天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

Stock Code: 1265

Annual Report 2014

CONTENTS

COMPANY INFORMATION

DIRECTORS

Executive Directors

Zhang Tian Hua *(Chairman)*
Wang Wen Xia (appointed on 3 November 2014)
Bai Shao Liang (resigned on 3 November 2014)
Tang Jie
Zhang Guo Jian
Hou Shuang Jiang (appointed on 3 March 2014)
Dong Hui Qiang (resigned on 3 March 2014)

Non-executive Director

Li Da Chuan (appointed on 3 November 2014)
Wang Zhi Yong (resigned on 3 November 2014)

Independent Non-executive Directors

Zhang Yu Li
Luo Wei Kun
Tam Tak Kei, Raymond

INDEPENDENT SUPERVISORS

Jiang Nian
Dou Run Liang

STAFF REPRESENTATIVE SUPERVISORS

Sun Xue Gang
Hao Li

SHAREHOLDERS REPRESENTATIVE SUPERVISOR

Cao Shu Jing

COMPANY SECRETARY

Kwok Shun Tim CPA ACCA MSC LLM

AUTHORISED REPRESENTATIVES

Zhang Guo Jian (appointed on 3 March 2014)
Dong Hui Qiang (resigned on 3 March 2014)
Kwok Shun Tim

BOARD COMMITTEES

Audit Committee

Zhang Yu Li *(Chairman)*
Luo Wei Kun
Tam Tak Kei, Raymond

Nomination Committee

Zhang Tian Hua *(Chairman)*
Zhang Yu Li
Luo Wei Kun

Remuneration Committee

Luo Wei Kun *(Chairman)*
Zhang Tian Hua
Tam Tak Kei, Raymond

LEGAL ADDRESS

Weishan Road
Chang Qing Science, Industry and Trade Park
Jinnan District, Tianjin, PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

9th Floor, Ranqi Building
28 Si Ma Road, Nankai,
Nankai District,
Tianjin, PRC

AUDITORS

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

HONG KONG LEGAL ADVISER

Loong & Yeung
Suites 2001-2006, 20th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M/F
Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKER

Agricultural Bank of China
Tianjin He Xi Sub-branch
PRC

STOCK CODE

01265

FINANCIAL SUMMARY

	2014 RMB'000	2013 RMB'000 (restated)
Continuing operations		
Revenue	**1,448,785**	1,487,278
Gross profit	**70,859**	106,074
Profit for the year from continuing operations, all attributable to owners of the Company	**70,607**	90,670
Equity attributable to owners of the Company	**1,635,270**	1,567,766
Total assets	**2,137,477**	1,898,443

	2014 RMB (cents)	2013 RMB (cents) (restated)
Earnings per share		
From continuing and discontinued operations		
– basic RMB (cents)	**3.7**	4.6

CHAIRMAN'S STATEMENT

To all the shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of Tianjin Jinran Public Utilities Company Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 (the "Year" or the "Reporting Period" or the "Period").

The year 2014 has been a challenging year for the Company. We believe that the Group is on the right track to restore itself back to its full potential, and that the steps we are taking, including the hard work that goes behind them, will translate into sustainable growth and profitability, thereby creating value for all shareholders in year 2015.

DEVELOPMENT OF THE PRC GAS SECTOR

Improving living standards and increasing environmental consciousness in the PRC spur the country's demand for natural gas. Nonetheless, natural gas still plays a small role in the PRC's energy consumption structure. Presently, the PRC's annual per capita consumption of natural gas remained low comparing to global standard, but given the environmental benefits of using natural gas, the PRC has embarked on a major expansion of its gas infrastructure. We believe that the natural gas in the PRC will record a strong growth.

The fight against environmental pollution has topped the PRC's agenda for securing a sustainable economic growth. There has been high enthusiasm across the country to accelerate natural gas development. Piped natural gas is particularly the case given the strong growing demand in the PRC for a more convenient supply of clean fuel. As such, the piped natural gas market has entered into a stage of rapid growth.

In the Twelfth Five-Year Plan Program of National Economy and Social Development for the year 2011-2015, the PRC government has further emphasized the measures on environmental protection including the reduction of the release of pollutants. According to the Twelfth Five-Year Plan, full use of renewable energy shall be utilized and new source of natural gas shall be developed. The network of high-pressure gas pipe in Tianjin shall be developed into a transmission system in a "six-horizontal, four-vertical and seven-ring" manner. The planned heat source shall be mainly thermal power plants, gas, renewable energy and energy-saving and environmentally-friendly boiler rooms. The boiler rooms in the Central District and core area of Binhai New District in Tianjin shall be re-engineered in order to increase the proportion of clean energy and reduce carbon emission.

In the Twelfth Five-Year Plan, natural gas shall be the main source of energy in the future and shall lead the energy market in the future. Natural gas shall mitigate the energy shortage and environmental pollution of the PRC, and is an ideal energy for sustainable development.

All above factors provide the Group's core businesses with a strong impetus for further expansion, which in turn will enable the Group to enjoy a substantial share of the considerable gains to be made by the PRC's booming gas sector.

BUSINESS DEVELOPMENT

A huge development of the century, the "West to East Natural Gas Pipeline Project" is undoubtedly a strong propellant for the gas related industries to upgrade their facilities, expand their markets and improve their efficiencies. It is also an obvious propeller for the Group's business advancement. In the wake of an abundant supply of gas resources, local gas operators in the PRC are taking initiatives to find long-term partnerships with strong gas listing enterprises of well-established brand names in order to strengthen their own competitiveness and increase their market share. The Group is taking full advantage of its brand strength and management edge to uncover more acquisition and joint venture opportunities. These efforts will enable the Group to continuously expand its market share, further strengthen its brand name and maximize the returns for shareholders.

PROSPECTS

At present, the major businesses of the Group located in Tianjin and Jining in the PRC. The economic conditions of these cities have been providing the chance of development for the Group's business.

With the full completion of West to East Natural Gas Pipeline Project and the implementation of specific projects like Natural Gas Supply from Sichuan to Eastern Part of China, Shaanxi to Beijing Gas Supply, East Ocean Gas Supply Onshore, Importation of Liquefied Natural Gas for Southern China, and the construction work of Russia Gas Supply to China to commence, natural gas market will develop rapidly all over the PRC.

It can be expected that the Group will continue to strengthen its piped gas business, consolidate its existing resources and further develop the natural gas pipelines market through mergers and acquisitions. The Group will also keep enhancing its corporate image as a comprehensive and professional gas services provider and increasing its core competitiveness in the gas sector.

APPRECIATION

I would like to take this opportunity to thank our shareholders, customers and business associates for their continual supports and our staff for their diligence and contribution during the past year. We are a company with a qualified and professional working team and I look forward to a more rewarding 2015 for our shareholders.

Zhang Tian Hua
Chairman

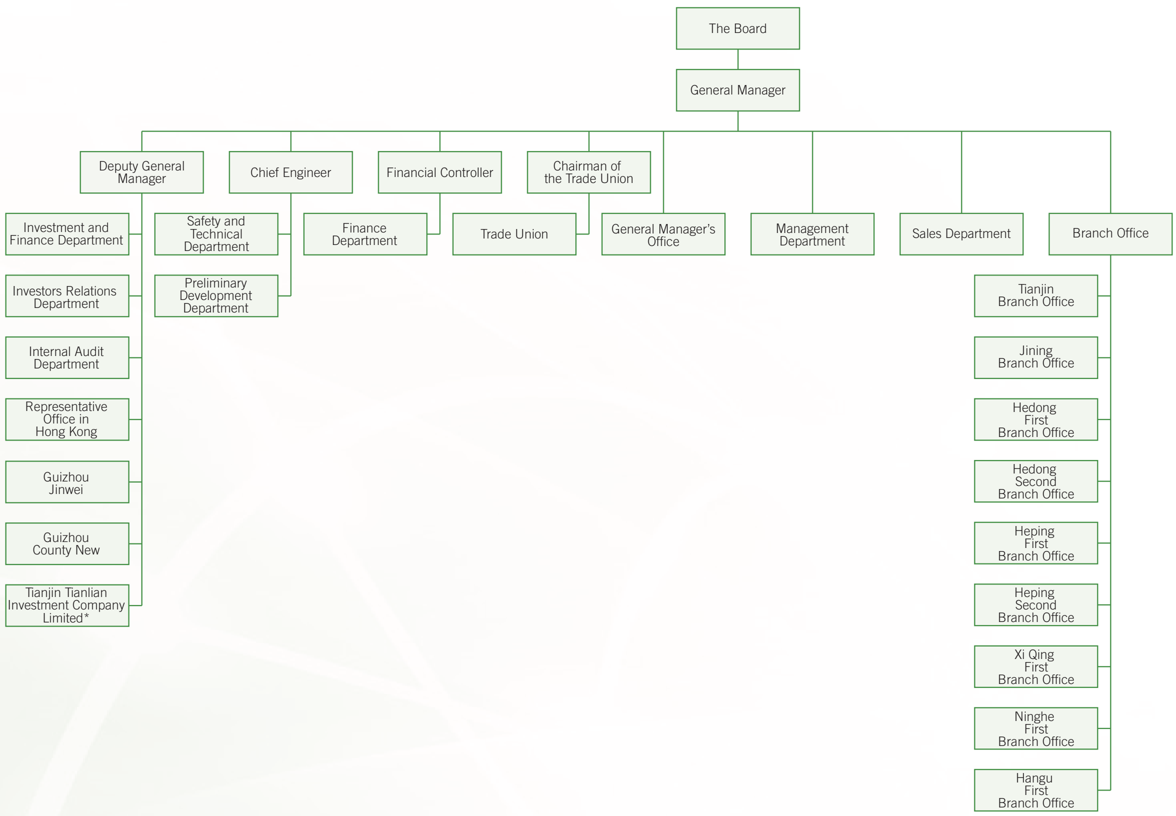
The PRC, 31 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The year ended 31 December 2014 was a challenging year for the Group to consolidate its natural gas business. We believe that the Group will strive to achieve a more satisfactory result for our shareholders in year 2015.

MANAGEMENT STRUCTURE

In order to facilitate the Group's constant expansion and improvement, the Group has its management structure, as set out below:



Since the listing of the H shares ("H Shares") of the Company on the Stock Exchange on 9 January 2004, the Group has been growing rapidly in terms of the business scope and market coverage of its products and services.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year of 2014, in order to maintain the sustainable development of the Group, the Board and the management have started with the enhancement of the internal control and took the initiative to optimize its management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2014 (the "Year"), the Group reported a revenue of approximately RMB1,448,785,000, representing a decrease of approximately 2.59% as compared with the previous year. The gross profit margin decreased from approximately 7% for the year ended 31 December 2013 to approximately 5% for the year ended 31 December 2014. The profit for the year and total comprehensive income for the year attributable to owners of the Company for continuing operations for the year ended 31 December 2014 amounted to approximately RMB70,607,000 (2013: approximately RMB90,670,000) representing a decrease of approximately 22%.

The decline in financial performance of the Group was mainly attributable to the decrease in consumption of gas by certain major industrial customers of the Group as a result of their adoption of measures to reduce the same in response to the two upward price adjustments of natural gas in 2013 and 2014 as directed by the Tianjin Municipal Price Bureau despite the income and revenue generated from the Group's gas connection business has increased as compared to the previous year.

SEGMENTAL INFORMATION ANALYSIS

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, the Group had no bank borrowings. The Group mostly uses Renminbi in its operation and it has not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's gearing ratio (total liabilities to total asset rate) as at 31 December 2014 was approximately 0.24 (as at 31 December 2013: approximately 0.17).

As at 31 December 2014, approximately 100% of the total amount of cash and cash equivalents of the Group was in Renminbi (as at 31 December 2013: 100%). The Group had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates in its normal business operation is only minimal.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities or guarantees.

STAFF AND EMOLUMENT POLICY

As at 31 December 2014, the Group had a workforce of 963 full-time employees.

Emoluments of employees were determined pursuant to the common practice of the industry as well as individual performance. In addition to regular salaries, the Group also paid discretionary bonus to eligible employees subject to the Group's operating results and individual performance. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees. For the defined contribution schemes of the Group, the forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) would not be used by the employer to reduce the exiting level of contribution.

BREACHES OF CHAPTER 14A OF THE LISTING RULES

Continuing connected transaction with Taihua Gas

The Group has been supplying natural gas to 天津泰華燃氣有限公司 (Tianjin Taihua Gas Co., Ltd.*) ("Taihua Gas") since May 2011. Taihua Gas was then owned as to 70% by 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) ("Tianjin Gas") (the controlling shareholder of the Company) and thus a connected person of the Company. Hence, the sale of natural gas by the Company to Taihua Gas constituted a continuing connected transaction of the Company. The remaining 30% of Taihua Gas was then owned by Tanjin Taida Investment Holdings Company Limited (which then owned the entire issued share capital of 天津燈塔塗料有限公司 (Tianjin Beacon Coatings Co., Ltd) ("Beacon Coatings"), which in turn held 118,105,313 domestic shares of the Company, representing approximately 6.42% of the total issued shares of the Company). The total sales by the Group to Taihua Gas (excluding tax) amounted to approximately RMB61,532,812, RMB124,405,456 and RMB153,031,186 for the three years ended 31 December 2013 respectively. Under Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rule") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), such sale of natural gas constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders' approval requirements. Due to an inadvertent mistake, the Company omitted to comply with the said requirements under Chapter 14A of the Listing Rules for such sale. For details of the breach, please refer to the announcement of the Company dated 25 February 2014.

* *For identification purposes only*

Continuing connected transaction with Zhongyou Gas

The Group had been supplying natural gas to 天津中油燃氣車用燃料技術有限公司 (Tianjin Zhongyou Gas Vehicle Fuel Technology Co., Ltd.*) ("Zhongyou Gas") since May 2011 until July 2013. Zhongyou Gas was owned as to 40% by Tianjin Gas, the controlling shareholder of the Company, and thus a connected person of the Company. Hence, the sale of natural gas by the Company to Zhongyou Gas constituted a continuing connected transaction of the Company. The total sales by the Group to Zhongyou Gas (excluding tax) amounted to RMB20,490,357.08, RMB34,469,565.00 and RMB17,565,725.93 for the two years ended 31 December 2012 and the period from 1 January 2013 to July 2013, respectively. Under Chapter 14A of the Listing Rules, such sale of natural gas constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders' approval requirements for the year ended 31 December 2011 and subject to the reporting and announcement requirements but were exempted from independent shareholders' approval requirements for the year ended 31 December 2012 and the period from 1 January 2013 to July 2013. Due to an inadvertent mistake, the Company had omitted to comply with the said requirements under Chapter 14A of the Listing Rules for such sale. However, such sale has ceased in July 2013. For details of the breach, please refer to the announcement of the Company dated 12 March 2014.

In order to prevent recurrence of the similar incidents, the Company has implemented certain measures to enhance its internal control system.

PROSPECTS

Development of the PRC Gas Sector

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

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

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

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

- the Group will continue to supply piped natural gas to its existing operational locations in Tianjin City and will aim at expansion by constructing new pipelines and connecting to more users in its existing operational locations.

- the Group will seek to expand its gas pipelines network by mergers and acquisitions, if suitable assets or suitable targets are identified.

- apart from its natural gas operation in Tianjin City, the Group will also continue to explore and develop its natural gas operation in Jining City.

- the Company will continue its expansion in Binhai New District.

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

- focus on the balanced development of various gas-related businesses and make efforts to develop the piped gas market, including participating in the urban natural gas pipeline network projects in local areas by way of mergers or acquisitions.

- continue to advance the research, evaluation, negotiation and other work related to existing projects, and ensure the fulfillment of the business objectives.

- continue to strengthen the financial management of the Group. The Group also aims to continuously lower the operating costs and maximize the revenue from the operating projects.

- further its efforts in personnel training and recruitment, facilitate the smooth operations and developments of the Group, develop positive corporate culture, and upgrade the management of the Company.

During the Year, the Company has implemented a strategic plan to put greater focus on its gas related businesses. Hence the Board resolved a plan to dispose its mining business and trading business of lead and zinc. The Company has started negotiations with several interested parties in relation to the disposal of its 88% equity interest in Guizhou Jinwei, which owns 70% equity interest in Guizhou Taijiang and Guizhou Taijiang owns a mining right of a lead-zinc mine located in Taijiang County, Guizhou Province. The Company will comply with the relevant requirements of the Listing Rules accordingly.

CONTINUING CONNECTED TRANSACTION IN RELATION TO GAS SUPPLY

On 31 October 2014, the Company and 津燃華潤燃氣集團有限公司 (Jinran China Resources Gas Co., Ltd) ("Jinran Gas") entered into new gas supply contracts in respect of renewal of the supply of natural gas by Jinran Gas to the Group for the period from 1 January 2015 to 31 December 2017 (the "New Gas Supply Contracts"). Jinran Gas is held as to 51% by Gas and is hence a connected person of the Company, and the entering into of the New Gas Supply Contracts between Jinran Gas and the Company constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to the New Gas Supply Contracts, Jinran Gas agreed to supply to the Company and the Company agreed to purchase from Jinran Gas up to 612.29 million, 673.52 million and 740.87 million cubic metres of natural gas for the years ending 31 December 2015, 31 December 2016 and 31 December 2017 at a price of approximately RMB2.655 per cubic metre (tax excluded, and the price subject to adjustment in accordance with the direction of the Tianjin municipal price bureau from time to time) with an annual cap of RMB1,626 million, RMB1,788 million and RMB1,967 million respectively.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps for the New Gas Supply Contracts for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 exceeded 5%, the New Gas Supply Contracts were subject to, inter alia, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details of the transactions, please refer to the announcements of the Company dated 31 October 2014 and 30 December 2014 and the circular of the Company dated 12 December 2014.

CONTINUING CONNECTED TRANSACTION IN RELATION TO GAS TRANSPORTATION

On 31 October 2014, Jinran Gas and the Company entered into a gas transportation contract in respect of the renewal of provision of gas transportation services through the gas pipelines owned and managed by the Company for natural gas transmission by Jinran Gas for the period from 1 January 2015 to 31 December 2017 (the "New Gas Transportation Contracts"). In return, Jinran Gas will pay to the Company the gas transportation fees. The said gas transportation fees are calculated based on the actual volume of natural gas and actual distance transmitted at RMB0.8 per 1,000 cubic metres per kilometre. The annual caps for the said gas transportation fees for the years ending 31 December 2015, 31 December 2016 and 31 December 2017 are RMB13,290,000, RMB15,280,000 and RMB17,570,000 respectively.

As each of the applicable percentage ratios for the caps of the transaction contemplated under the New Gas Supply Contracts were on an annual basis, more than 0.1% but less than 5%, the New Gas Transportation Contracts were exempt from the independent shareholders' approval requirement and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

For details of the transactions, please refer to the announcement of the Company dated 31 October 2014.

CONTINUING CONNECTED TRANSACTION IN RELATION TO GAS PROVISION

On 31 October 2014, Taihua Gas and the Company entered into new gas provision contracts in respect of the supply of natural gas by the Company to Taihua Gas for the period from 1 January 2015 to 31 December 2017 (the "New Gas Provision Contracts"). Pursuant to the New Gas Provision Contracts, the Group has agreed to supply to Taihua Gas and Taihua Gas has agreed to purchase from the Group up to 88.55 million, 97.41 million and 107.15 million cubic metres of natural gas for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 at a price of approximately RMB2.92 per cubic metre (tax excluded, and the price is subject to adjustment in accordance with the direction of the Tianjin municipal price bureau from time to time) with an annual cap of RMB259 million, RMB284 million and RMB313 million respectively.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps for the New Gas Provision Contracts for the year ending 31 December 2015, 31 December 2016 and 31 December 2017 exceeded 5%, the New Gas Provision Contracts were subject to, inter alia, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

For details of the transactions, please refer to the announcements of the Company dated 31 October 2014 and 30 December 2014 and the circular of the Company dated 12 December 2014.

CONNECTED TRANSACTION IN RELATION TO PURCHASE OF GAS METRES

On 27 November 2014, the Company entered into a purchase and sales agreements with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd*) ("Tianjin Yumin"), a subsidiary of Tianjin Gas, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 20,000 gas metres at an aggregate purchase price of RMB7,000,000 (the "Purchase and Sales Agreement").

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

For details of the transaction, please refer to the announcement of the Company dated 27 November 2014.

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IMPORTANT EVENT(S) AFTER REPORTING PERIOD

On 13 March 2015, the Company entered into an installation service agreement (the "Installation Service Agreement") with 天津市益銷燃氣工程發展有限公司 (Tianjin Yixiao Construction Development Limited*) ("Tianjin Yixiao"), which is owned as to 75% by 天津市眾元天然氣工程有限公司 (Tianjin Zhongyuan Natural Gas Engineering Limited*, which is in turn owned as to 85.99% by Tianjin Gas) and 25% by 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Limited*, which is in turn owned as to 87.5% by Tianjin Gas), pursuant to which Tianjin Yixiao agreed to provide installation services of indoor gas meters in Tianjin at a consideration of RMB12,800,000.

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

For details of the transaction, please refer to the announcement of the Company dated 13 March 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this report, the Company has five executive Directors, one non-executive Director, and three independent non-executive Directors. Their details are set out below:

Executive Directors

Mr. Zhang Tian Hua (張天華), aged 51, is the chairman of the Board and an executive Director. He is a senior engineer, graduated from the Faculty of Energy and Chemical of Huadong Chemical College (華東化工學院) in 1984 and obtained a master's degree in Business Administration for Senior Management from Nankai University (南開大學) in 2009. From 1994 to 2000, he had been the deputy head of First Coal Gas Factory of Tianjin (天津市第一煤氣廠) and First Coal Gas Factory of Tianjin Coal Gas Group (天津市煤氣集團第一煤氣廠). Prior to joining Tianjin Gas as a deputy chief engineer and the head of technology and equipment department in 2001, Mr. Zhang had been the manager of Tianjin Shanjin Mass Transit of Natural Gas Company Limited (天津市陝津天然氣集輸有限公司) from 2000 to 2001. From 2002 to 2011, he had been the chief engineer and the deputy general manager of Tianjin Gas. In 2007, Mr. Zhang was awarded special subsidy by the State Council. Mr. Zhang is also the general manager of Tianjin Gas and deputy manager of 天津能源投資集團有限公司 (Tianjin Energy Investment Group Limited#) ("Tianjin Energy"), the intermediary holding company of Tianjin Gas. Mr. Zhang was appointed as an executive Director on 23 September 2011. He is currently the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee.

Ms. Tang Jie (唐潔), aged 47, is an executive Director. Ms. Tang graduated from the Tianjin Institute of Finance (天津財經學院) (now known as the Tianjin University of Finance and Economics (天津財經大學)), majoring in accounting, in 1991. Ms. Tang is one of the promoters of the Company and had been working for the Company as an accountant and deputy general manager in the account department since December 1998. She had been appointed as a deputy general manager of the Company in 2001. Ms. Tang was appointed as an executive Director on 28 December 2001 and is responsible for making material decisions of the Company.

Mr. Zhang Guo Jian (張國健), aged 42, graduated from the Party School of Tianjin Municipal Party Committee (天津市委黨校) in September 2005, majoring in economics and management. Mr. Zhang has over 20 years of experience in the utilities sector. Prior to joining the Company, he worked in 天津市燃氣集團第一銷售分公司 (First Sales Branch of Tianjin Gas*) from 1995 to 2012. Mr. Zhang had served as the assistant to the general manager and the deputy chief economist of Tianjin Gas since 2012 and the party branch secretary and manager of the Company since 2013. Mr. Zhang has served as the general manager of the Company since 26 July 2013. Mr. Zhang Guo Jian was appointed as an executive Director on 1 November 2013.

* *For identification purposes only*

Mr. Hou Shuang Jiang (侯雙江), aged 46, was awarded with a bachelor's degree in chemical engineering from Tianjin University of Technology* (天津理工大學) (formerly known as Tianjin Institute of Technology* (天津理工學院)) in July 1991. Mr. Hou has accumulated more than 18 years of experience in the finance and capital markets sector. Prior to joining the Company, Mr. Hou worked as an officer in 中鋼集團天津地質研究院 (Sinosteel Tianjin Geological Academy*, formerly known as 冶金部天津地質調查所 (Ministry of Metallurgical Industry Tianjin Geological Academy*)) from July 1991 to April 1996, the deputy manager of the sales department of 天津匯金期貨經紀公司 (Tianjin Huijin Futures Brokerage Company*) in Zhengzhou from April 1996 to December 1999. From December 1999 to May 2000, Mr. Hou acted as an investment consultant of Yingda Securities Co., Ltd.* (英大證券有限責任公司). He was an investment consultant of Bohai Securities Co., Ltd* (渤海證券股份有限公司) from May 2000 to January 2013. From January 2013 to November 2013, Mr. Hou was the manager of the capital management department of 天津市津能投資公司 (Tianjin Jinneng Investment Company*). Mr. Hou has been the manager of the capital management department of Tianjin Energy, the intermediary holding company of Tianjin Gas since November 2013. Mr. Hou is also a director of 津燃貿易諮詢有限公司 (Jinran Trading Consultancy Company Limited*), a wholly-owned subsidiary of Tianjin Gas. Mr. Hou was appointed as an executive Director on 3 March 2014.

Ms. Wang Wen Xia (王文霞), aged 50, was awarded with a bachelor degree in urban gas and heat supply by the School of Architecture of Tianjin University* (天津大學建築分校) in July 1988 and is a senior engineer. Ms. Wang has accumulated more than 27 years of experience in the gas sector in the PRC. Prior to joining the Company, Ms. Wang had worked in the sales office of Natural Gas Company* (天燃氣公司), a subsidiary of Tianjin Gas (the Controlling Shareholder of the Company), and the sales and technical department of Natural Gas Supply Company* (天燃氣供應公司), a subsidiary of Tianjin Gas, during the period from July 1988 to November 2000. Ms. Wang had worked as a chief engineer and deputy manager of the First Sales Branch of Tianjin Gas from November 2000 to January 2003. During the period from January 2003 to November 2013, Ms. Wang had served various roles in Tianjin Gas, which includes the manager of the department of the distribution department, the manager of the department of resources management, the chief engineer of the distribution branch, the chairman of Gangyi Heat Supply Company* (港益供熱公司). Since November 2013, Ms. Wang has served as the manager of the assets department of Tianjin Energy. Ms.Wang was appointed as an executive Director on 3 November 2014.

* *For identification purposes only*

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. Li Da Chuan（李大川）, aged 50, was awarded with a master degree in business administration by the Tianjin University（天津大學）in January 2014. Mr. Li has accumulated more than 27 years of experience in the gas sector in the PRC. Prior to joining the Company, Mr. Li had served different roles in 天津市燃氣熱力規劃設計院 (Tianjin Gas Heat Planning and Design Institute*) (formerly known as 天津市煤氣工程設計院 (Tianjin Gas Engineering Design Institute*)), which is a wholly-owned subsidiary of Tianjin Gas (the Controlling Shareholder of the Company), and his positions include engineer, manager, director assistant and deputy director during the period from July 1988 to December 2002. Mr. Li worked as a deputy manager of Tianjin Public Utilities Construction Company*（天津市公用基礎設施建設公司）, a subsidiary of Tianjin Energy from December 2002 to April 2004, the deputy general manager of 天津能源投資集團科技有限公司(formerly known as 首創津燃燃氣投資有限公司 (Capital Group Jinran Gas investment Company Limited*)), a subsidiary of Tianjin Energy from April 2004 to July 2005. He had also held various management roles in First Sales branch of Tianjin Gas, Tianjin Heat Company*（天津市熱力公司）(a subsidiary of Tianjin Energy), Tianjin Chengan Heat Energy Company Limited*（天津市城安熱電有限公司）(currently a subsidiary of Tianjin Energy) and Tianjin Jinneng Investment Company Limited*（天津市津能投資公司）(currently a subsidiary of Tianjin Energy) from July 2005 to November 2013. Since November 2013, he has acted as the manager of the gas production department of Tianjin Energy. Mr. Li was appointed as the non-executive Director on 3 November 2014.

Independent Non-executive Directors

Professor Zhang Yu Li（張玉利）, aged 49, was appointed as an independent non-executive Director on 25 June 2007. Professor Zhang is a graduate of the Nankai University in the PRC. He received a bachelor's degree in economic management in 1987, a master's degree in corporate management in 1990, and was awarded a doctorate in economics, majoring in corporate management in 1996. Professor Zhang had been the associate dean of the School of Business of Nankai University, the PRC. He has been the head of the Entrepreneurship Management Studies Centre（創業管理研究中心）of the School of Business of Nankai University, the PRC since 2008. He is currently the dean of the school of Business of Nan Kai University, the PRC.

* *For identification purposes only*

Mr. Luo Wei Kun (羅維崑), aged 75, was appointed as an independent non-executive Director on 28 October 2002. Mr. Luo graduated from the Tsinghua University (清華大學) in the PRC with a bachelor's degree in civil architecture in 1964. He started his postgraduate studies in civil engineering in the same year and was subsequently awarded a postgraduate diploma in 1967. He was a technician in the Wuhan Branch of the China National Pharmaceutical Industry Corporation (中國醫藥工業公司武漢分公司) (now known as China National Pharmaceutical Industry Corporation Limited) (中國醫藥工業有限公司)) in 1968. He worked in the State Ministry of Medicine-Hubei Medical Manufactory Branch (國家醫葯總局湖北製藥製劑分廠) from 1969 to 1985 and successively held various positions, including deputy chief engineer. He worked as an engineer, section head and assistant to factory manager in Tianjin Second Coal Gas Factory (天津市第二煤氣廠) from 1986 to 1992. He was the deputy chief engineer in Tianjin Public Utility Bureau (天津市公用局) since 1992 and up to his retirement in March 2000. Mr. Luo acted as a consultant in Tianjin City Gas Administrative Office (天津市燃氣管理處) since 2000, and had been a committee member of Urban Coal Gas Association of Civil Engineering Association in China (中國土木工程學會城市煤氣學會理事會), a member of the technical consultant committee in the Planning Office of Tianjin City (天津市建設管理委員會技術顧問委員會). Mr. Luo is currently an independent non-executive Director of China Leason CBM & Shale Gas Group Company Limited (中國聯盛煤層氣頁岩氣產業集團有限公司) formerly known as China Leason Investment Group Co., Limited (中國聯盛投資集團有限公司) (Stock Code: 8270), whose shares are listed on the Growth Enterprise Market of the Stock Exchange ("GEM").

Mr. Tam Tak Kei, Raymond (譚德機), aged 51, was appointed as an independent non-executive Director on 15 February 2011. Mr. Tam holds a Bachelor of Arts Degree in Accounting with Computing from University of Kent at Canterbury, England and is a an associate member of the Institute of Chartered Accountants in England and Wales. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam acted as the financial controller of an international law firm for 9 years and has over 29 years of professional accounting experience and is currently the finance director of a Hong Kong-based action company and the company secretary of Branding China Group Limited (Stock code: 8219). Mr. Tam has also acted as an independent non-executive director of Ngai Shun Holdings Limited (stock code: 1246) since September 2013, Jin Cai Holdings Company Limited (stock code: 1250) since June 2013, Vision Fame International Holding Limited (stock code: 1315) since December 2011. Mr. Tam had been an independent non-executive director of Sun Innovation Holdings Limited (stock code: 547) from September 2009 to August 2013 and the independent non-executive director of Zebra Strategic Holdings Limited (stock code: 8260) from June 2012 to September 2014. Mr. Tam was the chief financial officer of King Force Security Holdings Limited (stock code: 8315) from April to December 2014.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

The Company has established a supervisory committee ("Supervisory Committee") whose primary duty is to supervise the discharge of the duties of the senior management of the Company, including the Board, managers and senior officers. The function of the Supervisory Committee is to ensure that the senior management of the Company acts in the interests of the Company, its shareholders and employees and does not perform acts which violate PRC laws or the articles of association of the Company (the "Articles of Association"). The Supervisory Committee reports to the shareholders in general meetings. The Articles of Association provides the Supervisory Committee with the right to investigate the Company's financial affairs, to carry out supervision to ensure that the Directors, managers and other senior management personnel of the Company do not act in contravention of any laws, administrative regulations or the Articles of Association in the performance of their duties, to request that any activities harmful to the interests of the Company or the Directors, managers or other senior management of the Company be corrected, to propose the convening of extraordinary general meetings of shareholders; to exercise other powers of office stipulated in the Articles of Association, and in appropriate cases, to appoint on behalf of the Company solicitors, certified public accountants or certified practicing auditors to provide assistance when the Supervisory Committee exercise its power.

The Supervisory Committee currently comprises of five members, two of whom are representatives of the employees. The members of the Supervisory Committee currently are:

Shareholders Representative Supervisor

Mr. Cao Shu Jing (曹書經), aged 63, was appointed as a shareholders representative supervisor on 4 January 2006. Mr. Cao graduated from the Management Institute of Tianjin City (天津市管理幹部學院), majoring in corporate ideological and political work in 1985, and subsequently in administration of commerce and industry management in 1990. Mr. Cao joined Tianjin Gas in March 1973. Mr. Cao had been qualified senior political officer, and the deputy general manager of Tianjin Gas. Mr. Cao retired from his post in Tianjin Gas on 22 March 2012.

Independent Supervisor

Mr. Jiang Nian (姜念), aged 60, is a supervisor and a senior engineer. He graduated from Tianjin Technology University in July 1983 with a bachelor degree in Chemical Engineering. Mr. Jiang had been the process engineer of Tianjin First Coal Gas Factory, the deputy head of safety and technology in Nankai District of Tianjin Gas, the head of technical equipment in Second Sales Company of Tianjin Gas, the field director of Nankai Distribution Command Center for the Project of importing natural gas from Shanganning oil field of Tianjin Gas, the chief engineer of Second Sales Company of Tianjin Gas, and the manager of Third Sales Company of Tianjin Gas. He currently is the chief engineer of Tianjin Gas, responsible for planning and design, technical development, product specification and pipeline networks operation.

Mr. Dou Run Liang (竇潤亮), aged 37, is a law and engineering double degree holder and was awarded a doctorate in management. Mr. Dou is a lecturer of the department of management and economics of Tianjin University (天津大學), and the deputy secretary of the Industrial Engineering Institution of the Chinese Mechanical Engineering Society (中國機械工程學會工業工程分會). Mr. Dou has been the chief responsible officer of several research projects for different institutions. He was appointed as an independent supervisor on 14 June 2013.

Staff Representative Supervisors

Mr. Sun Xue Gang (孫學剛), aged 39, is a supervisor and a deputy general manager of the Company. Mr. Sun graduated from the Tianjin Institute of Finance, the PRC, majoring in economic information management, in 1997. Between 1997 and 2006, he worked for Tianjin Water Works Group Company Limited (天津市自來水集團有限公司) and had successively been a management cadre in the human resources department and a vice party secretary, and had been a deputy manager of Tianjin Water Works Group Company Limited retail branch in the northern part of Tianjin. He was appointed as a deputy general manager of the Company in 2006 and has been appointed as a Supervisor on 25 June 2007. Mr. Sun is responsible for corporate investment and financing, investor relationship and internal audit of the Company. He is also responsible for organising feasibility study and application for approval in relation to the investment projects of the Company and managing the Jining Branch.

Ms. Hao Li (郝力), aged 45, is a supervisor. Ms. Hao graduated from the School of Tianjin Committee of the Communist Party (中共天津市委黨校), majoring in economics and management, in 2005. She worked in the planning department of Tianjin Gas from 1988 to 2005, and subsequently joined the Company and worked in the management department. She was appointed as a Supervisor on 25 June 2007.

COMPANY SECRETARY

Mr. Kwok Shun Tim (郭純恬), aged 40, Mr. Kwok holds a master of science in China Business Studies from The Hong Kong Polytechnic University and a master of laws (International Economic Law) from the City University of Hong Kong and a Bachelor Degree of Business Administration in Accounting from The Hong Kong University of Science and Technology. He is an associate member of Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants), an ordinary member of Hong Kong Securities Institute, a full member of IT Accountants Association and a fellow of the Association of Chartered Certified Accountants. Mr. Kwok is currently a member of Guangdong Province Zhaoqing City Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省肇慶市委員會) and a director of Yan Oi Tong for the year 2013/2014.

SENIOR MANAGEMENT

Mr. Sun Xue Gang (孫學剛), aged 39, is a deputy general manager of the Company. His biographical details are set out above under the paragraph headed "Staff Representative Supervisors" above.

Ms. Wang Li Ping (王莉萍), aged 49, graduated from Tianjin Institute of Finance, the PRC in 1985. She is an accountant. She was the deputy head of the Financial Department of Tianjin Gas from 2004 to 2005, and has been the manager of the Finance Department of the Company thereafter. Ms. Wang is currently the financial controller of the Company.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

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

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2014.

Details of the Company's corporate governance are summarized as below.

KEY CORPORATE GOVERNANCE PRINCIPLES AND THE COMPANY'S PRACTICES

The Board

Roles of Directors

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for appointing and supervising senior management to ensure that the operations of the Group are conducted in accordance with the objectives of the Group. The principal roles of the Board are:

- to lay down the Group's objectives, strategies, policies and business plan;
- to monitor and control operating and financial performance through the determination of the annual budget; and
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board is directly accountable to the shareholders and is responsible for preparing the accounts.

The Board has delegated the day-to-day management responsibility to the management staff under the instruction/supervision of General Manager and various Board committees. All Board members have separate and independent access to the Company's management to fulfill their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the company secretary and open for inspection by the Directors.

During the Reporting Period, the Board maintained a high level of independence, with one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgments. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed.

Board of Directors

Composition of the Board

As at the date of this report, the Board consists of 9 members, comprising 5 executive Directors namely Mr. Zhang Tian Hua (Chairman), Mr. Wong Wen Xia, Ms. Tang Jie, Mr. Zhang Guo Jian and Mr, Hou Shuang Jiang, 1 non-executive Director namely Mr. Li Da Chuan, and 3 independent non-executive Directors namely Mr. Zhang Yu Li, Mr. Luo Wei Kun and Mr. Tam Tak Kei, Raymond. One of the independent non-executive Directors, Mr. Tam Tak Kei, Raymond is a qualified accountant with substantial experience in accounting and financial matters. Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" on page 14 to page 19 of this report.

The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that may contribute to the business of the Group. The Company has complied with the requirements under Rule 3.10(1) and (2) of the Listing Rules for the Period. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules.

During the Period, the Board maintained a high level of independence, with one-third of the Board comprised of independent non-executive Directors, who had exercised independent judgments.

Chairman and Chief Executive Officer

As at the date of this report, Mr. Zhang Tian Hua serves as the Chairman of the Company. The Company does not have a chief executive officer. The General Manager (currently Mr. Zhang Guo Jian) acts as the leading officer of the Group in executing the business and other policies and strategies laid down by the Board.

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 29 March 2012. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The Board has adopted its board diversity policy (the "Board Diversity Policy"). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experience are appropriate for the businesses of the Group.

Each of the executive Directors, non-executive Director and independent non-executive Directors except for Ms. Wong Wen Xia, Mr. Hou Shuang Jiang and Mr. Li Da Chuan has entered into a service contract with the Company for a term commencing from 20 June 2012 and ending on the conclusion of the annual general meeting of the Company to be held in 2015. Mr. Hou Shuang Jiang has entered into a service contract with the Company for a term commencing from 3 March 2014 ending on the conclusion of the annual general meeting of the Company to be held in 2015. Each of Ms. Wong Wen Xia and Mr. Li Da Chuan has entered into a service contract with the Company commencing from 3 November 2014 ending on the conclusion of the annual general meeting of the Company to be held in 2015. All the service contracts entered into between the Company and Directors may be terminated by either party by giving at least three months' written notice.

Every Director is subject to re-election on retirement by rotation in accordance with the Articles of Association.

Board Meetings and Procedures

The proceedings of the Board are well defined and follow all the code provisions of the Code.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings.

All Directors also have access to the Company Secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the Company Secretary and open for inspection by the Directors.

Regular Board meetings are held normally every 3 months, with additional meetings arranged, if and when required. 7 Board meetings were held in 2014. Individual attendance records are set out below.

Board Meetings and General Meetings Attendance

	No. of board meetings attended by each Director during the year 2014	No. of general meetings attended by each Director during the year 2014
Executive Directors		
Bai Shao Liang (Note 1)	4/6 (Note 7)	3/4 (Note 7)
Dong Hui Qiang (Note 2)	0/0	0/1 (Note 7)
Zhang Guo Jian	7/7	5/5
Tang Jie	7/7	5/5
Zhang Tian Hua *(Chairman)*	7/7	5/5
Wang Wen Xia (Note 3)	1/1	1/1
Hou Shuang Jiang (Note 4)	7/7	4/4
Non-executive Director		
Wang Zhi Yong (Note 5)	4/6 (Note 7)	0/4 (Note 7)
Li Da Chuan (Note 6)	0/1 (Note 7)	0/1 (Note 7)
Independent Non-executive Directors		
Zhang Yu Li	7/7	0/5 (Note 7)
Luo Wei Kun	7/7	1/5 (Note 7)
Tam Tak Kei, Raymond	7/7	0/5 (Note 7)

Note 1: Mr. Bai Shao Liang resigned as an executive Director on 3 November 2014 and 6 Board meetings and 4 general meeting were held during his tenure in the Year.

Note 2: Mr. Dong Hui Qiang resigned as an executive Director on 3 March 2014 and 0 Board meetings and 1 general meeting was held during his tenure in the Year.

Note 3: Ms. Wang Wen Xia has been appointed as an executive Director with effect from 3 November 2014 and 1 Board meetings and 1 general meeting were held during her tenure in the Year.

Note 4: Mr. Hou Shuang Jiang has been appointed as an executive Director with effect from 3 March 2014 and 7 Board meetings and 4 general meetings were held during his tenure in the Year.

Note 5: Mr. Wang Zhi Yong resigned as a non-executive Director on 3 November 2014 and 6 Board meetings and 4 general meetings were held during his tenure in the Year.

Note 6: Mr. Li Da Chuan Jiang has been appointed as a non-executive Director with effect from 3 November 2014 and 1 Board meeting and 1 general meeting were held during his tenure in the Year.

Note 7: Certain Directors were not able to attend the general meetings held in 2014 due to their unavoidable business engagements.

Directors are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution. Minutes of the Board and committee meetings are prepared after the meetings and are kept by the Company Secretary and are open for inspection by the Directors.

All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with, and advising the Board on compliance matters.

Directors' Duties

Every Director is kept abreast of his responsibilities as a director of the Company and of the conduct, business activities and development of the Company:

- A comprehensive director's handbook is issued to every Director, which sets out guidelines on conduct by making reference to the relevant sections of the statutes or the Listing Rules, and reminds Directors of their responsibilities in making disclosure of their interests and potential conflict of interests.

- Orientation programmes are organised for providing induction to new Directors to help them familiarise with the Company's management, business and governance practices.

- Management provides appropriate and sufficient information to Directors and the committee members in a timely manner to keep them apprised of the latest development of the Group and enable them to discharge their responsibilities. Directors also have independent and unrestricted access to senior executives of the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. As at the date of this Report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

Conduct on Share Dealings

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors ("Supervisors") of the Company on terms no less exacting than the required standard of dealings as referred to in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

The Company, having made specific enquiries to its Directors and Supervisors, confirms that, throughout the Period, all Directors and Supervisors met the criteria laid down in the said code for securities transactions by Directors and Supervisors.

Independent non-executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent to the Company.

Directors' Induction and Continuous Professional Development

All newly appointed Directors received comprehensive, formal training on the first occasion of their appointments and were ensured to have a proper understanding of the businesses and development of the Group and that they were fully aware of their responsibilities under statutes, laws, rules and regulations, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

Pursuant to code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Period, the Company has also organized briefing sessions conducted by the Hong Kong Legal Adviser to the Company for the Directors. The briefing sessions covered topics including the Corporate Governance Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc.

According to the records provided by the Directors, a summary of training received by the Directors since 1 January 2014 up to 31 December 2014 is as follows:

	Reading seminar materials relating to the effect of disclosure of inside information and the new Companies Ordinance	No. of briefing sessions attended by each Director during the year 2014
Executive Directors		
Bai Shao Liang (Note 1)	✓	1
Dong Hui Qiang (Note 2)	✓	0
Zhang Guo Jian	✓	1
Tang Jie	✓	1
Zhang Tian Hua *(Chairman)*	✓	1
Wang Wen Xia (Note 3)	✓	0
Hou Shuang Jiang (Note 4)	✓	1
Non-executive Director		
Wang Zhi Yong (Note 5)	✓	1
Li Da Chuan (Note 6)	✓	0
Independent Non-executive Directors		
Zhang Yu Li	✓	1
Luo Wei Kun	✓	1
Tam Tak Kei, Raymond	✓	1

Note 1: Mr. Bai Shao Liang resigned from office as an executive Director with effect from 3 November 2014.

Note 2: Mr. Dong Hui Qiang resigned from office as an executive Director with effect from 3 March 2014.

Note 3: The appointment of Ms. Wang Wen Xia to be an executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 November 2014 and become effective on the same date.

Note 4: The appointment of Mr. Hou Shuang Jiang to be an executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 March 2014 and become effective on the same date.

Note 5: Mr. Wang Zhi Yong resigned from office as a non-executive Director with effect from 3 November 2014.

Note 6: The appointment of Mr. Li Da Chuan to be a non-executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 November 2014 and become effective on the same date.

Board Committees

The Board is supported by three committees as at the date of this report, namely the Remuneration Committee, Nomination Committee and Audit Committee. Each of them has defined terms of reference covering its duties, powers and functions.

The Board and the committees are provided with sufficient resources to discharge their duties including, retention of outside advisers, if necessary, at the cost of the Company, to provide advice on any specific matter.

All committees comprise non-executive Directors. The chairmen of the respective committees report regularly to the Board, and, as appropriate, make recommendations on matters discussed. The governance structure and meetings attendance record of the Committees are set out below.

	Major roles and functions	**Composition during 2014**	**Attendance in 2014**
Audit Committee	• To make recommendation to the Board on the appointment, reappointment and removal of external auditor • To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards • To develop and implement policy on the engagement of an external auditor to supply non-audit services and monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and significant financial reporting judgments contained in them	Zhang Yu Li *(Chairman)* Luo Wei Kun Tam Tak Kei, Raymond	100% 100% 100%

Total number of meetings held in 2014: 2

	Major roles and functions	Composition during 2014	Attendance in 2014
Remuneration Committee	• To consult the chairman of the Board about their remuneration proposals for other executive Directors • To make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management • To determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management	Zhang Tian Hua Luo Wei Kun *(Chairman)* Tam Tak Kei, Raymond	100% 100% 100%
Total number of meetings held in 2014: 3			
Nomination Committee	• To review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis • To identify individuals suitably qualified to become Board member and assess the independence of independent non-executive Directors	Zhang Tian Hua *(Chairman)* Zhang Yu Li Luo Wei Kun	100% 100% 100%
Total number of meetings held in 2014: 2			

Audit Committee

During 2014, the Audit Committee met 2 times and performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2013 and interim financial results and report for the six months ended 30 June 2014;

2. reviewed the internal audit department's report regarding the reviewing and procedures of the internal control and risk management of the Company.

The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

Remuneration Committee

During 2014, the Remuneration Committee met 3 times and performed the major works as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the Directors and senior management in the Year under review;

2. determined the remuneration packages of individual executive directors and senior management.

Nomination Committee

During 2014, the Nomination Committee met 2 times and performed the major works as below:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business; assessed the independency of all independent non-executive Directors;

2. reviewed and discussed the nomination of Ms. Wang Wen Xia and Mr. Hou Shuang Jiang as executive Director and made recommendations to the Board in this regard; and

3. reviewed and discussed the nomination of Mr. Li Da Chuan as a non-executive Director and made recommendations to the Board in this regard.

Remuneration of Directors and Senior Management

The Group paid or accrued total Directors' remuneration amounts of approximately RMB50,000, RMB8,000, RMB8,000, RMB50,000, RMB42,000, RMB50,000, RMB42,000, RMB42,000, RMB8,000, RMB50,000, RMB50,000 and RMB100,000 to Mr. Zhang Tian Hua, Ms. Wang Wen Xia, Mr. Dong Hui Qiang, Ms. Tang Jie, Mr. Bai Shao Liang, Mr. Zhang Guo Jian, Mr. Hou Shuang Jiang, Mr. Wang Zhi Yong, Mr. Li Da Chuan, Professor. Zhang Yu Li, Mr. Luo Wei Kun and Mr. Tam Tak Kei, Raymond respectively, for the year ended 31 December 2014.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. As at 31 December 2014, there was no arrangement in which the Directors waived their remuneration.

Details of remuneration paid to members of senior management falls within the following bands:

	Number of Individuals:
RMB100,000 or below	–
RMB100,000 to RMB500,000	2

Company Secretary

The Company does not engage an external service provider as its company secretary. Mr. Kwok Shun Tim, being the Company Secretary of the Company, has taken no less than 15 hours of relevant professional training during the year ended 31 December 2014 and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

The Company Secretary reports directly to the Board. All the Directors have easy access to the Company Secretary and responsibility of the Company Secretary is to ensure the board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advices with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of discloseable transactions, connected transactions and inside information. The Company Secretary shall provide advices to the Board with respect to strict compliance with the laws, requirements and the Company's articles of association at appropriate times. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance code so as to bring the best long term value to shareholders. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company at appropriate times. The Company Secretary is also responsible for supervising and managing the Group's relationship with investors.

Accountability and Audit

Financial Reporting

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs of the results and cash flow for the year. In preparing the accounts for the year ended 31 December 2014, the Directors have:

- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable; and ensured the accounts are prepared on the going concern basis.

The Company recognises that high quality corporate reporting is important in reinforcing the trustworthy relationship with the Company's stakeholders and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications. The annual and interim results of the Company are announced in a timely manner within the required limits after the end of the relevant periods.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on page 57 to page 58. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Internal Control

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of internal control over financial, operational and compliance issues for the year 2014. The Audit Committee concluded that, save as disclosed below, in general, the Company has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance. The Board, through the review of the Audit Committee, is satisfied that the Group in 2014, fully complied with the code provisions on internal controls as set forth in the Code.

Reference is made to the announcement of the Company dated 25 February 2014 (the "First Announcement") and the announcement of the Company dated 12 March 2014 (the "Second Announcement") in relation to continuing connected transaction in relation to gas supply.

As disclosed in the First Announcement and the Second Announcement, the Group had two breaches of Chapter 14A of the Listing Rules which were resulted from the Company's lack of knowledge of the fact that the counterparties are associate/subsidiary of Tianjin Gas. As confirmed by the Company, the said lack of knowledge was mainly due to the large number of subsidiaries and associates of Tianjin Gas and the inability of the Company to identify all of these subsidiaries or associates of Tianjin Gas before entering into a transaction. To prevent reoccurrence of similar breaches in future, the Company has reinforced its internal control measures in identifying connected transactions of the Company, in particular, connected transactions with Tianjin Gas, which are summarized below:–

1. the Company has modified its contract approval procedures and delegated the responsibility of identifying connected transactions before the entering of any contracts by the Company (the "Proposed Transactions") to a department of the Company (the "Department"). The Department, upon being notified of any Proposed Transactions, is required to perform a check (the "Tianjin Gas Check") with Tianjin Gas's Assets Management Department (which is responsible for maintaining a list of subsidiaries and associates of Tianjin Gas) on the identity of the counterparties to the Proposed Transactions;

2. the Company is in the course of compiling a list of connected persons (as defined in the Listing Rules) (the "List"). To ensure the List is a complete list, the Company will request each of the directors, former directors for the past 12 months, supervisors, former supervisors for the past 12 months, chief executives and substantial shareholders of the Group to provide a list of associate (as defined in the Listing Rules). Upon compilation of the List, the Department will be required to perform a check on the identity of the counterparties to the Proposed Transactions against the List in addition to the Tianjin Gas Check. The Company would require its connected persons to notify the Company upon any change of its information in the List. The Company would also proactively check with its connected persons if there has been any change annually; and

3. the Department will also obtain the business license and the articles of association of the counterparties to any Proposed Transactions of RMB1,500,000 or above or which is not of normal commercial terms before the entering into of such transactions.

As the non-compliance occurred out of the Company's lack of knowledge of the counterparties being subsidiary/associate of Tianjin Gas, and thus connected persons of the Company, the Board is of the view that, the above measures will enable the Company to identify Tianjin Gas's subsidiaries/associates before entering into a transaction in the future and thus are sufficient to prevent reoccurrence of similar events.

External Auditors

The Group's external auditors are Deloitte Touche Tohmatsu. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguard independence of the auditors, and it has:

- determined the framework for the type and authorisation of non-audit services for which the external auditors may provide. In general, the engagement of the external auditors to perform non-audit services is prohibited except for tax-related services; and

- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditors and monitored the applications of such policy.

During 2014, the fees paid to the Company's external auditors for audit services amounted to approximately RMB1,210,000 and for non-audit related activities (which are account review fees) amounted to approximately RMB209,000.

The Group has not employed any staff who was formerly involved in the Group's statutory audit.

Investor Relations

The Company places great emphasis on its relationship and communication with investors. In order to keep shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the shareholders through financial reports and announcements. The Company has established its own corporate website http://www.hklistco.com/1265 as a channel to facilitate effective communication with its shareholders and the public.

Communications with Shareholders and Investors

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation.

The Company's annual general meeting allows the Directors to meet and communicated with shareholders. The Company ensures that shareholders' views are communicated to the Board. The Chairman of the annual general meeting proposes separate resolutions for each issue to be considered.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders can make enquiries directly to the Company through written enquiries or requests in respect of their rights to the following principal place of business of the Company:

Address:
9th Floor, Ranqi Building
28 Si Ma Road, Nankai,
Nankai District
Tianjin, PRC
Tel No.: (86) 022-87569972
Fax No.: (86) 022-87569971

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY MEETING

Pursuant to Article 53(3) of the Articles of Association, where shareholders holding an aggregate of 10 percent or more of the issued shares of the Company vested with voting rights request in writing to convene an extraordinary general meeting, the board of directors shall convene an extraordinary general meeting within two months thereof.

Pursuant to Article 74 of the Articles of Association, Shareholders who request to convene an extraordinary general meeting or a class shareholders' meeting shall follow the procedures below:

(1) Shareholder(s) who hold(s) in aggregate 10 per cent or more of the shares vested with voting rights in such a meeting may sign one or several written requisitions in the same form requesting the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, and the subject matter of the meeting shall be specified. Upon receipt of the said written requisitions, the board of directors shall convene an extraordinary general meeting or a class shareholders' meeting as soon as possible. The calculation of the number of shares held as aforesaid shall be made as at the date of the written requisitions.

(2) If the board of directors fails to give notice of meeting within 30 days of the receipt of the aforesaid written requisitions, the shareholders making such requests may convene a meeting within four months of the receipt of the said requisitions by the board of directors. The procedure for convening the meeting shall, as far as possible, be the same as those for convening a shareholders' meeting by the board of directors.

All reasonable expenses incurred in convening and holding a meeting by the shareholders as a result of the failure of the board of directors to convene such meeting upon the aforesaid requisitions shall be borne by the Company and the same shall be deducted from outstanding payments due to the directors who are in default.

PROCEDURES FOR SHAREHOLDERS' ENQUIRES TO BE PUT TO THE BOARD

Pursuant to Article 46 of the Articles of Association, among others, a holder of ordinary shares of the Company shall enjoy the following rights:

- to supervise and manage the business, operation and activities of the Company, and to make proposals or enquiries in relation thereto;

- to receive information in accordance with provisions of the Articles of Association, including:

  A. the Articles of Association upon payment of the cost thereof;

  B. upon payment of reasonable charges, be entitled to inspect and copy:

     (i) all parts of the register of shareholders;

     (ii) personal particulars of the directors, supervisors, managers and other senior management officers of the Company, including (a) present and former names and aliases; (b) principal address (domicile); (c) nationality; (d) full-time occupation and all other part-time occupations or positions; and (e) identification document and the number thereof.

     (iii) the share capital of the Company;

     (iv) a report on the total nominal value, number, highest and lowest prices and all payments made by the Company in respect of each class of its shares repurchased since the last financial year;

     (v) minutes of shareholders' meetings.

Pursuant to Article 79 of the Articles of Association, a shareholder shall be entitled to inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days of the receipt of the reasonable payment therefore.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 51(17) of the Articles of Association, the shareholders' general meeting shall exercise its power to review any motion put forward by shareholders representing in aggregate 5 percent or more of the voting rights of the Company.

Pursuant to Article 55 of the Articles of Association, when the Company convenes an annual general meeting, shareholder(s) who holds 5 percent or more of the voting rights of the Company shall be entitled to propose new motions in writing to the Company. The Company shall include those motions falling within the scope of responsibility of the shareholders' general meeting into the agenda of such meeting, but such motions shall be sent to the Company within 30 days after the issue of the aforesaid notice of meeting.

Pursuant to Article 89 of the Articles of Association, the procedures for shareholders of the Company to propose a person for election as a Director are set out below.

– Starting from the second day upon the despatch of the notice of the general meeting appointed for the election of Director by the Company, a Shareholder is entitled to lodge a notice in writing to the Company to propose a person for election as a Director.

– The minimum length of the period, during which the aforesaid notice in writing is lodged with the Company, shall be at least seven days.

– In any event, the aforesaid period shall end no later than 7 days prior to the date of such general meeting.

– In the aforesaid period of notice, such proposed Director shall give notice to the Company stating his/her willingness to be elected.

The Board of Directors is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas. One of the subsidiaries, 烏盟乾生津燃公用事業有限責任公司 (Kin Sang Jinran Public Utilities Company Limited*) (formerly known as 烏盟乾生天聯公用事業有限責任公司 (Kin Sang Tianlian Public Utilities Company Limited*) is dormant. The other subsidiary 天津天聯投資有限公司 (Tianjin Tianlian Investment Company Limited*) is engaged in investment activities. The Group completed the acquisition of the additional 39% equity interests of 貴州津維礦業投資有限公司 (Guizhou Jinwei Mining Investment Company Limited*) ("Guizhou Jinwei") and Guizhou Jinwei completed its acquisition of 70% equity interest in 貴州省台江縣國新鉛鋅選礦有限責任公司 (Guizhou Province Taijiang County New Lead and Zinc Mineral Extraction Company Limited*) ("Guizhou County New") on 30 June 2012. Guizhou County New owns a mining right of a lead-zinc mine located in Taijiang County, Guizhou Province and the Group commenced the mining and trading of lead and zinc from year 2012.

During the Year, the Company has implemented a strategic plan to put greater focus on its gas related businesses. Hence the Board resolved a plan to dispose its mining business and trading business of lead and zinc. The Company has started negotiations with several interested parties in relation to the disposal of its 88% equity interest in Guizhou Jinwei, which owns 70% equity interest in Guizhou Taijiang and Guizhou Taijiang owns a mining right of a lead-zinc mine located in Taijiang County, Guizhou Province. The Company will comply with the relevant requirements of the Listing Rules accordingly.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income on page 59 of this annual report.

No dividend was proposed during 2014, nor has any dividend been proposed since the end of the year ended 31 December 2014 (2013: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 3 of the annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 26 to the consolidated financial statements.

* *For identification purposes only*

RESERVES

The reserve available for distribution to shareholders is the amount which is the lesser of the accumulated profits carried forward at the balance sheet date after deduction of the current year's appropriations to the statutory surplus reserve determined under PRC accounting standards and that determined under general accepted accounting principles of Hong Kong.

As at 31 December 2014, the Company's reserves available for distribution to shareholders, comprised the retained profits determined under PRC accounting standards of approximately RMB575 million (2013 (restated): RMB516 million).

TRANSFERS TO RESERVES

Profits attributable to shareholders before dividends of RMB12,281,000 (2013: RMB18,139,000) have been transferred to reserves. Other movements in the reserves are set out in note 27 to the financial statements.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company are set out in note 15 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years is set out on page 142.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company during the Year and up to the date of this report were:

Executive Directors

Zhang Tian Hua *(Chairman)*
Wang Wen Xia (appointed on 3 November 2014)
Bai Shao Liang (resigned on 3 November 2014)
Tang Jie
Zhang Guo Jian
Hou Shuang Jiang (appointed on 3 March 2014)
Dong Hui Qiang (resigned on 3 March 2014)

Non-executive Director

Li Da Chuan (appointed on 3 November 2014)
Wang Zhi Yong (resigned on 3 November 2014)

Independent Non-executive Directors

Zhang Yu Li
Luo Wei Kun
Tam Tak Kei, Raymond

Independent Supervisors

Jiang Nian
Dou Run Liang

Staff Representative Supervisors

Sun Xue Gang
Hao Li

Shareholders Representative Supervisor

Cao Shu Jing

Independent Supervisors:

Dou Run Liang
Jiang Nian

The Company has received from each of the independent non-executive directors their respective confirmation of independence pursuant to the Listing Rules and considers that they remain independent.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Director and independent non-executive Directors except for Ms. Wong Wen Xia, Mr. Hou Shuang Jiang and Mr. Li Da Chuan has entered into a service contract with the Company for a term commencing from 20 June 2012 and ending on the conclusion of the annual general meeting of the Company to be held in 2015.

Mr. Hou Shuang Jiang has entered into a service contract with the Company for a term commencing from 3 March 2014 ending on the conclusion of the annual general meeting of the Company to be held in 2015.

Each of Ms. Wong Wen Xia and Mr. Li Da Chuan has entered into a service contract with the Company for a term commencing from 3 November 2014 ending on the conclusion of the annual general meeting of the Company to be held in 2015.

Each of the Supervisors, namely Mr. Cao Shu Jing and Mr. Jiang Nian has entered into a service agreement with the Company for a term of three years.

Mr. Dou Run Liang, an independent Supervisor, has entered into a service contract with the Company for a term commencing from 14 June 2013 and ending on the conclusion of the annual general meeting of the Company to be held in 2015.

Save as disclosed above, none of the Directors nor Supervisors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

POLICY FOR DIRECTORS' REMUNERATION

The remuneration of the Directors is determined by the Remuneration Committee with reference to the directors' respective qualifications and experiences. During the Period, there was no arrangement in which Directors waived their remuneration.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS IN SECURITIES

As at 31 December 2014, the interests and short positions of the Directors, chief executive and Supervisors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors of the Company as referred to in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long Position

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

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

Save as disclosed in the above paragraph, as at 31 December 2014, none of the Directors, chief executive and Supervisors had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in the Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

So far as known to the Directors, as at 31 December 2014, the following, not being a Director or Supervisor, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

SUBSTANTIAL SHAREHOLDERS

Long Position

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

Name of shareholder	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Tianjin Gas Group Company Limited ("Tianjin Gas") 天津市燃氣集團有限公司 (Note1)	Beneficial owner	1,297,547,800	70.55%/96.89%

Note 1: On 1 September 2014, Tianjin Gas and Tianjin Wanshun Real Estate Company Limited（天津市萬順置業有限公司）("Tianjin Wanshun") entered into a share transfer agreement for the transfer of 235,925,000 Domestic Shares, representing 12.83% of the total issued share capital of the Company from Tianjin Wanshun to Tianjin Gas at a consideration of RMB117,962,500 (the "Tianjin Wanshun Share Transfer"). The Tianjin Wanshun Share Transfer has been completed on 11 February 2015. On 16 October 2014, Tianjin Gas and Beacon Coatings entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares, representing approximately 6.42% of the total issued share capital of the Company, from Beacon Coatings to Tianjin Gas at nil consideration, subject to the obtaining of the approvals from the relevant government authorities (the "Beacon Coatings Share Transfer"). The Beacon Coatings Share Transfer is still subject to the registration of the share transfer and change in shareholders and has not yet been completed. Tianjin Gas was considered to be interested in the said 354,030,313 Domestic Shares in respect of the Tianjin Wanshun Share Transfer and the Beacon Coatings Share Transfer as at 31 December 2014.

OTHER SHAREHOLDERS

Long Position

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

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

Notes:

1. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held the 14,500,000 H shares of the Company.

2. The Waterfront Development Group Limited is wholly owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.

3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any person, not being a Director, Chief Executive or Supervisor, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

COMPLIANCE WITH NON-COMPETE UNDERTAKING

On 9 December 2003, Tianjin Gas has entered into a non-competition agreement with the Company. Under the non-competition agreement, save for Tianjin Gas's then existing piped gas operations in Tianjin City, which is outside the scope of operation of the Group in Tianjin at that time (the "Previous Operational Locations"), Tianjin Gas has irrevocably undertaken and covenanted with the Company that, except with the Company's prior written consent, it would not and would procure that its subsidiaries should not, carry on for their own accounts or for any other persons to carry on and/or have an interest in, any business of which is or may be in competition with the Group's business within the Previous Operational Locations or outside its existing operating district in Tianjin City.

On 28 December 2010, Tianjin Gas further enters into the supplemental non-competition agreement (the "Supplemental Non-Competition Agreement") to supplement certain terms of the non-competition agreement dated 9 December 2003, pursuant to which the meaning of "subsidiary(ies)" as mentioned in the above-mentioned undertaking has been amended to include "associates" under the definition of the Rules Governing the Listing of Securities on Growth Enterprise Market (the "GEM Listing Rules") and the Previous Operational Locations have been amended to cover the operational locations of the Group (i.e. Xiao Hai Di（小海地）of Hexi District（河西區）, part of Jinnan District（津南區）, Xiqing District（西青區）, Hangu District（漢沽區）and Ninghe County（寧河縣）) which have been served by the Group's pipelines as well as Hedong District（河東區）and Heping District（和平區）after completion of the Proposed Assets Transfer which are served by the Transferred Assets.

Furthermore, pursuant to the Supplemental Non-Competition Agreement, Tianjin Gas further undertakes that (A) where business opportunities which may compete with the business of the Group arises, or if Tianjin Gas desires to sell any of its existing piped gas business or the underlying assets for the piped gas business in Tianjin, Tianjin Gas shall give the Company's notice in writing and the Company shall have a right of first refusal to take up such business opportunities. The Company shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such proposed transactions); and (B) regarding the assets which have not yet been transferred to the Company by Tianjin Gas in Hedong District, Heping District, Xiqing District, Hangu District and Ninghe County, the Company has the right to require Tianjin Gas to sell these assets to the Company at any time, subject to compliance with the applicable requirements under the relevant PRC laws as well as the Listing Rules, at a price that is fair and reasonable, and acceptable to the independent non-executive Directors (who do not have any interest in such proposed transaction).

Pursuant to the non-competition agreement and the Supplemental Non-Competition Agreement (together, the "Non-compete Undertaking"), the independent non-executive Directors are responsible for reviewing and considering whether or not to exercise such rights and are entitled, on behalf of the Company, to review the information provided by Tianjin Gas in respect of the compliance and enforcement of the Non-compete Undertaking at least on an annual basis. During the Reporting Period, the independent non-executive Directors have reviewed the implementation of the Non-compete Undertaking and have confirmed that Tianjin Gas has been in full compliance with the Non-compete Undertaking and there was no breach by Tianjin Gas.

Also, the Company has received from Tianjin Gas an annual declaration on compliance with the Non-compete Undertaking and considers Tianjin Gas has complied with the Non-compete Undertaking.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

COMPETING INTERESTS

Each of Mr. Zhang Tian Hua (the executive Director and the chairman of the Company), Mr. Dong Hui Qiang (the then executive Director), Mr. Hou Shuang Jiang (the executive Director), Ms. Wong Wen Xia (the executive Director) and Mr. Li Da Chuan (the non-executive Director) holds positions with Tianjin Gas and/or Tianjin Energy. They do not have any equity interest in Tianjin Gas, Tianjin Energy nor the Company. Save as their positions with Tianjin Gas and/or Tianjin Energy, each of the Directors and their respective associates has confirmed that he/she does not have any interest in a business which competes or may compete with the business of the Group.

In the wholesale distribution of natural gas, no competition between Tianjin Gas and the Group exists given the fact that the Group only supplies natural gas to end users but is not engaged in wholesale distribution business. In the provision of piped natural gas to end users, Tianjin Gas and the Group are not competing with each other due to the nature of the piped gas supply business, which required fixed pipelines be installed and connected to the customers' pipelines, it is practically infeasible for more than one set of pipelines connecting to the same customer's pipeline. Besides, pursuant to the Non-Compete Undertaking, Tianjin Gas undertakes not to compete with the Group. Given the terms of the Non-Compete Undertaking given by Tianjin Gas and the inherent nature of pipe gas supply business, the Directors are of the view that Tianjin Gas does not compete with the Group's operations in the provision of piped natural gas. For details of the Non-Compete Undertaking, please refer to the paragraph headed "Compliance with Non-Compete Undertaking" above.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2014, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Listing Rules. The Company had also made specific enquiry with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

CONNECTED TRANSACTIONS

During the Period, the Group has the following non-exempt connected transaction or continuing connected transactions (the "Connected Transactions") and the Company has fully complied with the announcement, reporting and/or independent shareholders' approval requirements under the Listing Rules (where applicable):

(1) Gas Transportation Transaction

On 28 October 2011, Tianjin Gas and the Company entered into a gas transportation agreement (the "2012 Gas Transportation Contract"). Pursuant to the 2012 Gas Transportation Contract, the Company agreed to allow Tianjin Gas to transmit natural gas to end users via the gas pipelines owned and managed by the Company. In return, Tianjin Gas paid to the Company the gas transportation fees (the "2012 Gas Transportation Fees"). The annual caps for the 2012 Gas Transportation Fees in respect of the three years ending 31 December 2014 were RMB19,520,000, RMB32,480,000 and RMB36,272,000, respectively.

Tianjin Gas is one of the promoters of the Company and is a controlling shareholder of the Company and thus a connected person of the Company.

The entering into the 2012 Gas Transportation Contract constituted a continuing connected transaction of the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. This transaction was approved by the independent Shareholder in December 2011.

In light of the lower than expected volume of gas transmitted through the high pressure gas pipeline extending from the cross point of Dong Jin Road (東金路) and Yang Bei Road (楊北公路) in Dongli District (東麗區), Tianjin to the cross point of Xin Gang No. 8 Road (新港八號路) and Yue Jin Road (躍進路) in Tanggu District (塘沽區), Tianjin (the "Beihuan Pipeline"), and hence a lower than expected gas transportation fee generated from the Beihuan Pipeline since 1 October 2011, the Company has entered into a supplemental agreement (the "Supplemental Agreement") with Tianjin Gas on 27 March 2012, pursuant to which the Company and Tianjin Gas have agreed, inter alia, that (i) the natural gas transportation fees payable by Tianjin Gas for the Beihuan Pipeline for a particular month will be fixed at RMB500,000 (the "Fixed Minimum Amount") in the event that the actual gas transportation fees payable by Tianjin Gas for the Beihuan Pipeline under the 2012 Gas Transportation Contract calculated based on the actual volume of natural gas and actual distance transmitted at RMB0.8 per 1,000 cubic metres per kilometer (the "Formula") for that month is lower than RMB500,000. However, if the actual gas transportation fees payable by Tianjin Gas for the Beihuan Pipeline for a particular month is equal to or more than RMB500,000, the fee payable by Tianjin Gas to the Company shall remain unchanged under the 2012 Gas Transportation Contact (i.e. calculated based on the Formula); (ii) Tianjin Gas will pay to the Company the shortfall (the "Shortfall") between the monthly actual gas transportation fees for the Beihuan Pipeline and the Fixed Minimum Amount for the period commencing from 1 October 2011 to 27 March 2012 within five business days after 27 March 2012.

Jinran Gas is held as to 51% by Tianjin Gas and is therefore a subsidiary of Tianjin Gas under the Listing Rules. To contribute its share of registered capital of RMB2.55 billion (representing 51% equity interest in the Jinran Gas) of the Jinran Gas, Tianjin Gas has injected its natural gas-related operational assets (which do not include the domestic shares of the Company held by Tianjin Gas) in or around January 2013 (the "Assets Injection").

Following the Assets Injection, since April 2013, the gas transportation services recipient under the 2012 Gas Transportation Contract has become the Jinran Gas instead of Tianjin Gas and the Gas Transportation Fees have been paid to the Company by the Jinran Gas instead of Tianjin Gas.

The amount of transactions made between Tianjin Gas or the Jinran Gas and the Company for the Period in respect of gas transportation pursuant to the 2012 Gas Transportation Contract (as supplemented by the Supplemental Agreement) amounted to approximately RMB9,067,000 (excluding tax), and which were within the relevant annual cap approved by the Shareholders.

For details, please refer to the Company's announcements dated 28 October 2011, 27 March 2012 and 9 April 2014 and the Company's circular dated 25 November 2011.

(2) Gas Purchase Contracts

On 28 October 2011, Tianjin Gas and the Company entered into three conditional gas supply contracts (the "New Gas Supply Contracts") in respect of the supply of natural gas by Tianjin Gas to the Company for the 12 months ended/ending 31 December 2012, 2013 and 2014, respectively.

Tianjin Gas is one of the promoters of the Company and is a controlling shareholder of the Company and thus a connected person of the Company.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps for the New Gas Supply Contracts of RMB1,430 million for the year ended 31 December 2012, RMB1,508 million for the year ended 31 December 2013 and RMB1,560 million for the year ending 31 December 2014 exceed 5%, the New Gas Supply Contracts were subject to, inter alia, the independent Shareholders' approval, reporting, annual review and announcement requirements under the Listing Rules.

The New Gas Supply Contracts were duly approved by the independent Shareholders in December 2011.

Following the Assets Injection, since April 2013, the natural gas provider under the New Gas Supply Contracts has become the Jinran Gas instead of Tianjin Gas and the Company has been instructed by Tianjin Gas to pay the gas charge to the Jinran Gas instead of Tianjin Gas.

During the Period, the Company had purchased natural gas of approximately RMB1,081,718,000 (excluding tax) from Tianjin Gas or the Jinran Gas which transaction amount was within the relevant annual cap approved by the Shareholders.

For details, please refer to the Company's announcements dated 28 October 2011 and 9 April 2014 and Company's circular dated 25 November 2011.

(3) Pipeline Design Agreement

On 31 December 2012, the Company and Tianjin Gas Heat Planning and Design Institute（天津市燃氣熱力規劃設計院）(the "Design Institute") entered into the pipeline design agreement (the "2013 Pipeline Design Agreement") in respect of the renewal of provision of pipeline design service by Design Institute to the Company for the three years ending 31 December 2015, with an annual cap of RMB7,040,000, RMB7,780,000 and RMB8,780,000 respectively.

The Design Institute is wholly-owned by Tianjin Gas (a controlling shareholder of the Company) and thus a connected person of the Company.

As each of the applicable percentage ratios for the caps of the transaction contemplated under the 2013 Pipeline Design Agreement for each of the twelve months ended 31 December 2013, and ending 31 December 2014 and 31 December 2015 is, on an annual basis, more than 0.1% but less than 5%, the 2013 Pipeline Design Agreement is exempt from the independent shareholders' approval requirement and is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

During the Period, the Company had paid a design fee of approximately RMB3,746,000 to the Design Institute which transaction amount was within the relevant annual cap under the 2014 Pipeline Design Agreement.

For details, please refer to the Company's announcement dated 31 December 2012.

(4) Pipeline Construction Services

On 12 July 2013, the Company and Tianjin Gas entered into a pipeline construction framework agreement (the "Pipeline Construction Framework Agreement") in respect of which Tianjin Gas and/or its associated companies may bid for gas pipeline construction contracts put out to tender from time to time by the Group in accordance with the tendering procedures set by the Group from time to time for the period from 12 July 2013 to 31 December 2015, with an annual cap for the transactions contemplated under the Pipeline Construction Framework Agreement (in terms of contract sum committed under the construction service contracts if awarded as a result of successful bid) of RMB20,000,000, RMB20,000,000, and RMB20,000,000 respectively.

Tianjin Gas is one of the promoters of the Company and is a controlling shareholder of the Company and thus a connected person of the Company.

During the Period, the contract sum committed under the construction service contracts awarded by the Company to Tianjin Gas and/or its associated companies as a result of successful bid was RMB7,621,000, which amount was within the relevant annual cap. The aggregate transaction amount of all the said construction service contracts that have been incurred in the financial year amounted to approximately RMB3,515,000.

For details, please refer to the announcement of the Company dated 12 July 2013.

(5) Sale of Gas to Taihua Gas

The Group has been supplying natural gas to Taihua Gas since May 2011.

Taihua Gas is owned as to 70% by Tianjin Gas (the controlling shareholder of the Company) and thus a connected person of the Company.

The total sales by the Group to Taihua Gas (excluding tax) amounted to approximately RMB153,031,000 for the year ended 31 December 2013.

Under Chapter 14A of the Listing Rules, such sale of natural gas constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent shareholders' approval requirements. Due to an inadvertent mistake, the Company has omitted to comply with the said requirements under Chapter 14A of the Listing Rule.

For details of the breach, please refer to the announcement of the Company dated 25 February 2014.

On 12 March 2014, the Company entered into a supplemental agreement with Taihua Gas to revise one of the maximum amounts of gas supply pursuant to which, the maximum amount of natural gas the Group has agreed to supply to Taihua Gas and Taihua Gas has agreed to purchase from the Group before the obtaining of the approval of the independent Shareholders was amended from 34,928,690 cubic metres to 29,982,777 cubic metres. Accordingly, the cap for the supply of gas by the Group to Taihua Gas for the year ended 31 December 2014 before the obtaining of the approval of the independent Shareholders was amended from approximately RMB89,627,000 to approximately RMB76,936,000 (the "Revised Cap"). All the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Revised Cap was less than 5%.

For details, please refer to the announcement of the Company dated 12 March 2014.

The gas supply agreement entered into between the Company and Taihua Gas dated 25 February 2014 as supplemented and amended by the supplemental agreement dated 12 March 2014 in respect of the supply of natural gas by the Company to Taihua Gas for the year ended 31 December 2014 be were duly approved by the independent Shareholders at an extraordinary general meeting held on 16 May 2014.

For details, please refer to the circular of the Company dated 23 April 2014 and the announcement of the Company dated 16 May 2014.

The total sales by the Group to Taihua Gas (excluding tax) amounted to approximately RMB190,857,000 during the Period, which amount was within the relevant annual cap.

In accordance with the provisions of the Listing Rules, the independent non-executive directors have reviewed the Connected Transactions. In their opinion, the Connected Transactions were:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to or from independent third parties;

(iii) in accordance with relevant agreements governing such transactions; and

(iv) on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

In addition, the Company's auditors have also confirmed in writing to the Board (copied to the Stock Exchange), the above Connected Transactions:

(1) have received the approval of the Company's board of directors;

(2) nothing had come to their attention which caused them to believe that:

- the Connected Transactions had not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

- the Connected Transactions had not been entered into, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Group; and

- the transaction amount occurred in 2014 for each of the Connected Transactions was not within the respective cap amount for the financial year ended 31 December 2014 as disclosed in the Company's announcement on 28 October 2011, 27 March 2012, 31 December 2012, 12 July 2013, 25 February 2014 and 9 April 2014.

CONNECTED TRANSACTIONS IN RELATION TO PURCHASE OF GAS METRES

On 27 November 2014, the Company entered into a purchase and sales agreement (the "Meter Purchase Agreement") with Tianjin Yumin, a subsidiary of Tianjin Gas, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 20,000 gas metres at an aggregate purchase price of RMB7,000,000. Tianjin Yumin is a subsidiary of Tianjin Gas and thus also a connected person of the Company. Pursuant to the Listing Rules, the entering into of the Purchase and Sales Agreement constituted connected transactions of the Company.

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

During the Year, the total purchase pursuant to the Meter Purchase Agreement amounted to approximately RMB895,860 (excluding tax).

For details, please refer to the Company's announcement dated 30 December 2013.

EXEMPTED CONNECTED TRANSACTIONS

The following related party transactions disclosed in Note 35(a) to the financial statements of this Report are fully exempt connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules:–

1. the Company rented a premises in the PRC (the "Premises") from Tianjin Gas, the controlling shareholder of the Company and thus a connected person of the Company under the Listing Rules, the aggregate rent paid by the Group to Tianjin Gas amounted to RMB933,000 for the Period;

2. 天津市津燃物業管理有限公司 (Tianjin Jinran Property Management Company Limited*), a subsidiary of Tianjin Gas, and thus a connected person of the Company under the Listing Rules, provided management services for the Premises to the Company during the Period and the management fee paid by the Group to the said company amounted to RMB605,000 for the Period;

3. the Company sold natural gas to 濱海中油燃氣有限責任公司 (Binhai Zhongyou Gas Company Limited*), a subsidiary of Tianjin Gas, and thus a connected person of the Company under the Listing Rules, the total sale purchase amounted to RMB89,000 for the Period;

4. the Company purchased meter reading devices from 天津市聯寅燃氣通信技術有限責任公司 (Tianjin Lianyin Gas Communication Technology Company Limited*), a subsidiary of Tianjin Gas, and thus a connected person of the Company under the Listing Rules, the total purchase amounted to RMB29,000 for the Period;

* *For identification purposes only*

5. the Company entrusted the reconstruction of certain pipelines under the management network of the Company in Tianjin City to Jinran Gas, a company held as to 51% by Tianjin Gas, the controlling shareholder of the Company, and hence a connected person of the Company under the Listing Rules, the entrustment fee amounted to RMB 438,000 for the Period; and

6. the Company sold natural gas to 天津津燃燃氣熱力有限公司 (Tianjin Jinran Gas and Heating Company Limited*), a subsidiary of Tianjin Gas, and thus a connected person of the Company under the Listing Rules, the total sale amounted to RMB 585,000 for the Period.

As each of the abovementioned connected transaction or continuing connected transactions was on normal commercial terms and each of the applicable percentage ratios is (for continuing connected transactions, on an annual basis) less than 0.1%, each of these transactions was exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in Note 35(a) to the financial statements of this Report did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

STAFF AND EMOLUMENT POLICY

As at 31 December 2014, the Group had a workforce of 963 full-time employees, among which 99 % were working in mainland China.

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 42% of the Group's total turnover for the year, with the largest customer accounted for approximately 13%. The five largest suppliers of the Group together accounted for approximately 100% of the Group's total purchases for the year, with the largest supplier accounted for 99%.

Except Jinran Gas, a company owned as to 51% by Tianjin Gas, the controlling shareholder of the Company, is a major supplier of the Group, at no time during the year did a director, an associate of a director or a shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Professor Zhang Yu Li, Mr. Luo Wei Kun and Mr. Tam Tak Kei, Raymond. The Audit Committee has reviewed the report and the results for the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

MATERIAL CONTRACTS

Save as disclosed in this report, no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries.

CORPORATE CHANGES

1. Change of Executive Directors and Non-executive Director

Mr. Dong Hui Qiang has resigned as the executive Director of the Company with effect from 3 March 2014 owing to work reallocation. On the same day, the appointment of Mr. Hou Shuang Jiang as an executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 March 2014 to fill the vacancy.

Mr. Bai Shao Liang has resigned as the executive Director of the Company with effect from 3 November 2014 owing to work reallocation. On the same day, the appointment of Ms. Wang Wen Xia as an executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 November 2014 to fill the vacancy.

Mr. Wang Zhi Yong has resigned as the non-executive Director of the Company with effect from 3 November 2014 owing to work reallocation. On the same day, the appointment of Mr. Li Da Chuan as a non-executive Director has been approved by the Shareholders at the extraordinary general meeting held on 3 November 2014 to fill the vacancy.

2. Change of Authorised Representative

Following the resignation of Mr. Dong Hui Qiang (a then authorised representative) became effective on 2 March 2014, Mr. Zhang Guo Jian was appointed as an authorized representative of the Company with effect from the same day to fill the vacancy.

On behalf of the Board
Tianjin Jinran Public Utilities Company Limited
Zhang Tian Hua
Chairman

31 March 2015

SUPERVISORY COMMITTEE'S REPORT

To All Shareholders:

During the Period, all members of the Supervisory Committee have faithfully discharged their supervisory duties vested in them by the Articles of Association of the Company in compliance with the provisions of the Company Law of the People's Republic of China and the Articles of Association of the Company to safeguard the interests of the Company and its shareholders and abiding by the principle of good faith in performing its work prudently and diligently. Our major functions comprised: exercising supervision over the Board to ensure that they are performing effectively, supervision of the major policies and decisions of the Company's management to determine their consistency with the law and regulations of the State, the Articles of Association of the Company and the interests of the shareholders of the Company, and making recommendations on the development strategy of the Group.

The Supervisory Committee has reviewed the accounting evidence, books and records, statements and other accounting information of the Company. We are of the opinion that the Company's financial statements have been properly prepared, and that the auditing work and financial management of the Company are in compliance of the relevant regulations. We have found nothing contained therein to be doubtful.

The Supervisory Committee has also carefully reviewed the Directors' Report, the audited financial statements and the proposed profit appropriation plan to be submitted by the Board to the forthcoming annual general meeting. We are of the opinion that the directors, general manager and other senior management staff of the Company have strictly adhered to the principle of good faith and sincerely acted in the best interests of the Company when they exercised their power. They have not committed any acts in violation of any laws or regulations or Articles of Association, nor have they been provided in any acts of abuse of power or infringement of the interests of the Company and its shareholders.

In 2015, the Supervisory Committee will continue faithfully to perform its duties and work diligently to safeguard the interests of all of the Company's investors.

By order of the Supervisory Committee
Cao Shu Jing
Chairman of the Supervisory Committee
The PRC

31 March 2015

Deloitte.
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TO THE SHAREHOLDERS OF
TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED
天津津燃公用事業股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tianjin Jinran Public Utilities Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 141, which comprise the consolidated and company statements 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 of the Company 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, in accordance with our agreed terms of engagement, 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.

INDEPENDENT AUDITOR'S REPORT

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 judgment, 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 affairs of the Company and of the Group as at 31 December 2014, and of the Group's 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	**Year ended 31 December 2014 RMB'000**	Year ended 31 December 2013 RMB'000 (restated)
Continuing operations			
Revenue	6	**1,448,785**	1,487,278
Cost of sales		**(1,377,926)**	(1,381,204)
Gross profit		**70,859**	106,074
Other income	8a	**11,809**	16,694
Other gains and losses	8b	**26,272**	10,884
Selling expenses		**(66)**	(42)
Administrative expenses		**(24,683)**	(24,288)
Share of results of associates		**7,573**	8,195
Profit before tax		**91,764**	117,517
Income tax expense	9	**(21,157)**	(26,847)
Profit for the year from continuing operations, all attributable to owners of the Company	10	**70,607**	90,670
Discontinued operation			
Loss for the year from discontinued operation	11	**(4,479)**	(10,236)
Profit and total comprehensive income for the year		**66,128**	80,434
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**67,504**	84,080
Non-controlling interests		**(1,376)**	(3,646)
		66,128	80,434
Earnings per share			
From continuing and discontinued operations			
– basic (RMB cents)	13	**3.7**	4.6
From continuing operations			
– basic (RMB cents)	13	**3.8**	4.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

		The Group			The Company		
	NOTES	**31 December 2014 RMB'000**	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)	**31 December 2014 RMB'000**	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)
Non-current Assets							
Property, plant and equipment	15	**894,324**	950,235	1,014,932	**894,142**	944,550	1,008,508
Prepaid lease payments	16	**12,091**	12,393	7,822	**12,091**	12,393	7,822
Intangible assets	17	**103**	7,015	15,388	**103**	–	–
Investments in subsidiaries	18	**–**	–	–	**20,000**	20,000	20,000
Interests in an associate	19	**36,989**	30,962	22,767	**8,778**	8,778	8,778
Other prepayments		**–**	58	84	**–**	58	84
Deferred tax assets	28	**7,691**	1,774	1,007	**7,691**	1,774	1,007
Prepayment for pipeline reconstruction	35(c)	**13,249**	–	–	**13,249**	–	–
		964,447	1,002,437	1,062,000	**956,054**	987,553	1,046,199
Current Assets							
Inventories	20	**1,909**	5,955	1,184	**1,909**	5,321	684
Trade and note receivables	21	**216,244**	277,181	289,237	**216,244**	277,181	289,096
Prepayment and other receivables	21	**30,427**	21,592	29,446	**30,427**	21,217	26,209
Held for trading investments		**–**	–	2,193	**–**	–	–
Other financial assets	29	**793,436**	253,073	–	**793,436**	250,473	–
Amounts due from related parties	22	**28,350**	37,136	–	**28,350**	37,136	–
Amount due from a shareholder	22	**–**	13,933	18,244	**–**	13,933	18,244
Cash and bank balances	23	**92,776**	287,136	372,411	**90,158**	285,034	371,624
		1,163,142	896,006	712,715	**1,160,524**	890,295	705,857
Assets classified as held for sale	11	**9,888**	–	–	**–**	–	–
		1,173,030	896,006	712,715	**1,160,524**	890,295	705,857
Current Liabilities							
Trade and other payables	24	**297,795**	214,941	148,641	**297,707**	211,461	142,187
Dividend payable		**10,975**	30,546	9,118	**10,975**	30,546	9,118
Income tax payable		**14,192**	4,835	12,472	**14,192**	4,130	12,472
Amount due to a shareholder	22	**–**	–	85,396	**–**	–	85,396
Amounts due to related parties	22	**152,940**	76,162	2,297	**152,940**	76,162	2,297
		475,902	326,484	257,924	**475,814**	322,299	251,470
Liabilities directly associated with assets classified as held for sale	11	**2,957**	–	–	**–**	–	–
		478,859	326,484	257,924	**475,814**	322,299	251,470
Net current assets		**694,171**	569,522	454,791	**684,710**	567,996	454,387
Total assets less current liabilities		**1,658,618**	1,571,959	1,516,791	**1,640,764**	1,555,549	1,500,586

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	The Group 31 December 2014 RMB'000	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)	The Company 31 December 2014 RMB'000	31 December 2013 RMB'000 (restated)	1 January 2013 RMB'000 (restated)
Non-current liability							
Deferred revenue	25	**24,694**	4,163	–	**24,694**	4,163	–
		1,633,924	1,567,796	1,516,791	**1,616,070**	1,551,386	1,500,586
Capital and Reserves							
Share capital	26	**183,931**	183,931	183,931	**183,931**	183,931	183,931
Share premium and reserves	27	**1,451,339**	1,383,835	1,329,184	**1,432,139**	1,367,455	1,316,655
Equity attributable to owners of the Company		**1,635,270**	1,567,766	1,513,115	**1,616,070**	1,551,386	1,500,586
Non-controlling interests		**(1,346)**	30	3,676	**–**	–	–
Total Equity		**1,633,924**	1,567,796	1,516,791	**1,616,070**	1,551,386	1,500,586

The consolidated financial statements on pages 59 to 141 were approved and authorised for issue by the Board of Directors on 31 March 2015 and are signed on its behalf by:

Zhang Guo Jian
DIRECTOR

Zhang Tian Hua
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (note i)	Enterprise expansion fund RMB'000 (note i)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2013 (as originally stated)	183,931	788,703	46,378	17,771	478,972	1,515,755	3,676	1,519,431
Prior year adjustment (note 2)	–	–	–	–	(2,640)	(2,640)	–	(2,640)
At 1 January 2013 (restated)	183,931	788,703	46,378	17,771	476,332	1,513,115	3,676	1,516,791
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	84,080	84,080	(3,646)	80,434
Dividends recognised as distribution (note 12)	–	–	–	–	(29,429)	(29,429)	–	(29,429)
Appropriation	–	–	12,093	6,046	(18,139)	–	–	–
At 31 December 2013 (restated)	183,931	788,703	58,471	23,817	512,844	1,567,766	30	1,567,796
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	67,504	67,504	(1,376)	66,128
Appropriation	–	–	8,187	4,094	(12,281)	–	–	–
At 31 December 2014	183,931	788,703	66,658	27,911	568,067	1,635,270	(1,346)	1,633,924

Notes:

(i) Appropriation of reserves

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Operating activities		
Profit before tax	**87,285**	107,281
Adjustments for:		
Amortisation of intangible assets	**773**	2,756
Amortisation of prepaid lease payments	**302**	292
Depreciation of property, plant and equipment	**67,750**	69,895
Impairment loss recognised on the remeasurement to fair value less costs to sell	**1,991**	5,617
Interest income	**(408)**	(1,302)
Share of results of associates	**(7,573)**	(8,195)
Gain on redemption of financial asset designated at fair value through profit or loss ("FVTPL")	**(26,018)**	(9,002)
Unrealised gain on fair value change of financial asset designated at FVTPL	**(736)**	(473)
Net gain on fair value change of held for trading investment	**–**	(453)
Allowance (Reversal) of impairment for doubtful debts	**1,312**	(1,369)
Loss on disposal of property, plant and equipment	**357**	534
Government grant credited to profit and loss	**(1,187)**	(15)
Operating cash flows before movements in working capital	**123,848**	165,566
Decrease (Increase) in inventories	**4,046**	(4,771)
Decrease in trade receivables	**59,625**	13,425
(Increase) Decrease in prepayments and other receivables	**(9,422)**	7,967
Increase in amount due from a shareholder	**–**	(13,933)
Decrease in amount due to a shareholder	**–**	(85,396)
Decrease (Increase) in amount due from related parties	**8,786**	(18,892)
Decrease in prepayment for pipeline reconstruction	**746**	–
Increases in amounts due to related parties	**76,340**	73,865
Decrease in held for trading investments	**–**	2,646
Increase in trade and other payables	**85,263**	63,119
Net cash generated from operations	**349,232**	203,596
Income tax paid	**(17,717)**	(35,251)
Net cash generated from operating activities	**331,515**	168,345

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Investing activities		
Purchase of property, plant and equipment	**(15,396)**	(10,684)
Purchase of intangible assets	**(111)**	–
Refund of the consideration paid for acquisition of a subsidiary	**–**	3,000
Dividend received from an associate	**1,546**	–
Proceeds from disposal of property, plant and equipment	**2**	2
Interest received	**408**	1,302
Acquisition of financial assets designated at FVTPL	**(9,478,700)**	(3,678,800)
Proceeds from the redemption of financial assets designated at FVTPL	**8,965,091**	3,435,202
Government grant received	**7,400**	4,359
Net cash used in investing activities	**(519,760)**	(245,619)
Cash used in financing activity		
Dividend paid	**(5,638)**	(8,001)
Net decrease in cash and cash equivalents	**(193,883)**	(85,275)
Cash and cash equivalents at 1 January 2014	**287,136**	372,411
Cash and cash equivalents at 31 December 2014, represented by cash and bank balances	**93,253**	287,136
Attributable to:		
Continuing operations	**92,776**	–
Disposal group classified as held for sales	**477**	–
	93,253	–

1. GENERAL

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

The Company's registered address is in Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin. The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas. The principal activities of its subsidiaries are disclosed in note 36.

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

2. CHANGE IN ACCOUNTING POLICY

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

2. CHANGE IN ACCOUNTING POLICY *(continued)*

The nature and effect of those restatements and reclassification for the prior periods presented are as follows:

Impact on the consolidated profit and earnings per share for the year:

	2014 **RMB'000**	2013 RMB'000
Decrease in revenue	**(13,100)**	(6,807)
Decrease in cost of sales	**12,092**	6,347
Decrease in income tax expenses	**252**	115
Decrease in profit for the year, all attribute to owners of the Company	**(756)**	(345)
Decrease in basic earnings per share (RMB cents)	**(0.04)**	(0.02)

Impact on consolidated and the Company's assets, liabilities and equity as at 1 January 2013 of the prior year adjustment:

	As at 1 January 2013 as previously reported RMB'000	**Prior year adjustment** RMB'000	**As at 1 January 2013 as restated** RMB'000
Property, plant and equipment	317,291	697,641	1,014,932
Intangible assets	716,512	(701,124)	15,388
Deferred tax assets	164	843	1,007
Total effect on net assets	1,033,967	(2,640)	1,031,327
Retained earnings and total effect on equity	1,331,824	(2,640)	1,329,184

2. CHANGE IN ACCOUNTING POLICY *(continued)*

Impact on consolidated and the Company's assets, liabilities and Equity as at 31 December 2013 of the prior year adjustment:

	As at 31 December 2013 as previously reported RMB'000	**Prior year adjustment** RMB'000	**As at 31 December 2013 as restated** RMB'000
Property, plant and equipment	301,095	649,140	950,235
Intangible assets	660,098	(653,083)	7,015
Deferred tax assets	816	958	1,774
Total effect on net assets	962,009	(2,985)	959,024
Retained earnings and total effect on equity	1,386,820	(2,985)	1,383,835

Impact on consolidated cash flows for the year:

	2014 **RMB'000**	2013 RMB'000
Net cash flow for the operating activities	**(1,191)**	(619)
Net cash flow for the investing activities	**1,191**	619
Net cash flow	**–**	–

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

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

In the current year, the Group has applied, for the first time, a new interpretation and certain amendments to HKFRSs that are mandatorily effective for the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 2	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 3	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of interpretation and amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

3.2 New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

3.2 New and revised HKFRSs issued but not yet effective *(continued)*

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 July 2014
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

3.2 New and revised HKFRSs issued but not yet effective *(continued)*

HKFRS 9 *Financial Instruments (continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HKFRS 15 *Revenue from Contracts with Customers*

In 2014, HKFRS15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts and the related Interpretations* when it becomes effective.

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

3.2 New and revised HKFRSs issued but not yet effective *(continued)*

HKFRS 15 *Revenue from Contracts with Customers (continued)*

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinances.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument, that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets of liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates *(continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Gas connection contracts

When the outcome of a fixed price gas connection contract can be estimated reliably and the stage of completion at the end of the reporting date can be measured reliably, construction contract revenue from gas connection contracts is recognised based on the percentage of completion method, as measured by reference to the proportion that the cost of work carried out during the year bear to the estimated total contract costs.

When the outcome of a gas connection contract cannot be estimated reliably, revenue is only recognised to the extent of contract cost incurred that it is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Others

Sales of gas and gas transportation income are recognised when gas is supplied to customers while sales of gas appliances and lead and zinc are recognised when goods are delivered and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipt through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

The Group as leasee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

Leasehold land and building for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payment cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and other short-term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and 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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold land and buildings	Over the shorter of the term of lease or 40 years
Pipelines	25 – 30 years
Machinery	10 – 25 years
Furniture, fixtures and equipment	5 – 8 years
Motor vehicles	5 years
Mining structures	6 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulate impairment losses.

Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in period when the asset is derecognised.

Mining right

Mining right is recognised at its fair value at the acquisition date (which is regarded as its cost) less subsequent accumulated amortisation and accumulated impairment losses. Mining right is amortised over its license period of 6 years using the straight-line method.

Impairment loss on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to disposal and value in use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventory are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or 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 as financial assets 'at fair value through profit or loss' ("FVTPL") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified 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.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments*: *Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item in the condensed consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 32c.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, amounts due from related parties and a shareholder, cash and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measure at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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 instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities including trade and other payables, dividend payable, amounts due to related parties and a shareholder are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/financial liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset/liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income/expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to makes judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

The critical judgements that management has made in the process of applying the Group's accounting policies as well as the key source of estimation uncertainty at the end of the reporting period that have significant risks of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are disclosed below.

Recognition of sales of gas

Revenue for sales of gas includes an estimation of the gas supplied to the customers for each of the month end. The estimation is done mainly based on the past consumption records and recent consumption pattern of individual customers which are updated periodically to reflect latest information. Notwithstanding that the directors review and revise the estimate, the actual consumption may be higher or lower than the estimates and this will affect the revenue recognised.

Impairment of non-financial assets

In estimating the impairment losses that may be required for the Group's non-financial assets which include property, plant and equipment, construction in progress, mining rights and prepaid lease payments, the recoverable amount of the assets needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and value in use. The fair value less costs of disposal is based on available data from recent transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on discount cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit ("CGU") being tested. In 2014, the estimation is most relevant to assets classified as disposal group held for sale, as disclosed in note 11, which was primarily based on fair value less costs of disposal.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available for Level 1 inputs. In the Level 2 fair value measurements, the Group derived the inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly with reference to the market information. The Finance Department of the Company establishes the appropriate valuation techniques and inputs to the model as well as regularly assesses and reports to the board of directors the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 32c provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

6. REVENUE

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

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

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Sales of piped gas	**1,245,381**	1,345,471
Gas connection income	**176,148**	126,418
Gas transportation income	**9,067**	9,710
Sales of gas appliances	**18,189**	5,679
	1,448,785	1,487,278

7. SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focuses on types of services delivered and goods sold. As disclosed in note 11, mineral exploration segment was discontinued in the current year and hence the segment information reported below does not include any amounts for this discontinued operation. Therefore, the Group is divided into reportable operating segments as follows:

1. Sales of piped gas – sales of piped gas to industrial and residential users

2. Gas connection – provision of piped gas connection services

3. Gas transportation – transportation of gas to 津燃華潤燃氣有限公司("津燃華潤") for the year ended 2014, which is a joint venture of Tianjin Gas (transportation of gas to Tianjin Gas from 1 January 2013 to 31 March 2013 and transportation of gas to 津燃華潤 from 1 April 2013 to 31 December 2013)

4. Sales of gas appliances

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment performance is evaluated based on segment result and is measured consistently with profit before tax in the consolidated financial statements, except for items managed on a group basis and not allocated to operating segments, as reconciled below. There were no inter-segment sales in the periods reported.

Year ended 31 December 2014

Continuing operations:

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

7. SEGMENT INFORMATION *(continued)*

Reconciliation of segment profit to consolidated profit before tax

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

Year ended 31 December 2013

Continuing operations:

	Sales of piped gas RMB'000 (restated)	Gas connection RMB'000	Gas transportation RMB'000	Sales of gas appliances RMB'000	Segment total RMB'000 (restated)
Segment revenue from external customers	1,345,471	126,418	9,710	5,679	1,487,278
Segment profit	24,488	78,346	2,289	951	106,074

7. SEGMENT INFORMATION *(continued)*

Reconciliation of segment profit to consolidated profit before tax *(continued)*

	RMB'000 (restated)
Total segment profit	106,074
Share of profit of an associate	8,195
Other income	16,694
Other gains and losses	10,884
Corporate expenses	(24,330)
Profit before tax from continuing operations	117,517

Other segment information – continuing operations and discontinued operation

	Sales of piped gas		Gas connection		Gas transportation		Total for all segments		Corporate expenses		Discontinued segment		Total	
	2014 RMB'000	2013 RMB'000 (restated)	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000 (restated)	**2014 RMB'000**	2013 RMB'000 (restated)	**2014 RMB'000**	2013 RMB'000 (restated)	**2014 RMB'000**	2013 RMB'000 (restated)
Amounts included in the measure of segment profit:														
Depreciation of property, plant and equipment	**58,113**	59,213	**–**	–	**6,485**	7,295	**64,598**	66,508	**2,182**	2,417	**970**	970	**67,750**	69,895
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**8**	–	**765**	2,756	**773**	2,756
Amortisation of prepaid lease payments	**–**	–	**–**	–	**–**	–	**–**	–	**302**	292	**–**	–	**302**	292

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

Geographical information

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

7. SEGMENT INFORMATION *(continued)*

Information about major customers

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

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Company A[1]	**190,857**	153,031
Company B[1]	**N/A[2]**	226,224

1 Revenue from sales of piped gas.
2 The corresponding revenue did not contribute over 10% of the total sales of the Group in 2014.

8A. OTHER INCOME

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Continuing operations		
Value added tax refund	**7,291**	10,739
Sundry income	**4,110**	1,653
Bank interest income	**408**	1,302
Refund of consideration paid for acquisition of a subsidiary	**–**	3,000
	11,809	16,694

8B. OTHER GAINS AND LOSSES

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Continuing operations		
Gain on redemption of financial assets designated at FVTPL	**26,018**	9,002
Unrealised gain on fair value change of financial assets designated at FVTPL	**736**	473
(Allowance for) reversal of impairment for doubtful debts	**(1,312)**	1,369
Net gain on fair value change of held for trading investments	**–**	453
Government grant	**1,187**	–
Loss on disposal of property, plant and equipment	**(357)**	(413)
	26,272	10,884

9. INCOME TAX EXPENSE

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Continuing operations		
The charge comprises:		
PRC Enterprise Income Tax	**27,074**	27,614
Deferred tax (note 28)	**(5,917)**	(767)
	21,157	26,847

9. INCOME TAX EXPENSE *(continued)*

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 25% for the year (2013: 25%).

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

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Profit (loss) before tax		
– from continuing operations	**91,764**	117,517
– from discontinued operation	**(4,479)**	(10,236)
Profit before tax	**87,285**	107,281
Tax at the domestic income tax rate of 25%	**21,821**	26,820
Tax effect of share of results of associates	**(1,893)**	(2,049)
Tax effect of expenses that are not deductible in determining taxable profit	**131**	1,092
Tax effect of deductible temporary difference not recognised	**498**	1,404
Tax effect of tax losses not recognised	**600**	1,183
Utilisation of tax losses previously not recognised	**–**	(1,603)
Income tax expenses for the year	**21,157**	26,847

10. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs including directors' and supervisors' remuneration		
– basic salary and allowance	**89,344**	78,652
– retirement benefit scheme contributions	**12,055**	11,315
– directors' and supervisors' fee	**750**	717
– welfare, labor union and others	**2,179**	1,481
Total staff cost	**104,328**	92,165
Depreciation of property, plant and equipment	**66,780**	68,925
Amortisation of intangible assets (included in administrative expenses)	**8**	–
Auditor's remuneration	**1,210**	1,210
Foreign exchange gain	**5**	67
Loss on disposal of property, plant and equipment	**357**	534
Amortisation of prepaid lease payments (included in administrative expenses)	**302**	292
Operating lease rentals in respect of rented premises	**1,224**	1,202
Cost of gas purchased	**1,093,968**	1,158,257

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

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

As a result, the Group's mineral operation are presented as discontinued operation in the consolidated statement of profit or loss and other comprehensive income separately from continuing operations, with the comparative figures restated. As at 31 December 2014, the assets and liabilities attributable to the operations have been classified as disposal group held for sale and are separately presented in the consolidated statement of financial position. An impairment loss of RMB1,991,000 has been recognised to write down the mining rights included in the assets and liabilities classified as held for sale to its estimated fair value less costs to sell of RMB4,259,000. This is a non-recurring fair value which has been measured using observable inputs, being the prices for recent sales of similar mining rights, and is therefore within level 2 of the fair value hierarchy. After the reclassification and as at 31 December 2014, there was no further write-down as carrying amount of the disposal group did not fall below its fair value less costs to sell.

The results of the discontinued mining operation included in the loss for the year from discontinued operation are set out below. The comparative loss and cash flows from discontinued operation have been re-presented to include the mining operation classified as discontinued operation in the current year.

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

The loss for the year from the discontinued operation

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Revenue	**600**	549
Cost of sales	**(637)**	(4,203)
Gross loss	**(37)**	(3,654)
Administrative expenses	**(2,451)**	(965)
Loss before tax	**(2,488)**	(4,619)
Income tax expense	**–**	–
Loss after the taxation	**(2,488)**	(4,619)
Impairment loss recognised on the remeasurement to fair value less costs to sell	**(1,991)**	(5,617)
Loss for the year from discontinued operation	**(4,479)**	(10,236)
Attributable to:		
Owners of the Company	**(3,103)**	(6,590)
Non-controlling interests	**(1,376)**	(3,646)
	(4,479)	(10,236)

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

The loss for the year from the discontinued operation *(continued)*

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Loss for the year from discontinued operation has been arrived at after charging:		
Depreciation of property, plant and equipment (note)	**970**	970
Amortisation of intangible assets (note)	**765**	2,765
Staff cost	**311**	372

note: In 2014, depreciation of property, plant and equipment and amortisation of RMB970,000 and RMB765,000, respectively, were presented in administrative expenses in loss for the year from discontinued operation (2013: RMB970,000 and RMB2,756,000, in cost of sales, respectively).

Cash flow from the discontinued operation

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Net cash inflows from operating activities	**(19)**	319
Net cash outflows used in investing activities	**–**	(297)
Net cash flows	**(19)**	22

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

Cash flow from the discontinued operation *(continued)*

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

	31 December 2014 RMB'000
Property, plant and equipment	4,507
Mining right	4,259
Other receivables	645
Cash and bank balances	477
Assets of mineral operation classified as held for sales	9,888
Trade and other payables	2,957
Liabilities associated with assets classified as held for sale	2,957
Net assets of mineral operation classified as held for sale	6,931

12. DIVIDEND

No dividend was declared or proposed during the year ended 31 December 2014, nor any dividend been proposed since the end of reporting period.

A final dividend of RMB0.016 per share in respect of the year ended 31 December 2012 was declared to the owners of the Group in 2013. The aggregate amount of the final dividend declared during the year ended 31 December 2013 amounted to RMB29,429,000.

13. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**67,504**	84,080
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share ('000)	**1,839,308**	1,839,308

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

13. EARNINGS PER SHARE *(continued)*

From continuing operations

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

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000 (restated)
For the calculation of basic earnings per share:		
Earnings		
Profit for the year attributable to owners of the Company	**67,504**	84,080
Add: Loss for the year from discontinued operation attributable to owners of the Company (Note 11)	**3,103**	6,590
Profit for the year attributable to owners of the Company from continuing operations	**70,607**	90,670
Number of shares		
Number of ordinary shares ('000)	**1,839,308**	1,839,308

Basic earnings per share related to the discontinued operation is RMB0.17 cents loss per share (2013: RMB0.36 cents loss per share) based on the loss for the year from discontinued operation attributable to owners of the Company of RMB3,103,000 (2013: RMB6,590,000), and the number of ordinary shares as per the table above.

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors, supervisors and general manager

The remuneration paid or payable to the directors, supervisors and general manager during the year were as following:

Year ended 31 December 2014

	Fees RMB'000	Basic salaries RMB'000	Performance related incentive payment RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
Bai Shaoliang (note 1)	42	–	–	–	42
Wang Wenxia (note 2)	8	–	–	–	8
Dong Huiqiang (note 3)	8	–	–	–	8
Hou Shuangjiang (note 4)	42	–	–	–	42
Tang Jie	50	–	–	–	50
Zhang Tianhua	50	–	–	–	50
Zhang Guojian (note 5)	50	193	–	31	274
	250	193	–	31	474
Non-executive directors					
Wang Zhiyong (note 6)	42	–	–	–	42
Li Dachuan (note 7)	8	–	–	–	8
	50	–	–	–	50
Independent non-executive directors					
Luo Weikun	50	–	–	–	50
Tan Deji	100	–	–	–	100
Zhang Yuli	50	–	–	–	50
	200	–	–	–	200

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(continued)

Directors, supervisors and general manager *(continued)*

	Fees RMB'000	Basic salaries RMB'000	Performance related incentive payment RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors					
Cao Shujing	50	–	–	–	50
Hao Li	50	84	22	17	173
Jiang Nian	50	–	–	–	50
Sun Xuegang	50	154	–	30	234
Dou Runliang	50	–	–	–	50
	250	238	22	47	557
	750	431	22	78	1,281

note 1: Mr. Bai Shaoliang resigned as executive director of the Group on 3 November 2014.

note 2: Mrs. Wang Wenxia was appointed as executive director of the Group on 3 November 2014.

note 3: Mr. Dong Huiqiang resigned as executive director of the Group on 1 March 2014.

note 4: Mr. Hou Shuangjiang was appointed as executive director of the Group on 3 March 2014.

note 5: Mr. Zhang Guojian was appointed as executive director of the Group on 1 November 2013. The Company does not have any officer with the title of "chief executive officer" or "chief executive", but the duties of a chief executive officer have been carried out by Mr. Zhang Guojian from 26 July 2013, the general manager of the Company. The emoluments disclosed above include those for services rendered by him as the general manager of the Company.

note 6: Mr. Wang Zhiyong resigned as non-executive director of the Group on 3 November 2014.

note 7: Mr. Li Dachuan was appointed as non-executive director of the Group on 3 November 2014.

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(continued)

Directors, supervisors and general manager *(continued)*

Year ended 31 December 2013

	Fees RMB'000	Basic salaries RMB'000	Performance related incentive payment RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
Bai Shaoliang	50	–	–	–	50
Dong Huiqiang	50	–	–	–	50
Jin Jianping (note 8)	33	–	–	–	33
Tang Jie	50	–	–	–	50
Zhang Tianhua	50	–	–	–	50
Zhang Guojian (note 5)	9	116	–	8	133
	242	116	–	8	366
Non-executive directors					
Wang Zhiyong	50	–	–	–	50
	50	–	–	–	50
Independent non-executive directors					
Luo Weikun	50	–	–	–	50
Tam Tak Kei Raymond	100	–	–	–	100
Zhang Yuli	50	–	–	–	50
	200	–	–	–	200

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(continued)

Directors, supervisors and general manager *(continued)*

	Fees RMB'000	Basic salaries RMB'000	Performance related incentive payment RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors					
Cao Shujing	50	–	–	–	50
Hao Li	50	40	26	4	120
Jiang Nian	50	–	–	–	50
Sun Xuegang	50	123	60	31	264
Dou Runliang (note 9)	25	–	–	–	25
	225	163	86	35	509
General Manager					
Zheng Taiqi (note 10)	–	113	82	–	195
	717	392	168	43	1,320

Note 8: Mr. Jin Jianping resigned as executive director of the Group on 1 September 2013.

Note 9: Mr. Dou Ruiliang was appointed as supervisor of the Group on 14 June 2013.

Note 10: The Company does not have any officer with the title of "chief executive officer" or "chief executive", but the duties of a chief executive officer have been carried out by Mr. Zheng Tai Qi, the general manager of the Company. Mr. Zheng Taiqi resigned as general manager of the Company on 30 April 2013.

14. DIRECTORS', SUPERVISORS' AND GENERAL MANAGER'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(continued)

Employees

Of the five individuals with highest emoluments in the Group for the year ended 31 December 2014 included one director, who is also the general manager and one supervisor (2013: one director, two supervisors and the general manager) whose emoluments are included in the above disclosures. The remuneration of the remaining highest paid employees for the year is as follows:

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Salaries and other benefits	**587**	143
Retirement benefit scheme contributions	**25**	–
	612	143

Their emoluments are within the following band:

	2014	2013
Nil – RMB791,900 (2013: Nil to RMB786,200) (equivalent to Nil to HK$1,000,000)	**3**	1

For the year ended 31 December 2014 and 2013, no directors, supervisors, general manager or the remaining highest paid employee waived or agreed to waive any emoluments and no incentive was paid to them as an inducement to join or upon joining the Group or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land and buildings RMB'000	Pipelines RMB'000 (restated)	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Mining structures RMB'000	Construction in progress RMB'000 (restated)	Total RMB'000 (restated)
COST								
At 1 January 2013 (as originally stated)	44,528	219,632	62,580	4,520	9,236	5,228	13,294	359,018
Prior year adjustment (note 2)	–	832,239	–	–	–	–	4,542	836,781
At 1 January 2013 (restated)	44,528	1,051,871	62,580	4,520	9,236	5,228	17,836	1,195,799
Additions	–	1,342	1,933	476	488	–	6,445	10,684
Transfers	–	8,366	8,815	–	–	–	(17,181)	–
Transfer to prepaid lease payment	–	–	–	–	–	–	(4,950)	(4,950)
Disposal	–	(512)	(88)	–	(180)	–	–	(780)
At 31 December 2013 (restated)	44,528	1,061,067	73,240	4,996	9,544	5,228	2,150	1,200,753
Additions	–	1,030	3,113	1,052	251	–	11,259	16,705
Transfers	–	1,252	–	–	–	–	(1,252)	–
Disposal	–	(402)	(20)	(2)	(336)	–	–	(760)
Transfer to assets classified as held for sales	–	–	(835)	(38)	(127)	(5,228)	(408)	(6,636)
At 31 December 2014	44,528	1,062,947	75,498	6,008	9,332	–	11,749	1,210,062

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group *(continued)*

	Leasehold land and buildings RMB'000	Pipelines RMB'000 (restated)	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Mining structures RMB'000	Construction in progress RMB'000 (restated)	Total RMB'000 (restated)
DEPRECIATION								
At 1 January 2013 (as originally stated)	7,110	14,549	12,230	2,668	5,038	132	–	41,727
Prior year adjustment (note 2)	–	139,140	–	–	–	–	–	139,140
At 1 January 2013 (restated)	7,110	153,689	12,230	2,668	5,038	132	–	180,867
Provided for the year	1,015	61,571	4,937	447	1,157	768	–	69,895
Disposal	–	(99)	(12)	–	(133)	–	–	(244)
At 31 December 2013 (restated)	8,125	215,161	17,155	3,115	6,062	900	–	250,518
Provided for the year	1,042	59,002	5,596	416	961	733	–	67,750
Disposal	–	(84)	(5)	(2)	(310)	–	–	(401)
Transfer to asset classified as held for sales	–	–	(394)	(21)	(81)	(1,633)	–	(2,129)
At 31 December 2014	9,167	274,079	22,352	3,508	6,632	–	–	315,738
CARRYING VALUES								
At 1 January 2013 (restated)	37,418	898,182	50,350	1,852	4,198	5,096	17,836	1,014,932
At 31 December 2013 (restated)	36,403	845,906	56,085	1,881	3,482	4,328	2,150	950,235
At 31 December 2014	35,361	788,868	53,146	2,500	2,700	–	11,749	894,324

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company

	Leasehold land and buildings RMB'000	Pipelines RMB'000 (restated)	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000 (restated)	Total RMB'000 (restated)
COST							
At 1 January 2013 (as originally stated)	44,528	219,632	61,745	4,434	8,772	13,175	352,286
Prior year adjustment (note 2)	–	832,239	–	–	–	4,542	836,781
At 1 January 2013 (restated)	44,528	1,051,871	61,745	4,434	8,772	17,717	1,189,067
Additions	–	1,342	1,933	465	488	6,156	10,384
Transfers	–	8,366	8,815	–	–	(17,181)	–
Transfer to prepaid lease payment	–	–	–	–	–	(4,950)	(4,950)
Disposal	–	(512)	(88)	–	(180)	–	(780)
At 31 December 2013 (restated)	44,528	1,061,067	72,405	4,899	9,080	1,742	1,193,721
Additions	–	1,030	3,113	1,052	251	11,259	16,705
Transfers	–	1,252	–	–	–	(1,252)	–
Disposal	–	(402)	(20)	(2)	(336)	–	(760)
At 31 December 2014	44,528	1,062,947	75,498	5,949	8,995	11,749	1,209,666

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company *(continued)*

	Leasehold land and buildings RMB'000	Pipelines RMB'000 (restated)	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000 (restated)	Total RMB'000 (restated)
DEPRECIATION							
At 1 January 2013 (as originally stated)	7,110	14,549	12,152	2,636	4,972	–	41,419
Prior year adjustment (note 2)	–	139,140	–	–	–	–	139,140
At 1 January 2013 (restated)	7,110	153,689	12,152	2,636	4,972	–	180,559
Provided for the year	1,015	61,571	4,778	428	1,064	–	68,856
Disposal	–	(99)	(12)	–	(133)	–	(244)
At 31 December 2013 (restated)	8,125	215,161	16,918	3,064	5,903	–	249,171
Provided for the year	1,042	59,002	5,439	403	868	–	66,754
Disposal	–	(84)	(5)	(2)	(310)	–	(401)
At 31 December 2014	9,167	274,079	22,352	3,465	6,461	–	315,524
CARRYING VALUES							
At 1 January 2013 (restated)	37,418	898,182	49,593	1,798	3,800	17,717	1,008,508
At 31 December 2013 (restated)	36,403	845,906	55,487	1,835	3,177	1,742	944,550
At 31 December 2014	35,361	788,868	53,146	2,484	2,534	11,749	894,142

The leasehold land and buildings are situated in the PRC and are situated on land held under medium-term land use rights.

At 31 December 2014, the Group is in the process of applying title certificates for certain leasehold land and buildings with a carrying value of approximately RMB6,569,000 (31 December 2013: RMB6,569,000).

16. PREPAID LEASE PAYMENTS

The Group's and the Company's prepaid lease payments comprise:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Leasehold land in the PRC:		
Medium-term lease	**12,393**	12,695
Analysed for reporting purpose as:		
Current portion (included in prepayment and other receivables)	**302**	302
Non-current portion	**12,091**	12,393
	12,393	12,695

The cost of prepaid lease payments is amortised over 40 to 50 years on a straight-line basis.

17. INTANGIBLE ASSETS

The Group

	Right for distribution of gas RMB'000 (restated) (Note a)	Software RMB'000	Mining right RMB'000 (Note b)	Total RMB'000 (restated)
COST				
At 1 January 2013 (as originally stated)	840,555	–	16,766	857,321
Prior year adjustment (note 2)	(840,555)	–	–	(840,555)
At 1 January 2013 (restated)/ at 31 December 2013 (restated)	–	–	16,766	16,766
Additions	–	111	–	111
Transfer to assets classified as held for sales	–	–	(16,766)	(16,766)
At 31 December 2014	–	111	–	111
AMORTISATION AND IMPAIRMENT				
At 1 January 2013 (as originally stated)	139,431	–	1,378	140,809
Prior year adjustment (note 2)	(139,431)	–	–	(139,431)
At 1 January 2013 (restated)	–	–	1,378	1,378
Provided for the year	–	–	2,756	2,756
Impairment loss recognised in profit and loss	–	–	5,617	5,617
At 31 December 2013 (restated)	–	–	9,751	9,751
Provided for the year	–	8	765	773
Impairment loss recognised in profit and loss	–	–	1,991	1,991
Transfer to assets classified as held for sales	–	–	(12,507)	(12,507)
At 31 December 2014	–	8	–	8
CARRYING VALUES				
At 1 January 2013 (restated)	–	–	15,388	15,388
At 31 December 2013 (restated)	–	–	7,015	7,015
At 31 December 2014	–	103	–	103

17. INTANGIBLE ASSETS *(continued)*

The Company

	Right for distribution of gas RMB'000 (Note a)	Software RMB'000	Total RMB'000
COST			
At 1 January 2013 (as originally stated)	840,555	–	840,555
Prior year adjustment (note 2)	(840,555)	–	(840,555)
At 1 January 2013 (restated)/ at 31 December 2013 (restated)	–	–	–
Addition	–	111	111
At 31 December 2014	–	111	111
AMORTISATION			
At 1 January 2013 (as originally stated)	139,431	–	139,431
Prior year adjustment (note 2)	(139,431)	–	(139,431)
At 1 January 2013 (restated)/ at 31 December 2013 (restated)	–	–	–
Charge for the year	–	8	8
At 31 December 2014	–	8	8
CARRYING VALUES			
At 1 January 2013 (restated)/ at 31 December 2013 (restated)	–	–	–
At 31 December 2014	–	103	103

Note a: The Group restated its public services concession infrastructure assets related to gas pipeline construction and gas distribution, as described in note 2.

Note b: During the current year, the Group's mineral operation are classified as discontinued operation, the assets and liabilities associated with it has been classified as a disposal group held for sales which described in note 11.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Unlisted shares, at cost	**20,000**	20,000

19. INTERESTS IN AN ASSOCIATE

	The Group		The Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Cost of investment in an associate				
– unlisted	**8,778**	8,778	**8,778**	8,778
Share of post-acquisition profits	**28,211**	22,184	**–**	–
	36,989	30,962	**8,778**	8,778

As at 31 December 2014 and 2013, the Group had interest in the following associate:

Name of entity	Form of entity	Place of registration/ principal place of operation	Class of shares held	Proportion of voting power/ nominal value of issued capital directly held by the Group		Principal activity
				2014	2013	
天津市濱海燃氣有限公司	Incorporated	PRC	Ordinary	**30.55%**	30.55%	Gas supply

Included in the cost of investment in an associate is goodwill of RMB3,597,000 (31 December 2013: RMB3,597,000) arising on acquisition.

The summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

19. INTERESTS IN AN ASSOCIATE *(continued)*

	31 December 2014 RMB'000	31 December 2013 RMB'000
Current assets	**162,325**	179,120
Non-current assets	**282,855**	247,326
Current liabilities	**245,806**	237,189
Non-current liabilities	**90,072**	99,684

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Revenue	**366,883**	379,726
Profit and total comprehensive income for the year	**24,789**	26,824
Dividend received from the associate during the year	**1,546**	–
Group's share of result of associate for the year	**7,573**	8,195

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net assets of 天津市濱海燃氣有限公司	**109,302**	89,573
Proportion of the Group's ownership interest in 天津市濱海燃氣有限公司	**30.55%**	30.55%
Goodwill	**3,597**	3,597
Carrying amount of the Group's interest in 天津市濱海燃氣有限公司	**36,989**	30,962

20. INVENTORIES

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Gas	**1,068**	196
Spare parts and consumables	**556**	559
Gas appliances	**285**	4,629
Lead and zinc	**–**	571
	1,909	5,955

The Company

	31 December 2014 RMB'000	31 December 2013 RMB'000
Gas	**1,068**	196
Spare parts and consumables	**556**	496
Gas appliances	**285**	4,629
	1,909	5,321

21. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES

	The Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	**91,405**	121,782
Note receivables	**131,980**	161,228
Less: impairment loss recognised	**(7,141)**	(5,829)
Net trade and note receivables	**216,244**	277,181
Other receivables	**26,157**	19,057
Less: impairment loss recognised	**(2,285)**	(2,285)
Net other receivables	**23,872**	16,772
Prepayment	**6,555**	4,820
	30,427	21,592

	The Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	**91,405**	121,782
Note receivables	**131,980**	161,228
Less: impairment loss recognised	**(7,141)**	(5,829)
Net trade and note receivables	**216,244**	277,181
Other receivables	**26,157**	18,747
Less: impairment loss recognised	**(2,285)**	(2,285)
Net other receivables	**23,872**	16,462
Prepayment	**6,555**	4,755
	30,427	21,217

21. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES *(continued)*

Movement in impairment loss recognised:

	The Group and the Company	
	2014	2013
	RMB'000	RMB'000
Trade receivables:		
At beginning of the year	**5,829**	7,198
Impairment losses recognised	**4,713**	1,166
Amounts recovered during the year	**(3,401)**	(2,535)
At end of the year	**7,141**	5,829
Other receivables:		
Balance at 31 December 2014 and 31 December 2013	**2,285**	2,285

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

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

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

21. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES *(continued)*

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

	The Group and the Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000
0 – 90 days	**146,446**	173,501
91 – 180 days	**39,655**	66,426
181 – 270 days	**6,500**	16,296
271 – 365 days	**3,300**	1,700
Over 365 days	**20,343**	19,258
	216,244	277,181

Before accepting any new customer, the Group will assess credit worthiness by customer in considering the customer's quality and determine the credit terms for that customer. In addition, the Group has reviewed the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable. In the opinion of the directors, receivables neither past due nor impaired have good settlement records and no default history at the end of the reporting date.

Included in the Group's and the Company's trade receivables balance are debtors with aggregate carrying amount of RMB30 million (2013: RMB37 million) which are past due at the end of the reporting period for which the Group and the Company has not provided for impairment loss because there is no significant change in credit quality of those customers and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

21. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES *(continued)*

Aging of trade and note receivables which are past due but not impaired:

	The Group and the Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000
181 – 270 days	**6,500**	16,296
271 – 365 days	**3,300**	1,700
Over 365 days	**20,343**	19,258
	30,143	37,254

22. AMOUNTS DUE FROM (TO) A SHAREHOLDER/RELATED PARTIES

The Group and the Company

(a) The amounts due from a shareholder as at 31 December 2013 were trade in nature, unsecured and non-interest bearing. The credit period is 90 days. Details of the balances are set out in note 35(b).

22. AMOUNTS DUE FROM (TO) A SHAREHOLDER/RELATED PARTIES *(continued)*

The Group and the Company *(continued)*

(b) The amounts due from related parties are all trade in nature, unsecured and non-interest bearing. The credit period is 90 days. Details of the balances are set out in note 35(c). An aged analysis of such balances net of allowance of doubtful debts presented based on the billing date at the end of the reporting period, which approximated the revenue recognition dates are as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
0 – 90 days	**11,793**	31,065
90 – 180 days	**2,391**	2,664
180 – 270 days	**2,292**	3,407
271 – 365 days	**2,806**	–
Over 365 days	**9,068**	–
	28,350	37,136

(c) The amounts due to related parties are all trade in nature, unsecured and non-interest bearing. The credit period is 90 days. Details of the balances are set out in note 35(d). An aged analysis of such balances presented based on the billing date at the end of the reporting period are as follows:

	2014 RMB'000	2013 RMB'000
0 – 90 days	**148,948**	74,316
180 – 270 days	**2,449**	1,846
Over 365 days	**1,543**	–
	152,940	76,162

23. CASH AND BANK BALANCES

The Group and the Company

Bank balances carry interest at market rate at 0.35% (31 December 2013: 0.35%) per annum.

24. TRADE AND OTHER PAYABLES

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

	The Group	
	31 December 2014 RMB'000	31 December 2013 RMB'000
0 – 90 days	**37,519**	16,447
91 – 180 days	**2,208**	–
181 – 270 days	**9,028**	10,207
271 – 365 days	**–**	220
Over 365 days	**12,850**	1,797
Trade payables	**61,605**	28,671
Advance from customers	**184,340**	144,182
Value-added tax payable and other tax payables	**32,800**	25,138
Accrued staff costs and pension	**16,202**	13,396
Accrued expense	**2,119**	2,694
Others	**729**	860
	236,190	186,270
	297,795	214,941

24. TRADE AND OTHER PAYABLES *(continued)*

	The Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000
0 – 90 days	**37,519**	16,447
91 – 180 days	**2,208**	–
181 – 270 days	**9,028**	10,207
271 – 365 days	**–**	220
Over 365 days	**12,850**	1,405
Trade payables	**61,605**	28,279
Advance from customers	**184,340**	141,682
Value-added tax payable and other tax payables	**32,778**	25,129
Accrued staff costs and pension	**16,202**	13,015
Accrued expense	**2,053**	2,694
Others	**729**	662
	236,102	183,182
	297,707	211,461

25. DEFERRED INCOME

The Group and Company

	31 December 2014 RMB'000	31 December 2013 RMB'000
Government grants:		
At the beginning of the year	**4,344**	–
Received during the year (note)	**22,266**	4,359
Credited to profit or loss	**(1,187)**	(15)
	25,423	4,344
Analysed for reporting purpose as:		
Current portion	**729**	181
Non-current portion	**24,694**	4,163
	25,423	4,344

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

Note:

The amount includes a government grant of RMB14,866,000 recognised in 2014. It is a non-cash transaction related to certain pipeline reconstruction projects approved by government as disclosed in note 35(c).

26. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid Share Capital
	Domestic Shares	H Shares	RMB'000
Shares of RMB0.1 each			
As at 1 January 2013, 31 December 2013 and 31 December 2014	1,339,247,800	500,060,000	183,931

27. SHARE PREMIUM AND RESERVES

The Company

	Attributable to owners of the Company				
	Share premium RMB'000	Statutory surplus reserves RMB'000	Enterprise expansion fund RMB'000	Accumulated profits RMB'000 (restated)	Total RMB'000 (restated)
At 1 January 2013 (as originally stated)	788,703	46,378	17,771	466,443	1,319,295
Prior year adjustment (note 2)	–	–	–	(2,640)	(2,640)
At 1 January 2013 (restated)	788,703	46,378	17,771	463,803	1,316,655
Profit for the year and total comprehensive income for the year	–	–	–	80,229	80,229
Dividends recognised as distribution (note 12)	–	–	–	(29,429)	(29,429)
Appropriation	–	12,093	6,046	(18,139)	–
At 31 December 2013 (restated)	788,703	58,471	23,817	496,464	1,367,455
Profit for the year and total comprehensive income for the year	–	–	–	64,684	64,684
Appropriation	–	8,187	4,094	(12,281)	–
At 31 December 2014	788,703	66,658	27,911	548,867	1,432,139

28. DEFERRED TAXATION

The following is the major deferred tax (assets) liabilities recognised and movements thereon during the year:

The Group and the Company

	Impairment for doubtful debts RMB'000	Accelerated tax depreciation RMB'000	Service concession arrangement RMB'000 (restated)	Government grant RMB'000	Total RMB'000 (restated)
At 1 January 2013 (as originally stated)	(1,350)	343	843	–	(164)
Prior year adjustment (note 2)	–	–	(843)	–	(843)
At 1 January 2013 (restated)	(1,350)	343	–	–	(1,007)
(Credit) charge for the year	343	(24)	–	(1,086)	(767)
At 31 December 2013 (restated)	(1,007)	319	–	(1,086)	(1,774)
(Credit) charge for the year	(328)	(319)	–	(5,270)	(5,917)
At 31 December 2014	(1,335)	–	–	(6,356)	(7,691)

At the end of reporting period, the Group's deductible temporary difference not recognised was the impairment of mining right of RMB7,608,000 (31 December 2013: RMB5,617,000), which available for offset against future profits when the Group disposed the mining operations.

28. DEFERRED TAXATION *(continued)*

The Group and the Company *(continued)*

At the end of reporting period, the Group has unused tax losses of RMB8,187,000 (31 December 2013: RMB5,788,000) available for offset against future profits that may be carried forward as the following year:

	2014 RMB'000	2013 RMB'000
Year 2017	**1,058**	1,058
Year 2018	**4,730**	4,730
Year 2019	**2,399**	–
	8,187	5,788

No deferred tax asset has been recognised in respect of the above tax losses due to unpredictability of future profit streams.

29. OTHER FINANCIAL ASSETS

The Group and the Company

The balances represent the investments in the wealth management products (the "WMP") and government bond repurchase products (the "GBR") amounting to RMB717,736,000 (31 December 2013: RMB253,073,000) and RMB75,700,000 (31 December 2013: Nil), respectively, both of which were issued by licensed financial institutions with guaranteed return of principal and not redeemable before maturity date by the Group. The expected annual return rates of WMP are 4% to 4.8% (2013: from 5% to 5.6%) per annum and investment period are all within 90 days (2013: within 90 days). The expected annual return rate of GBR is 4.55% per annum and investment period are all within 7 days. The financial assets have been designated as financial assets at FVTPL on initial recognition as the financial asset forms part of a group of financial assets, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

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

All the Group's outstanding balance of WMPs and GBRs as of 31 December 2014 were redeemed subsequent to the end of the reporting period and proceeds of RMB720,415,000 and RMB75,766,000 respectively were received by the Group upon redemption.

During the year, the Group invested in the WMP and GBR amounting to RMB8,955,000,000 (2013: RMB3,678,800,000) and RMB523,700,000 (2013: Nil), respectively, both of which were issued by licensed financial institutions with guaranteed return of principal and not redeemable before maturity date. The proceeds from the redemption of WMP and GBR amounting to RMB8,516,352,000 (2013: RMB3,435,202,000) and RMB448,739,000 (2013: Nil).

30. OPERATING LEASE COMMITMENTS

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

The Group and the Company as lessee

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Within one year	**1,169**	1,117
In the second year	**1,186**	–
	2,355	1,117

The leases are negotiated for an average term of one to two years with fixed monthly rentals.

31. CAPITAL RISK MANAGEMENT

The Group and the Company manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group and the Company consist of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure regularly. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as the raise of borrowings, if needed.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group		The Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Financial assets				
FVTPL	**793,436**	253,073	**793,436**	250,473
Loans and receivables and cash and bank balances	**362,364**	632,158	**358,624**	629,746
– including balances in a disposal group held for sale	**1,122**	–	**–**	–
Financial liabilities				
Amortised cost	**429,748**	293,817	**426,791**	290,346
– including balances in a disposal group held for sale	**2,957**	–	**–**	–

b. Financial risk management objectives and policies

The principal financial instruments of the Group and the Company include trade receivables, other receivables, other financial assets, trade and other payables and amount due from a shareholder/related parties, dividend payable and cash and bank balances. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose to the financial risks included interest rate risk and other price risk.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Interest rate risk

The Group and the Company is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits.

32. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) Interest rate risk (continued)

Sensitivity analysis

No sensitivity analyses have been prepared as the management considers that such exposure for variable-rate bank deposits is limited.

(ii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities and wealth management products designed as financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

No sensitivity analyses have been prepared as the investments in listed equity securities were disposed in 2013 and no transaction incurred during current year and the management considers that such exposure for WMPs and GBRs are limited as the Group only invests in products issued by banks and other financial institutions with good reputation.

Credit risk management

The Group's and the Company's credit risk is primarily attributable to its trade and other receivables and other financial assets. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Besides, the Group has reduced credit risk on trade receivables by requesting trade deposit to be made or settlement by bank before start the construction for gas connection customers. In respect of the risk arising from the provision of financial assets, the management of the Group continuously monitors the credit quality and credit rating of the counterparty banks that in favor of to ensure that the Group will not suffer significant credit losses.

The Group and the Company is exposed to some concentration of credit risk on trade receivables. At 31 December 2014, the five largest trade debtors accounted for approximately RMB155,110,000 (72%) (2013: RMB169,862,000 (61%)) of the Group's total trade and note receivables. The Group delegate a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk.

32. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Credit risk management *(continued)*

The table below shows the carrying amount of 5 largest trade debtors of the Group and the Company at the end of reporting date:

Counterparty	Location	31 December 2014 Carrying amount RMB'000	31 December 2013 Carrying amount RMB'000
Company A[1]	The PRC	55,733	N/A[3]
Company B[1]	The PRC	38,050	58,586
Company C[1]	The PRC	30,248	29,230
Company D[2]	The PRC	15,896	N/A[3]
Company E[1]	The PRC	15,183	38,115
Company F[1]	The PRC	N/A[4]	24,781
Company G[2]	The PRC	N/A[4]	19,150

[1] The corresponding carrying amount is balance of note receivables.
[2] The corresponding carrying amount is balance of trade receivables.
[3] The corresponding carrying amount did not contribute to 5 largest trade debtors of Group in 2013.
[4] The corresponding carrying amount did not contribute to 5 largest trade debtors of Group in 2014.

The above debtors are all industrial users for piped gas which engaged in manufacturing business. The balance due from the respective debtors was within the credit limit granted by the Group and the Company.

The Group and the Company is exposed to some concentration of credit risk on bank balance. At 31 December 2014, the balance from a bank listed on the Shenzhen Stock Exchange accounted for approximately RMB60,221,000 (65%) (2013: RMB119,006,000 (41%)) of the Group's total bank balance. The Group had also explored new banks in order to minimise the concentration of credit risk. The Group and the Company consider that the credit risk on the balance of this bank is limited because it is with good reputation and good international credit rating. The credit risk on the balance of the rest of counterparties are limited as they are with good reputation and with good credit rating.

32. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Credit risk management *(continued)*

The Group and the Company is exposed to concentration of credit risk on other financial assets. At 31 December 2014, the outstanding balance of other financial assets include an amount that was acquired from a state-owned bank amounting to approximately RMB537,000,000 (68%) (2013: RMB150,000,000 (59%)) of the Group's total balance of other financial assets. The management of the Group continuously monitors the credit quality and credit rating of the state-owned bank and the Group had also explored financial products from other banks in order to minimise the concentration of credit risk. The Group and the Company consider that the credit risk on balances of other financial assets of this bank is limited because it is with good reputation and good international credit rating. The credit risk on the balance of the rest of counterparties are limited as they are with good reputation and with good credit rating.

The credit risk on amounts due from a shareholder and related parties is limited because they have good repayment history.

Other than concentration of credit risk on bank balance, certain trade receivables and other financial assets, the Group and the Company does not have any other significant concentration of credit risk.

The Group's and the Company's geographical concentration of credit risk from trade and note receivable is from customers located in Tianjin, PRC as at 31 December 2014 and 2013.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group and the Company manages liquidity risk by maintaining adequate reserves of cash and bank balance and by continuously monitoring forecast, actual cash flows and the maturity profiles of financial liabilities.

The Group's holdings of cash and short-term deposits, together with net cash flow from operations, are expected to be sufficient to cover the operating cost of the Group in the next financial year. The directors consider that the Group expects to have adequate source of funding to finance the Group and manage the liquidity position.

32. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The following table details the remaining contractual maturity for the financial liabilities of the Group and the Company as at 31 December 2014 and 2013 based on the contractual repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The Group

	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities					
As at 31 December 2014					
Trade and other payables	**265,833**	**–**	**–**	**265,833**	**265,833**
Dividend payables	**10,975**	**–**	**–**	**10,975**	**10,975**
Amount due to related parties	**152,940**	**–**	**–**	**152,940**	**152,940**
	429,748	**–**	**–**	**429,748**	**429,748**
As at 31 December 2013					
Trade and other payables	187,109	–	–	187,109	187,109
Dividend payables	30,546	–	–	30,546	30,546
Amount due to a related party	76,162	–	–	76,162	76,162
	293,817	–	–	293,817	293,817

32. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The Company

	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities					
As at 31 December 2014					
Trade and other payables	**262,876**	**–**	**–**	**262,876**	**262,876**
Dividend payables	**10,975**	**–**	**–**	**10,975**	**10,975**
Amount due to a related party	**152,940**	**–**	**–**	**152,940**	**152,940**
	426,791	**–**	**–**	**426,791**	**426,791**
As at 31 December 2013					
Trade and other payables	183,638	–	–	183,638	183,638
Dividend payables	30,546	–	–	30,546	30,546
Amount due to a related party	76,162	–	–	76,162	76,162
	290,346	–	–	290,346	290,346

32. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis.

Financial assets	Fair value as at 31 December 2014	31 December 2013	Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
WMP	**RMB717,736,000**	RMB253,073,000	Level 2	Discounted cash flow, future cash flows are estimated based on expected annual return rates.	The higher the expected annual return rates, the higher the fair value.
GBR	**RMB75,700,000**	Nil	Level 2	Discounted cash flow, future cash flows are estimated based on expected annual return rates.	The higher the expected annual return rates, the higher the fair value.

Fair value hierarchy as at 31 December 2014

	The Group and the Company			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at FVTPL	**–**	**793,436,000**	**–**	**793,436,000**

Fair value hierarchy as at 31 December 2013

	The Group			
	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
Financial assets at FVTPL	–	253,073,000	–	253,073,000

32. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value *(continued)*

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	–	250,473,000	–	250,473,000

33. CAPITAL COMMITMENTS

At the end of the reporting date, the Group and the Company has the following commitments:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	230

34. RETIREMENT BENEFIT SCHEME

As stipulated in the rules and regulations in the PRC, the Group contributes to the retirement benefit scheme managed by a local social security bureau in the PRC. The Group contributes a certain percentage of basic salaries of its employees to the retirement plan, and has no further obligation for the actual payment of the previous or postretirement benefit. The retirement benefit scheme is responsible for the entire present obligation to retired employees.

During the year, the retirement benefit scheme contributions amounted to RMB12,055,000 (2013: RMB11,315,000).

35. RELATED PARTY TRANSACTIONS/BALANCES

(a) During the year, the following related parties transactions took place:

Name of related party	Relationship	Nature of transactions	The Group and the Company 31 December 2014 RMB'000	31 December 2013 RMB'000
Tianjin Gas	Holding company	Purchase of piped gas	–	325,733
		Gas transportation income	–	1,670
		Rental expenses	933	933
津燃華潤	Joint venture of the holding company	Purchase of piped gas	1,081,718	823,442
		Gas transportation income	9,067	8,041
		Entrustment fee	438	–
天津市燃氣熱力規劃設計院	Subsidiary of holding company	Construction design fee	3,746	2,114
天津泰華燃氣有限公司	Subsidiary of holding company	Sales of gas	190,857	153,031
天津中油燃氣車用燃料技術有限公司	Associate of the holding company	Sales of gas	–	17,566
天津津燃燃氣熱力有限公司	Subsidiary of holding company	Sales of gas	585	–
濱海中油燃氣有限責任公司	Subsidiary of holding company	Sales of gas	89	67
天津市液化氣工程有限公司	Subsidiary of holding company	Gas connection services	111	2,191
天津市聯益燃氣配套工程有限責任公司	Subsidiary of holding company	Gas connection services	3,404	1,261
天津市裕民燃氣表具有限公司	Subsidiary of holding company	Purchase of gas meters	5,274	2,935
天津市聯寅燃氣通信技術有限責任公司	Subsidiary of holding company	Purchase of card readers	29	18
天津市津燃物業管理有限公司	Subsidiary of holding company	Property management fee	605	488

35. RELATED PARTY TRANSACTIONS/BALANCES *(continued)*

(b) Details of amount due from a shareholder are as follows:

		The Group and the Company	
Name of related party	**Relationship**	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Tianjin Gas	Holding company	**–**	13,933

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

		The Group and the Company	
Name of related party	**Relationship**	**31 December 2014 RMB'000**	31 December 2013 RMB'000
津燃華潤	Joint venture of the holding company		
	– Current	**18,988**	8,926
	– Non-current (note)	**13,249**	–
		32,237	8,926
天津泰華燃氣有限公司	Subsidiary of the holding company	**7,428**	27,888
天津市裕民燃氣表具有限公司	Subsidiary of the holding company	**1,791**	–
天津市燃氣熱力規劃設計院	Subsidiary of the holding company	**143**	322
Total		**41,599**	37,136

Note: In 2014 Tianjin Government approved the Group's pipeline reconstruction projects with estimated total costs of RM24,206,000, of which RMB14,866,000 is to be financed by government's grants and the remaining balance of RMB9,340,000 is to be borne by the Group. The reconstruction projects are to replace certain existing old pipelines, whose net book values are negligible with new pipelines. Tianjin Government has assigned and hence the Group has entrusted 津燃華潤 to manage and execute the reconstruction projects of the Group. During the year ended 31 December 2014, the total cost of pipeline reconstruction works amounted to RMB10,957,000 and have been recognised by the Group as construction in progress in property, plant and equipment. As at 31 December 2014, both of the Tianjin Government and the Group has paid through 津燃華潤 the full amount of the estimated total cost of RMB14,866,000 and RMB9,340,000, respectively. Therefore, the balance of RMB13,249,000 is presented as prepayment for pipeline reconstruction in the consolidated statement of financial position as at 31 December 2014 and will be recorded as long-term assets when the construction is completed.

35. RELATED PARTY TRANSACTIONS/BALANCES *(continued)*

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

		The Group and the Company	
Name of related party	**Relationship**	**31 December 2014 RMB'000**	31 December 2013 RMB'000
津燃華潤燃氣有限公司	Joint venture of the holding company	**145,107**	68,763
天津市裕民燃氣表具有限公司	Subsidiary of the holding company	**2,410**	3,434
天津市液化氣工程 有限公司	Subsidiary of the holding company	**1,306**	2,104
天津市聯益燃氣配套工程有限責任公司	Subsidiary of the holding company	**324**	1,261
天津市燃氣熱力規劃設計院	Subsidiary of the holding company	**3,704**	527
濱海中油燃氣有限責任公司	Subsidiary of the holding company	**60**	55
天津市聯寅燃氣通信技術有限責任公司	Subsidiary of the holding company	**29**	18
Total		**152,940**	76,162

(e) Other PRC government-related entities

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

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

35. RELATED PARTY TRANSACTIONS/BALANCES *(continued)*

(e) Other PRC government-related entities *(continued)*

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

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

	2014 RMB'000	2013 RMB'000
Acquire financial products of WMPs	**6,337,000**	700,000

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

	2014 RMB'000	2013 RMB'000
Other financial assets	**637,686**	150,474

(f) Compensation of key management personnel

The remuneration of directors, supervisors, general manager and other members of key management during the year were as follows:

	The Group	
	2014 RMB'000	2013 RMB'000
Short-term benefit	**1,791**	1,420
Post employment benefit	**103**	43
	1,894	1,463

36. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2014 and 2013 are as follows:

Name	Place of registration and operation	Registered capital	Proportion of registered capital held by the Company 2014	2013	Principal activities
烏盟乾生津燃公用事業有限責任公司 (note i)	PRC	RMB1,000,000	**60%**	60%	Dormant
天聯投資	PRC	RMB20,000,000	**100%**	100%	Investment
貴州津維	PRC	RMB26,000,000	**88%**	88%	Mining business
貴州國新	PRC	RMB5,000,000	**70%**	70%	Mining business

Note:

(i) The subsidiary is dormant and has commenced the procedure of deregistration. Up to the date of issuance of these consolidated financial statements, the above deregistration has not been finished.

(ii) All subsidiaries of the Company are limited liability companies established in the PRC.

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

In the opinions of the directors, the details of the non-wholly owned subsidiaries have not been disclosed as the amounts involved are insignificant.

37. EVENT AFTER THE REPORTING PERIOD

(i) On 13 January 2015, the Group have announced that the registration of the transfer of all the equity interest in Tianjin Gas held by Tianjin Municipal Government to 天津能源投資集團有限公司 ("Tianjin Energy") has been completed. Immediately following the completion of the aforesaid equity transfer, Tianjin Energy has become the intermediary holding company of Tianjin Gas.

(ii) On 11 February 2015, the Group have announced that the registration of the share transfer from Tianjin Wanshun Real Estate Company Limited ("Tianjin Wanshun") to Tianjin Gas have been completed. Immediately following the completion of the aforesaid equity transfer, the shareholding of the Company held by Tianjin Gas will increase from approximately 51.3% to approximately 64.12% and Tianjin Wanshun will cease to be a shareholder.

FIVE YEAR SUMMARY

RESULTS

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,448,785**	1,487,278	1,538,939	1,058,017	383,631
Profit for the year and total comprehensive income for the year	**66,128**	80,343	119,118	90,907	76,707
Profit for the year and total comprehensive income for the year attributable to owners of the Company	**67,504**	84,080	119,577	90,907	76,707

ASSET AND LIABILITIES

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**1,173,030**	896,006	712,715	563,689	306,473
Non-current assets	**964,447**	1,002,437	1,064,640	1,086,466	495,513
Current Liabilities	**478,859**	326,484	257,924	246,549	85,900
Non-Current Liabilities	**24,694**	4,163	–	7,428	817
Equity attributable to owners of the Company	**1,633,924**	1,567,796	1,515,755	1,396,178	715,269