,330
Gain on disposal of held for trading investments	6	219,164	15,661
Gain on bargain purchase of held for trading investments	6	131,406	–
Gain on fair value changes of held for trading investments	6	3,991	–
		357,893	24,831
Other operating income	8	1,468	4,115
Valuation gains on investment properties	15	1,822	–
Administrative expenses		(9,794)	(6,076)
Finance costs	10	–	(396)
Profit before taxation	11	351,389	22,474
Taxation	12	(57,657)	(1,874)
Profit and total comprehensive income for the year attributable to equity shareholders of the Company	30(b)	293,732	20,600
Earnings per share (HK cents)	14		
– Basic		2.76	0.24
– Diluted		2.60	0.18

Details of dividends payable to equity shareholders of the Company are set out in note 13 to the consolidated financial statements.



Consolidated Statement of Financial Position

At 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investment properties	15	86,700	84,878
Plant and equipment	16	2,171	480
Deferred tax asset	21	34	21
		88,905	85,379
Current assets			
Held for trading investments	17	212,889	–
Prepayments and deposits	18	1,369	986
Bank balances and cash	19	246,166	170,186
		460,424	171,172
Current liabilities			
Accrued charges and other payables	20	1,028	461
Income tax payable		55,776	991
		56,804	1,452
Net current assets		403,620	169,720
Total assets less current liabilities		492,525	255,099
Non-current liability			
Deferred tax liability	21	224	144
Net assets		492,301	254,955
Capital and reserves			
Share capital	22(a)	112,769	86,863
Reserves		379,532	168,092
Shareholders' funds		492,301	254,955

The consolidated financial statements set out on pages 24 to 54 were approved and authorised for issue by the Board of Directors on 30 March 2015 and are signed on its behalf by:–

Kan Che Kin, Billy Albert
Director

Li Kai Yien, Arthur Albert
Director



Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Convertible notes reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2013	86,863	505,941	9,370	100,000	(415)	(450,032)	251,727
Dividend declared and paid (note 13)	-	(17,372)	-	-	-	-	(17,372)
Profit and total comprehensive income for the year	-	-	-	-	-	20,600	20,600
At 31 December 2013 and 1 January 2014	86,863	488,569	9,370	100,000	(415)	(429,432)	254,955
Conversion of convertible notes (note 23)	25,906	74,094	-	(100,000)	-	-	-
Dividend declared and paid (note 13)	-	(56,386)	-	-	-	-	(56,386)
Profit and total comprehensive income for the year	-	-	-	-	-	293,732	293,732
At 31 December 2014	112,769	506,277	9,370	-	(415)	(135,700)	492,301

The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition under group reorganisation.



Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	351,389	22,474
Adjustments for:–		
Interest income on bank deposits	(1,468)	(227)
Valuation gains on investment properties	(1,822)	–
Interest on secured bank loan	–	396
Depreciation	314	225
Exchange difference arising from repayment of bank loan	–	(3,993)
Operating cash flows before movements in working capital	348,413	18,875
Increase in held for trading investments	(212,889)	–
Increase in prepayments and deposits	(383)	(92)
Increase in accrued charges and other payables	567	13
Cash from operations	135,708	18,796
Income tax paid	(2,805)	(2,158)
NET CASH FROM OPERATING ACTIVITIES	132,903	16,638
INVESTING ACTIVITIES		
Purchase of investment properties	–	(78)
Purchase of plant and equipment	(2,005)	(3)
Interest received	1,468	227
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(537)	146
FINANCING ACTIVITIES		
Dividend paid	(56,386)	(17,372)
Interest paid	–	(396)
Proceeds from bank loan	–	68,948
Repayment of bank loan	–	(64,955)
NET CASH USED IN FINANCING ACTIVITIES	(56,386)	(13,775)
NET INCREASE IN CASH AND CASH EQUIVALENTS	75,980	3,009
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	170,186	167,177
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	246,166	170,186



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

China LNG Group Limited (the “Company” together with its subsidiaries, the “Group”) was incorporated in the Cayman Islands on 5 December 2000 as an exempted company with limited liability under the Companies Law (2001 Second Revision) Chapter 22 of the Cayman Islands. The shares of the Company (the “Shares”) have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24 October 2001. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

Pursuant to the special resolution passed at the annual general meeting on 21 May 2014, the Certificate of Incorporation on Change of Name of the Company issued by the Registrar of Companies in the Cayman Islands on 28 May 2014 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 12 June 2014, the English name of the Company was changed from “Artel Solutions Group Holdings Limited” to “China LNG Group Limited” and the Chinese name of the Company was changed from “宏通集團控股有限公司” (for identification purpose only) to “中國天然氣集團有限公司” (for identification purpose only).

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company is an investment holding company and the principal activities of the Group are properties investment, trading of securities and development of liquefied natural gas (“LNG”) businesses.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as “Hong Kong Financial Reporting Standards”).

In addition, the consolidated financial statements include applicable disclosures required by the Rules (the “Listing Rules”) governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

In the current year, the Group initially applied the following new and revised Hong Kong Financial Reporting Standards:–

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Leases

The initial application of these financial reporting standards does not necessitate material changes in the Group’s accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

2. BASIS OF PREPARATION (continued)

(b) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2014 have not been applied in the preparation of the Group's financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2014:-

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Bearer Plants ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁵
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 July 2014

The Group is in the process of making an assessment of what the impact of these standards, amendments and interpretations are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Measurement basis

The consolidated financial statements are prepared using the historical cost basis as modified by the revaluation of held for trading investments and investment properties.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Dividend income from held for trading investments is recognised when the right to receive payment is established.

Realised gains or losses from held for trading investments are recognised on a trade date basis whilst the unrealised gains or losses are recognised from valuation at the end of the reporting period.

Interest income is recognised as it accrues using the effective interest method.

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Leases

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant leases.

The Group as lessor

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

Land held under operating leases is classified and accounted for as investment property when the rest definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the year in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowings costs

All borrowing costs are recognised as and included in finance costs in the consolidated statement of profit or loss and other comprehensive income in the period when they are incurred, except that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified as held for trading if:–

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables, including deposits and bank balances, are carried at amortised cost using the effective interest rate method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company comprise share capital and convertible notes reserve.

The Group's financial liabilities, including accrued charges and other payables, are generally classified as other financial liabilities. Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's statement of financial position when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity, respectively.

Employee benefits

(i) Retirement benefits schemes

The retirement benefits costs charged to profit or loss represent the contributions payable in respect of the current year to the Group's defined contribution retirement benefits schemes for its employees.

(ii) Termination benefits

Termination benefits are recognised when and only when the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic probability of withdrawal.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A person or a close member of that person's family is related to the Group if that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if (i) the entity and the Group are members of the same group of companies; (ii) the entity is an associate or a joint venture of either the Group or a member of a group of which the Group is a member; (iii) the Group is an associate or a joint venture of either the entity or a member of a group of which the entity is a member; (iv) the entity and the Group are joint ventures of the same third party; (v) the entity is a joint venture of a third entity and the Group is an associate of that third entity; (vi) the Group is a joint venture of a third entity and the entity is an associate of that third entity; (vii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (viii) the entity is controlled or jointly controlled by a person related to the Group or a close member of that person's family; (ix) a person who has control or joint control over the Group has significant influence over the entity; or (x) a person who has control or joint control over the Group is a member of the key management personnel of the entity (or of a parent of the entity).



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

In the process of applying the Group's accounting policies which are described in note 3 to the consolidated financial statements, management has made the following estimation uncertainty and judgement that has most significant effect on the amounts recognised in the consolidated financial statements.

Revaluation of investment properties

The fair value of the Group's investment properties at 31 December 2014 has been arrived at on the basis of a valuation carried out on that date by Roma Appraisals Ltd, an independent professional surveyor and property valuer not connected with the Group. Roma Appraisals Ltd is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant location. The valuations were arrived at by reference to comparable sales transactions as available in the relevant market.

Impairment of plant and equipment

Determining whether plant and equipment are impaired requires an estimation of the value in use of the cash generating units to which the plant and equipment have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Income tax

At 31 December 2014, no deferred tax assets had been recognised in respect of temporary differences arising from tax losses of approximately HK\$494,521,000 (2013: HK\$494,521,000) and decelerated tax allowances of approximately HK\$2,458,000 (2013: HK\$1,782,000) due to the unpredictability of future taxable profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in future. In case where the actual future profit generated is more than expected, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

5. FINANCIAL RISK MANAGEMENT

(a) Nature and extent of financial instrument risks

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of other parties, measured by the extent of past due or default and their financial healthiness.

As at 31 December 2014, the Group's maximum exposure to credit risk arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Nature and extent of financial instrument risks (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio as mentioned in note 22(b) to the consolidated financial statements.

The maturity profile of the Group's financial liabilities as at 31 December 2014, based on contractual undiscounted cash flows, is as follows:–

	2014 HK\$'000	2013 HK\$'000
Accrued charges and other payables, due for payment within one year or on demand	1,028	461

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group considers hedging significant currency risk should the need arise.

The Group has minimal exposure to foreign currency risk as most of its business transactions, and recognised assets and liabilities are principally denominated in Hong Kong dollars.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

The Group's exposure to interest rate risk arises from its bank balances, which bear interests at rates varied with the then prevailing marketing condition. If the interest rate as at 31 December 2014 had been 10 basis points lower or higher with all other variables held constant, there would be no significant change to the Group's profit for the year.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market price risk by maintaining a portfolio of investments with different risk and return profiles.

The Group is exposed to equity price risk through its investments in equity securities listed on the Stock Exchange. If the share prices of these equity securities as at 31 December 2014 had been 10% lower or higher, the Group's profit for the year ended 31 December 2014 would decrease or increase by approximately HK\$17,776,000 (2013: Nil).



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Nature and extent of financial instrument risks (continued)

Market price risk (continued)

- (i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at 31 December 2014 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:–

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

The Group had the following financial instrument carried at fair value which is based on the Level 1 of the fair value hierarchy:–

	2014 HK\$'000	2013 HK\$'000
Asset		
Held for trading investments-Listed	212,889	–

During the year ended 31 December 2014, there were no significant transfers of financial instruments between Level 1, Level 2 or Level 3.

- (ii) Fair values of financial instruments carried at other than fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. TURNOVER

Turnover represents the aggregate of the rental income from letting of investment properties, dividend income from held for trading investments and net realised and unrealised gains or losses from trading of securities and, is analysed as follows:–

	2014 HK\$'000	2013 HK\$'000
Rental income	840	840
Dividend income from held for trading investments	2,492	8,330
Gain on disposal of held for trading investments	219,164	15,661
Gain on bargain purchase of held for trading investments (Note)	131,406	–
Gain on fair value changes of held for trading investments	3,991	–
	357,893	24,831



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

6. TURNOVER (continued)

Note:–

On 20 January 2014, Mr. Kan Che Kin, Billy Albert (“Mr. Kan”), an executive Director and the substantial shareholder of the Company, and Key Fit Group Limited (“Key Fit”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement pursuant to which Mr. Kan agreed to sell and Key Fit agreed to purchase 152,050,000 shares of Fullshare Holdings Limited (formerly known as “Wardery International Holdings Limited”) (“Fullshare”), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange, for a total consideration of HK\$7,602,500 (or HK\$0.05 per Fullshare’s Share) and convertible bonds issued by Fullshare in the principal amount of HK\$80,000,000 Fullshare’s Shares for a total consideration of HK\$80,000,000. The gain on bargain purchase of held for trading investments of approximately HK\$131,406,000 was recognised in profit or loss for the year ended 31 December 2014.

7. SEGMENTS AND EQUITY-WIDE INFORMATION

Reportable segments

The Group determines its operating segments based on the Directors’ decisions. For management purposes, the Group is organised into three (2013: two) operating divisions, which are the basis on which the Group reports its segment information.

The Group’s principal activities are as follows:–

- LNG business
- Properties investment
- Trading of securities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:–

- (1) Segment assets consist primarily of investment properties, certain plant and equipment and held for trading investments, and mainly exclude deferred tax assets. Segment liabilities comprise operating liabilities and mainly exclude items such as income tax payable and deferred tax liabilities.
- (2) Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and transactions, which are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.
- (3) Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.
- (4) Unallocated items comprise financial and corporate assets and corporate and financial expenses.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. SEGMENTS AND EQUITY-WIDE INFORMATION (continued)

Reportable segments (continued)

The measure used for reporting segment result is “adjusted EBIT”, i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

Segment information about the aforementioned businesses is set out as follows:–

	LNG business		Properties investment		Trading of securities		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
TURNOVER								
External	-	-	840	840	357,053	23,991	357,893	24,831
RESULT								
Segment result	(2,895)	-	1,787	85	355,224	26,312	354,116	26,397
Other operating income							1,468	227
Unallocated corporate expenses							(4,195)	(4,150)
Profit before taxation							351,389	22,474
Taxation							(57,657)	(1,874)
Profit for the year							293,732	20,600
Assets								
Segment assets	-	-	87,090	85,391	212,889	-	299,979	85,391
Unallocated corporate assets							249,350	171,160
Consolidated total assets							549,329	256,551
Liabilities								
Segment liabilities	503	-	140	140	-	-	643	140
Unallocated corporate liabilities							56,385	1,456
Consolidated total liabilities							57,028	1,596
Other information								
Interest on secured bank loan	-	-	-	-	-	396	-	396
Allocated capital additions	-	-	-	81	-	-	-	81
Unallocated capital additions							2,005	-
Allocated depreciation	-	-	124	124	-	-	124	124
Unallocated depreciation							190	101



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. SEGMENTS AND EQUITY-WIDE INFORMATION (continued)

Reportable segments (continued)

Entity-wide information

The Group's operations are substantially located in Hong Kong for both years. An analysis of the Group's geographical information is set out as follows:–

	2014 HK\$'000	2013 HK\$'000
Revenue by geographical location of its lessees:– Hong Kong	840	840
	2014 HK\$'000	2013 HK\$'000
Carrying amount of non-current assets analysed by geographical area in which the assets are located of:– Hong Kong	88,871	85,358

During the year, the Group has one lessee (2013: one).

8. OTHER OPERATING INCOME

	2014 HK\$'000	2013 HK\$'000
Interest income on bank deposits	1,468	227
Exchange gain, net	–	3,888
	1,468	4,115



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(i) Directors' remuneration

The emoluments paid or payable to each of the eight (2013: six) directors are as follows:-

	Fees HK\$'000	Other emoluments Salaries and other benefits HK\$'000	Pension costs HK\$'000	Total emoluments HK\$'000
For the year ended 31 December 2014				
Executive directors:-				
Kan Che Kin, Billy Albert	10	-	-	10
Li Shu Han, Eleanor Stella	10	-	-	10
Li Kai Yien, Arthur Albert	10	-	-	10
Independent non-executive directors:-				
Li Siu Yui	50	-	-	50
Ip Woon Lai	50	-	-	50
Lee Kong Leong	50	-	-	50
Simon Murray	10	-	-	10
Lam, Lee G.	10	-	-	10
	200	-	-	200

	Fees HK\$'000	Other emoluments Salaries and other benefits HK\$'000	Pension costs HK\$'000	Total emoluments HK\$'000
For the year ended 31 December 2013				
Executive directors:-				
Kan Che Kin, Billy Albert	7	-	-	7
Li Shu Han, Eleanor Stella	10	-	-	10
Li Kai Yien, Arthur Albert	10	-	-	10
Independent non-executive directors:-				
Li Siu Yui	50	-	-	50
Ip Woon Lai	50	-	-	50
Lee Kong Leong	50	-	-	50
	177	-	-	177

Note:-

At 31 December 2014, the remuneration payable to the directors was approximately HK\$64,000 (2013: HK\$45,000) which was included in accrued charges and other payables in note 20 to the consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(ii) Employees' emoluments

During the year, the five (2013: five) highest paid individuals included no Director (2013: two Directors receiving the same amount of emoluments, details of which are set out above in paragraph (i)). The emoluments of the five (2013: remaining three) highest paid individuals are as follows:–

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,402	1,585
Retirement benefits scheme contributions	41	37
	1,443	1,622

The number of employees whose remuneration fell within the following bands was:–

	2014	2013
Nil-HK\$1,000,000	5	2
HK\$1,000,001-1,500,000	–	1
	5	3

There was no arrangement under which a Director waived or agreed to waive any emoluments and no remuneration was paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest expenses on bank loan	–	396



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

11. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging/(crediting):–		
Auditor's remuneration	335	330
Depreciation of plant and equipment	314	225
Operating lease rentals in respect of rented premises	1,224	979
Rental income less outgoings	(551)	(573)
Staff costs:–		
Directors' remuneration		
– fees	200	177
– other emoluments	–	–
	200	177
Staff costs excluding directors' remuneration	1,958	1,585
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration	54	37
	2,012	1,622
Total staff costs	2,212	1,799

12. TAXATION

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:–

	2014 HK\$'000	2013 HK\$'000
Current tax		
Provision for the year	57,600	1,824
Over provision in previous year	(10)	(20)
	57,590	1,804
Deferred tax		
Charge for the year (note 21)	67	70
	57,657	1,874

Provision for Hong Kong Profits Tax for the year is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

No provision for taxation has been made in respect of the Company's subsidiaries operating in other jurisdictions as they did not have assessable profits for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

12. TAXATION (continued)

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	351,389	22,474
Tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	57,979	3,708
Tax effect of non-deductible expenses	672	226
Tax effect of non-taxable income	(1,511)	(2,053)
Tax effect of deductible temporary differences not recognised	112	13
Over provision in previous year	(10)	(20)
Others	415	-
Taxation for the year	57,657	1,874

13. DIVIDENDS

(a) Dividend payable to equity shareholders attributable to the reporting year:-

	2014 HK\$'000	2013 HK\$'000
Interim dividend declared and paid of HK0.2 cents (2013: Nil) per share	22,554	-
Final dividend proposed after the end of the reporting period of HK0.2 cents per share (2013: HK0.3 cents per share)	22,554	33,832
	45,108	33,832

The final dividend for the year ended 31 December 2014 of HK0.2 cents per share with a scrip option has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

The final dividend proposed after the end of both reporting period had not been recognised as a liability at the end of both reporting period.

(b) Dividend payable to equity shareholders, approved and paid during the reporting year:-

	2014 HK\$'000	2013 HK\$'000
Interim dividend declared and paid during the year of HK0.2 cents (2013: Nil) per share	22,554	-
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.3 cents (2013: HK0.2 cents) per share	33,832	17,372
	56,386	17,372



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

14. EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to equity shareholders of the Company for the year is based on the profit for the year of approximately HK\$293,732,000 (2013: HK\$20,600,000) and the weighted average number of 10,638,145,172 (2013: 8,686,267,821) Shares in issue.

The calculation of the diluted earnings per Share attributable to equity shareholders of the Company for the year is based on the profit for the year of approximately HK\$293,732,000 (2013: HK\$20,600,000) and the weighted average number of 10,638,145,172 (2013: 8,686,267,821) Shares in issue adjusted for potential diluted effect of 638,796,224 (2013: 2,590,673,575) Shares to be allotted and issued upon the exercise in full of the conversion rights attaching to the outstanding convertible notes.

	2014 Number of shares	2013 Number of shares
Weighted average number of Shares		
Weighted average number of Shares (basic)	10,638,145,172	8,686,267,821
Effect of the exercise in full of the conversion rights attaching to the convertible notes	638,796,224	2,590,673,575
Weighted average number of Shares (diluted)	11,276,941,396	11,276,941,396

15. INVESTMENT PROPERTIES

	2014 HK\$'000	2013 HK\$'000
At 1 January	84,878	84,800
Additions	–	78
Fair value adjustment	1,822	–
At 31 December, at fair value	86,700	84,878

- (a) As at 31 December 2014 and 2013, all of the Group's investment properties were located in Hong Kong and were built on land held under medium to long term lease.

	2014 HK\$'000	2013 HK\$'000
Medium-term leases	64,600	63,228
Long-term leases	22,100	21,650
	86,700	84,878

The Group's investment properties with total carrying value of approximately HK\$84,878,000 as at 31 December 2013 were pledged to secure a banking facility of a subsidiary of the Company as disclosed in note 27 to the consolidated financial statements. The Group's investment properties have been released from charge during the year.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

15. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:–

Level 1: Fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Fair value measured using observable inputs and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: Fair value measured using significant unobservable inputs.

	Fair value at 31 December	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3
--	------------------------------	-----------------------------------	--	--

Recurring fair value measurement

Investment properties	86,700	–	–	86,700
-----------------------	--------	---	---	--------

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

The Group's investment properties were revalued by Roma Appraisals Limited, an independent professional valuer, at 31 December 2014. The valuations were carried out by qualified persons who are members of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being held.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

15. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties (continued)

(i) Fair value hierarchy (continued)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 investment properties, measured at fair value using a valuation technique with significant unobservable inputs:-

	2014 HK\$'000	2013 HK\$'000
At 1 January	84,878	84,800
Additions	-	78
Effect of properties revaluation	1,822	-
At 31 December	86,700	84,878
Unrealised gain or losses recognised in profit or loss relating to those assets held at the end of the reporting period	1,822	-

(ii) Information about Level 3 fair value measurements

	Valuation technique(s)	Unobservable input(s)	Range
Investment properties	Direct comparison approach	Premium (discount) on characteristic of the properties	0% to 10%

The fair values of investment properties are determined using direct comparison approach to value these properties in their respective existing states and uses on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristic of the properties which included the location, size, shape, view, floor level, year of completion and other factors collectively. Higher premium for properties with higher characteristic will result in a higher fair value measurement.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

16. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1 January 2013	820	447	–	1,267
Additions	3	–	–	3
At 1 January 2014	823	447	–	1,270
Additions	43	–	1,962	2,005
At 31 December 2014	866	447	1,962	3,275
DEPRECIATION				
At 1 January 2013	182	383	–	565
Provided for the year	161	64	–	225
At 1 January 2014	343	447	–	790
Provided for the year	150	–	164	314
At 31 December 2014	493	447	164	1,104
CARRYING VALUES				
At 31 December 2014	373	–	1,798	2,171
At 31 December 2013	480	–	–	480

The above items of plant and equipment were depreciated on a straight-line basis at the following rates per annum:–

Furniture, fixtures and equipment	20%
Leasehold improvements	25%
Motor vehicles	20%



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

17. HELD FOR TRADING INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Equity securities listed in Hong Kong, at fair value	212,889	–

The fair value of the Group's investments in listed equity securities has been determined directly by reference to their published price quotations in active market at the end of the reporting year.

Details of the Group's investments as at 31 December 2014 are as follows:–

Name	Place of incorporation/ establishment	Principal activities	Number of shares held	Approximate percentage of equity interest held
Tracker Fund of Hong Kong	Hong Kong	Funds investment and assets management	7,000,000	0.26%
China Petroleum & Chemical Corporation	The People's Republic of China	Took over exploration, development and production of crude oil and natural gas, refining, chemicals and related sales and marketing business	6,000,000	0.005%
Chu Kong Shipping Enterprises (Group) Company Limited	Hong Kong	Provision of management and other related services to high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau; the operation and management of river trade cargo terminals in the Mainland China and Hong Kong; and cargo transportation, warehousing and storage business	3,852,000	0.428%

18. PREPAYMENTS AND DEPOSITS

	2014 HK\$'000	2013 HK\$'000
Prepayments and deposits	1,369	986

19. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group. The bank balances are denominated primarily in HKD and RMB.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

20. ACCRUED CHARGES AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Accrued charges and other payables	1,028	461

21. DEFERRED TAXATION

The following is deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:–

	Tax losses HK\$'000	Accelerated depreciation allowances HK\$'000	Total HK\$'000
At 1.1.2013	(337)	390	53
(Credit)/charge for the year	(85)	155	70
At 31.12.2013 and 1.1.2014	(422)	545	123
(Credit)/charge for the year	(88)	155	67
At 31.12.2014	(510)	700	190

At the end of the reporting period, the Group had unused tax losses not recognised of approximately HK\$494,521,000 (2013: HK\$494,521,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group had deductible temporary differences not recognised of approximately HK\$2,458,000 (2013: HK\$1,782,000) arising from decelerated tax allowances. No deferred tax asset has been recognised in relation to these deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Reconciliation to the deferred tax disclosed in the consolidated statement of financial position:–

	2014 HK\$'000	2013 HK\$'000
Net deferred tax asset recognised in the consolidated statement of financial position	(34)	(21)
Net deferred tax liability recognised in the consolidated statement of financial position	224	144
	190	123



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

22. SHARE CAPITAL

(a) Share capital

	2014		2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Shares of HK\$0.01 each				
Authorised:–				
At 1 January and 31 December	40,000,000,000	400,000	40,000,000,000	400,000
Issued and fully paid:–				
At 1 January	8,686,267,821	86,863	8,686,267,821	86,863
Conversion of convertible notes (note 23)	2,590,673,575	25,906	–	–
At 31 December	11,276,941,396	112,769	8,686,267,821	86,863

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which is unchanged from the previous periods, is to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debts over equity capital.

The only externally imposed capital requirement is that under the Listing Rules, the Company has to maintain the minimum public float requirement of which at least 25% of the issued Shares being held in public hands. Details of sufficiency of public float have been included in the paragraph headed "Sufficiency of Public Float" in the section headed "Report of the Directors" of the annual report.

23. CONVERTIBLE NOTES

On 15 January 2008, the Company and Mr. Kan entered into a subscription agreement (the "Subscription Agreement") pursuant to which the Company had conditionally agreed to issue and Mr. Kan had conditionally agreed to subscribe for the zero-coupon and non-redeemable convertible notes (the "Convertible Notes") of the Company in an aggregate principal amount of HK\$358 million. The conversion price is HK\$0.0386 per Share. Assuming that the conversion rights attached to the Convertible Notes are exercised in full at the conversion price of HK\$0.0386 per Share, an aggregate of 9,274,611,398 Shares will be issued.

Completion of the Subscription Agreement took place on 13 February 2008 and the Convertible Notes were issued by the Company to Mr. Kan pursuant to the Subscription Agreement on the same date. The subscription price of the Convertible Notes of HK\$358 million was satisfied in part of approximately HK\$318 million by setting off the full amount of (i) the bank overdraft and borrowings of approximately HK\$256 million and the debt of approximately HK\$59 million due to a supplier which had been assigned to Mr. Kan; and (ii) the loan of approximately HK\$3 million advanced by Mr. Kan, against such amount of the subscription price of the Convertible Notes on a dollar for dollar basis. The remaining balance of the subscription price of approximately HK\$40 million was settled in cash, which was used as general working capital of the Group. The maturity date of the conversion rights attached to the Convertible Notes was 13 February 2013, being the date falling on the fifth anniversary from the date of issue of the Convertible Notes. As the compulsory conversion of the outstanding principal amount of the Convertible Notes on the maturity date rendered the then issued Shares held in the public hands being less than the minimum public float as required under the Listing Rules, the maturity date of the conversion rights attached to the Convertible Notes was renewed automatically for successive term of one year to 13 February 2014.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

23. CONVERTIBLE NOTES (continued)

The outstanding principal amount of the Convertible Notes as at 1 January 2013 and 31 December 2013 was HK\$100,000,000.

Pursuant to a resolution of the board of the Company passed on 13 February 2014, Mr. Kan and the Company agreed that the exercise of the balance of conversion rights attaching to the Convertible Notes of HK\$100,000,000 would be extended to 31 March 2014, accordingly, an aggregate of 2,590,673,575 Shares were allotted and issued to Mr. Kan on 31 March 2014.

There was no outstanding amount of the Convertible Notes as at 31 December 2014.

24. OPERATING LEASE COMMITMENTS

The Group as lessess:-

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:-

	2014 HK\$'000	2013 HK\$'000
Within one year	914	979
In the second to fifth year inclusive	-	457
	914	1,436

Operating lease payments represent rentals payable by the Group for its office premises. The lease is negotiated for a term of 3 years (2013: 3 years) and guaranteed by Mr. Kan, and does not include contingent rentals.

The Group as lessor:-

At the end of the reporting period, the Group's future minimum lease payments under non-cancellable operating leases are receivable as follows:-

	2014 HK\$'000	2013 HK\$'000
Within one year	-	560

As at 31 December 2013, the lease was negotiated with a term of 2 years with fixed monthly rental and did not include contingent rentals.

25. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund Scheme under the Mandatory Provident Fund Scheme Ordinance for all qualifying employees in Hong Kong since December 2000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group's employer contributions vest fully with employees when contributed into the scheme. The only obligation of the Group with respect of the retirement benefits scheme is to make the required contributions under the scheme.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK\$54,000 (2013: HK\$37,000) represents contributions paid and payable to the scheme by the Group at rate specified in the rules of the scheme. When there are employees who leave the defined contribution retirement benefits scheme prior to becoming fully vested in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group. As at 31 December 2014 and 2013, no forfeited contributions were available to reduce the contributions payable in the future years.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

26. RELATED PARTY TRANSACTIONS

- (a) Apart from the information as disclosed in elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year.

	2014 HK\$'000	2013 HK\$'000
Purchase of held for trading investment from an executive Director and the substantial shareholder	87,603	–

This transaction falls within the definition of “Connected transaction” in Chapter 14A of the Listing Rules for the year ended 31 December 2014.

During the year, the Company entered into a loan facility agreement with Mr. Kan in relation to the provision of a standby facility of HK\$360,000,000 to the Company by Mr Kan. As at 31 December 2014, this facility had not been utilised.

- (b) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:–

	2014 HK\$'000	2013 HK\$'000
Short-term benefits	704	1,297
Post-employment benefits	17	15
	721	1,312

The remuneration of key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

These transactions do not fall within the definition of “connected transactions” in Chapter 14A of the Listing Rules.

27. BANKING FACILITIES

There is no banking facility granted as at 31 December 2014. As at 31 December 2013, the banking facility of a subsidiary of the Company was secured by mortgages over the Group’s investment properties with an aggregate carrying value of approximately HK\$84,878,000 and corporate guarantee provided by the Company. Such banking facility of HK\$70,000,000 was not utilised as at 31 December 2013.

28. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 3 February 2015, 港能國際融資租賃有限公司 (China LNG Finance Leasing Co., Ltd.) (“CLNG Finance”), a wholly owned subsidiary of the Company, was established in Shanghai with registered capital of US\$48 million. Its principal activity is provision of finance leasing service for the LNG vehicles, vessels and equipments. The entire registered capital of US\$48 million has been injected into CLNG Finance.
- (b) On 16 February 2015, Strong Mix Limited (“Strong Mix”), a wholly owned subsidiary of the Company, entered into a provisional agreement for sale and purchase pursuant to which Strong Mix agreed to sell the premises located at House H2, Ascot Park, 1 Kam Tsin Path, Kwu Tung (the “Property”) to the purchaser at a total consideration of HK\$27,500,000. The formal agreement for sale and purchase has been signed and the disposal of the Property will be completed on 10 April 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2014 are as follows:–

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
ACE Vantage Investments Limited	Hong Kong	HK\$1	100%	–	Property investment
Strong Mix Limited	Hong Kong	HK\$1	100%	–	Property investment
Smart Look Limited	Hong Kong	HK\$1	100%	–	Property investment
Key Fit Group Limited	Hong Kong	HK\$1	100%	–	Trading of securities
China LNG Limited	Hong Kong	HK\$1	100%	–	Investment holding
宏勢投資管理(上海)有限公司 (Great Trend Investment Management (Shanghai) Co., Ltd.) ("Great Trend")*	PRC	US\$10,000,000 (Paid up US\$1,616,000)	–	100%	Investment management and new energy related business

None of the subsidiaries had issued any debt securities at the end of the year.

* Great Trend is a wholly foreign owned enterprise.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) The statement of financial position of the Company as at 31 December 2014 is as follows:–

	2014 HK\$'000	2013 HK\$'000
Non-current asset		
Investments in subsidiaries	40,000	–
Current assets		
Amounts due from subsidiaries	91,289	210,752
Prepayments	726	634
Bank balances	22,887	2,968
	114,902	214,354
Current liabilities		
Amounts due to subsidiaries	204	204
Accrued charges and other payables	115	51
	319	255
Net current assets	114,583	214,099
Net assets	154,583	214,099
Capital and reserves		
Share capital	112,769	86,863
Reserves	41,814	127,236
Shareholders' funds	154,583	214,099

(b) The consolidated profit attributable to the equity shareholders of the Company includes a loss of HK\$3,130,000 (2013: HK\$1,236,000) which has been dealt with in the financial statements of the Company.



Financial Summary

	For the year ended 31 December				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
RESULTS					
Turnover	17,789	2,751	21,864	24,831	357,893
Profit before taxation	5,243	6,352	21,284	22,474	351,389
Taxation	–	(199)	(1,213)	(1,874)	(57,657)
Profit for the year	5,243	6,153	20,071	20,600	293,732
Earnings per share (HK cents)					
Basic	0.11	0.11	0.26	0.24	2.76
At 31 December					
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES					
Total assets	246,936	240,020	253,584	256,551	549,329
Total liabilities	(13,713)	(688)	(1,857)	(1,596)	(57,028)
Shareholders' funds	233,223	239,332	251,727	254,955	492,301



Group's Properties

PROPERTIES HELD FOR INVESTMENT

Location	Existing use	Term of lease
Flat A, 10/F, Tower 2, Tregunter, No.14 Tregunter Path, Hong Kong with car parking space No. 59 on Level 7 of Tower 1 and 2	Residential	Medium
House H2, Ascot Park, 1 Kam Tsin Path, Kwu Tung, New Territories	Residential	Medium
Flat A, 1/F, Tower 3, No. 37 Repulse Bay Road, Hong Kong with car parking space No. 61 on Podium Level 4	Residential	Long