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 2015

CONTENTS

COMPANY INFORMATION

DIRECTORS

Executive Directors

Zhang Tian Hua *(Chairman)*
Wang Wen Xia
Tang Jie
Zhang Guo Jian
Hou Shuang Jiang

Non-executive Director

Li Da Chuan

Independent Non-executive Directors

Zhang Yu Li (resigned on 16 June 2015)
Luo Wei Kun (resigned on 16 June 2015)
Tam Tak Kei, Raymond (resigned on 16 June 2015)
Zhang Ying Hua (appointed on 16 June 2015)
Yu Jian Jun (appointed on 16 June 2015)
Guo Jia Li (appointed on 16 June 2015)

INDEPENDENT SUPERVISORS

Jiang Nian (resigned on 16 June 2015)
Dou Run Liang (resigned on 16 June 2015)
Xu Hui (appointed on 16 June 2015)
Xue You Zhi (appointed on 16 June 2015 and proposed to resign on 14 January 2016)

STAFF REPRESENTATIVE SUPERVISORS

Sun Xue Gang (resigned on 16 June 2015)
Hao Li
Li Rui Wen (appointed on 16 June 2015 and resigned on 14 September 2015)
Feng Jin Hu (appointed on 14 September 2015)

SHAREHOLDERS REPRESENTATIVE SUPERVISOR

Cao Shu Jing (resigned on 16 June 2015)
Yang Hu Ling (appointed on 16 June 2015)

COMPANY SECRETARY

Kwok Shun Tim CPA ACCA MSC LLM (resigned on 16 December 2015)
Wong Yat Tung (appointed on 16 December 2015)

AUTHORISED REPRESENTATIVES

Zhang Guo Jian
Kwok Shun Tim (resigned on 16 December 2015)
Wong Yat Tung (appointed on 16 December 2015)

BOARD COMMITTEES

Audit Committee

Zhang Yu Li *(Chairman)* (resigned on 16 June 2015)
Guo Jia Li *(Chairman)* (appointed on 16 June 2015)
Luo Wei Kun (resigned on 16 June 2015)
Tam Tak Kei, Raymond (resigned on 16 June 2015)
Zhang Ying Hua (appointed on 16 June 2015)
Yu Jian Jun (appointed on 16 June 2015)

Nomination Committee

Zhang Tian Hua *(Chairman)*
Zhang Yu Li (resigned on 16 June 2015)
Luo Wei Kun (resigned on 16 June 2015)
Zhang Ying Hua (appointed on 16 June 2015)
Yu Jian Jun (appointed on 16 June 2015)

Remuneration Committee

Luo Wei Kun *(Chairman)*
(resigned on 16 June 2015)
Zhang Ying Hua *(Chairman)*
(appointed on 16 June 2015)
Tam Tak Kei, Raymond (resigned on 16 June 2015)
Guo Jia Li (appointed on 16 June 2015)
Hou Shuang Jiang (appointed on 16 June 2015)

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

	2015 RMB'000	2014 RMB'000
Continuing operations		
Revenue	**1,322,843**	1,448,785
Gross profit	**27,089**	70,859
Profit for the year from continuing operations, all attributable to owners of the Company	**38,705**	70,607
Equity attributable to owners of the Company	**1,672,274**	1,635,270
Total assets	**2,211,211**	2,137,477

	2015 RMB (cents)	2014 RMB (cents)
Earnings per share		
From continuing and discontinued operations		
– basic RMB (cents)	**2.0**	3.7

To all the shareholders (the "Shareholders") of the Company:

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 2015 (the "Year" or the "Reporting Period" or the "Period").

The year 2015 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 2016.

DEVELOPMENT OF THE PRC GAS SECTOR

Improving living standards and increasing environmental consciousness in the People's Republic of China ("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.

According to the 2015 Actuality Research and Development Trend Estimation Report on the Urban Gas Sector in the PRC（二零一五年中國城市燃氣行業現狀研究分析與發展趨勢預測報告）, the PRC natural gas market is under rapid expansion. Driven by the completion of construction of the domestic long-distance main and branch pipelines, the rapid extension of urban pipeline network and the national policy on the natural gas utilization, the PRC urban gas consumption will retain rapid growth with regard to the four aspects: (i) more new users are joining in, leading to faster replacement of LPG and manufactured gas, as well as increased residential gas consumption; (ii) transformation of coal-fired boilers is being undertaken in many provinces and cities as they try to meet the PM2.5 standard and consumption on gas for heating increased; (iii) gas consumption for transportation is rapidly increasing with the completion of construction of ancillary facilities such as gas stations; and (iv) distributed energy projects will be completed and put into production gradually. Benefited from the steady growth of economy and the recovery of ceramics, glass, and iron industries, the gas consumption for electricity generation and industry will be increased steadily. As for gas used in the chemical industry, which is under policy restriction, it is of low economic value and its consumption scale will continue to contract.

CHAIRMAN'S STATEMENT

In the Thirteenth 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 the Group's shareholders, customers and business associates for their continual supports and the Group's 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 2016 for the Group's shareholders.

Zhang Tian Hua
Chairman

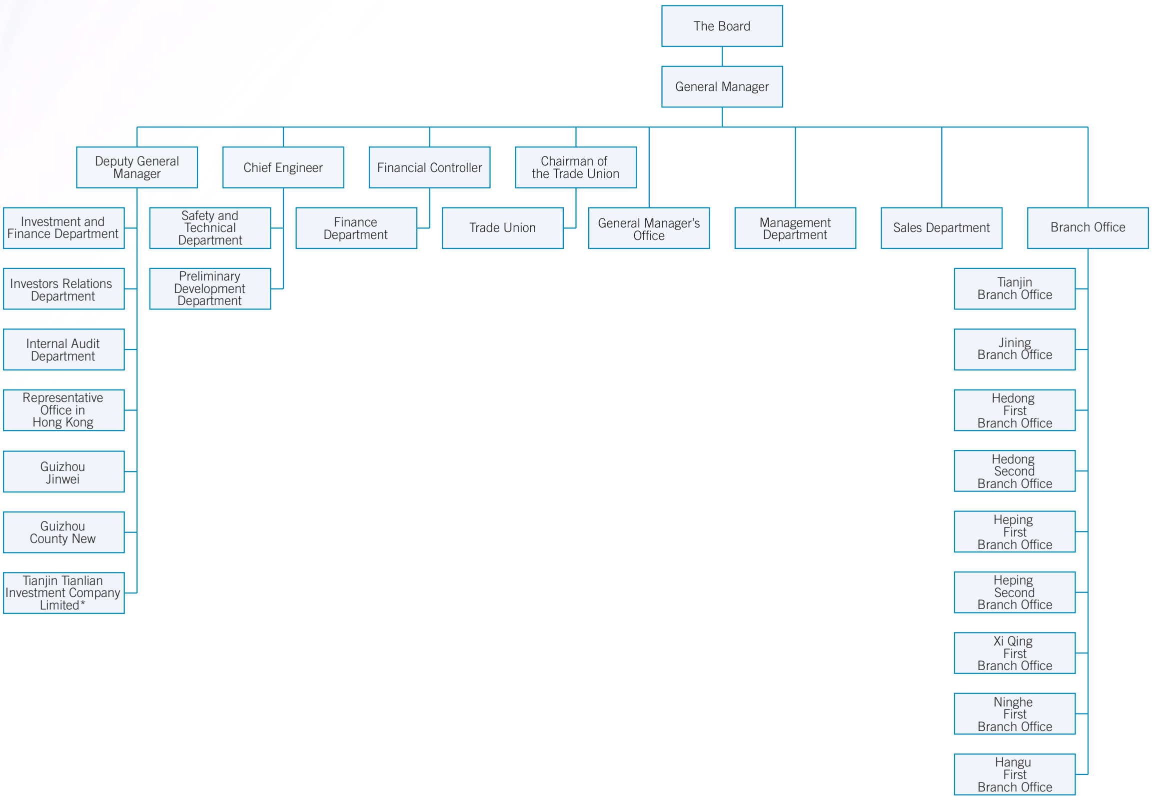
The PRC, 22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

The year ended 31 December 2015 was a challenging year for the Group to develop its natural gas business. We believe that the Group will strive to achieve a more satisfactory result for the Group's shareholders in year 2016.

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.

BUSINESS REVIEW

Overview

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

Principal Risks and Uncertainties

The Group's performance and business operation are effected by China's urban gas industry. Principal risks are summarised as follows:

Natural gas is one of the main sources of China's urban gas and its import dependence is increasing. As a result, China's urban gas supply is faced with considerable international Geo-Political Risk. Gas source development and transportation is highly monopolized. Although China has eased admission policy of the pipeline network, such situation will remain in short term and therefore the industry will face considerable risk of insufficient gas supply. Because of the dislocation of gas source and market, China's natural gas industry is faced with considerable security risk in pipeline transport. Gas purchase price of gas manufacturers and suppliers in China is regulated by National Development and Reform Commission (NDRC) and is facing policy risk in respect of changes in gas pricing mechanism. Gas consumption in winter increases due to its seasonal features, and thus China's gas enterprises are faced with the risk of gas undersupply. Global economic uncertainties and upgrading geopolitical conflicts and other issues remain the potential causes of global energy price fluctuation, thus China's urban gas operators will face gas purchase cost fluctuation.

Key Relationships

(i) Employees

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees.

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides pre-employment and on-the-job training and development opportunities to its staff members. The training programs cover areas such as managerial skills, sales and procurement, customer services, safety inspections and oversees, workplace ethics and training of other areas relevant to the industry. In addition, the Group seriously considers all those valuable feedback from its employees for enhancing workplace productivity and harmony.

Generally, a salary review is conducted annually. The Group makes contributions towards pensions, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for its employees in accordance with the applicable laws and regulations of the PRC. The Group also provides housing provident fund contributions as required by local regulations in the PRC.

(ii) Suppliers

The Group has developed long-standing relationships with a number of its suppliers and takes great care to ensure that they share the Group's commitment to quality and ethics. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, products qualities and quality control effectiveness. The Group also requires its suppliers to comply with the Group's anti-bribery policy.

(iii) Clients

The Group is committed to maintain and develop its diversified client portfolio consisting of industrial parks, major enterprises and residential users. The Group maximizes client value by offering professional services and effective operation model to intensify the interaction and viscosity between clients and the Group and enhances the client experience.

Environmental Policies

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize the environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requires its suppliers to operate in strict compliance with the relevant environmental regulations and rules.

As a leader in the clean energy development and supply industry, the Group has also devoted itself to social and environmental agendas and undertook various eco-protection responsibilities. The Group committed to reduce energy industry's impact on the environment by developing and providing clean energy, which also satisfied clients looking to meet their social and environmental responsibilities.

Compliance with Laws and Regulations

The Group's operations are mainly carried out in the PRC while the Company itself is listed on the Stock Exchange. The Group's operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong. During the year 2015, the Group have complied with all the relevant laws and regulations in the PRC and Hong Kong.

Future Business Developments

In 2016, the Board will strive to bring vitality and innovation to the Company by deepening the promotion of value thinking way and efficiency-oriented concept as well as enhancing corporate governance in compliance with law, in order to take the Company's operation to a new level.

The Company will continue to focus on a balanced development of its natural gas business, and put more efforts to tap into the pipeline gas market through participation in the natural gas pipeline network projects in the local Chinese cities by merger or acquisition. It will carry on the survey, evaluation, negotiations of the existing projects and work hard to realize the business goals. The Company will keep on enhancing its financial control to reduce the operational cost and to maximize revenue from the operating projects. In addition, the Company will go on improving the corporate governance as a listed company through regular meetings according to the relevant rules of procedures concerning the general meeting of shareholders, meeting of directors and meeting of supervisors, so as to achieve the function of the governance structure; and keep up talents training and recruiting for smooth operation and development of its business while spreading a positive corporate culture and enhancing its management expertise.

FINANCIAL REVIEW

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

The decline in financial performance of the Group was mainly attributable to (i) a decrease in gas connection income due to the relatively sluggish property market in the Group's business operation areas in Tianjin, resulting in a decrease in demand for gas connection services provided by the Group. The Group's gas connection income in 2015 decreased by approximately RMB55.21 million as compared to 2014, while gross profit remained at the same level as that of 2014 thanks to the Group enhanced cost control; and (ii) a decrease in demand from certain major industrial and commercial customers of the Group for the Group's piped gas services, as compared with the Previous Year. In respect of natural gas sales, the Group's income in 2015 decreased by approximately 27.52 million m^3 as compared with the Previous Year.

SEGMENTAL INFORMATION ANALYSIS

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

CONTINGENT LIABILITIES

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

STAFF AND EMOLUMENT POLICY

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

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

PROSPECTS

Development of the PRC Gas Sector

During the "13th Five – Year Plan", optimising energy structure and managing environmental pollution at the national level will be the most significant driving force for natural gas consumption in China. Since 2013, China has successively released such framework documents such as the Plan of Action for the Prevention of Air Pollution (《大氣污染防治行動計劃》), Detailed Rules for Implementation of the Action Plans for the Prevention and Control of Air Pollution in the Beijing-Tianjin-Hebei Region and the Surrounding Regions (《京津冀及周邊地區落實大氣污染防治行動計劃實施細則》), and the Plan for Strengthening the Prevention and Control of Atmospheric Pollution in Energy Industry (《能源行業加強大氣污染防治工作方案》). In November 2014, China and the USA issued a joint statement in respect of dealing with climate change in Beijing, formally proposing for the first time that China's carbon emissions will reach its peak in 2030 and China will put effort for early achievement. In accordance with the Action Plan for Energy Development Strategy (2014-2020) (《能源發展戰略行動計劃(2014-2020年)》) released by the State Council, the proportion of natural gas among primary energy consumption will increase to 10% or more by 2020.

The new Natural Gas Utilization Policy (《天然氣利用政策》) issued in 2013 further indicates the future development direction for China's natural gas utilization. In urban gas field, China's new urbanization is being promoted constantly. The annual average population of gasification is around 30 million people and national urban gasification rate will reach more than 60% by 2020. As a result, natural gas will become the main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities. Buses in large and medium-scale cities will also gradually become clean gas-fueled. Liquefied natural gas (LNG) vehicles will further expand to intercity coaches and heavy trucks, and the application of LNG to ships and trains will begin. Natural gas will become a competitive fuel in public transportation. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc, will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjing, Hebei and Shandong, Yangtze River delta and the Pearl River delta. It is expected that by 2020, urban and industrial consumption will account for over 60% of the total gas consumption. Domestic and overseas consulting agencies forecast that natural gas consumption will reach 300 billion to 360 billion cubic meters by 2020.

Looking ahead, based on the analysis in respect of external environment and inner abilities as well as resources, the Company is positioned as a clean energy integrated solution provider, aiming to maximize returns for its shareholders. The Company plans to expand in the following areas:

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

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

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

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

- Continue to strengthen the talent team construction, drive management change with strategic change, expand existing businesses with incremental business and inspire employees with entrepreneurial teams, so as to contribute a chain reaction to the corporation.

CONNECTED TRANSACTION IN RELATION TO INSTALLATION SERVICES OF GAS METRES

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

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

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

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

CONNECTED TRANSACTION IN RELATION TO PURCHASE OF GAS METRES

On 19 June 2015, the Company entered into a purchase and sales agreement with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd) ("Tianjin Yumin"), a subsidiary of Tianjin Energy and thus also connected person of the Company, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 40,000 gas meters at an aggregate purchase price of RMB14,000,000 (the "Purchase and Sales Agreement").

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

For details of the transaction, please refer to the announcement of the Company dated 19 June 2015.

* *For identification purposes only*

IMPORTANT EVENTS AFTER REPORTING PERIOD

Proposed resignation of Supervisor

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

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

Rental of Gas Transportation Services

On 31 January 2016, the fellow subsidiary of the holding company, 天津濱海燃氣集團有限公司 (the "Binhai Gas Group"), has committed in writing to the Group that Binhai Gas Group will commence using the services of the Group for gas transportation effective from 1 May 2016, for not less than RMB6,000,000 per annum to the Group, detailed terms to be contracted between the Group and Binhai Gas Group by 30 April 2016.

Subscription of Wealth Management Products

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

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

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

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

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

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

* *For identification purposes only*

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 52, 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 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) ("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 previously served as the general manager of Tianjin Gas and he is also 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. Mr. Zhang is also a director and/or supervisor of one or more subsidiaries of Tianjin Energy. He is currently the chairman of the Board and the chairman of the Nomination Committee.

Ms. Tang Jie (唐潔), aged 48, 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 43, 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 previously served as the assistant to the general manager and the deputy chief economist of Tianjin Gas and he had served as 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 47, 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 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 is also a director and/or supervisor of one or more subsidiaries of Tianjin Energy. Mr. Hou was appointed as an executive Director on 3 March 2014.

Ms. Wang Wen Xia（王文霞）, aged 51, 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 (a 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 is also a director and/or supervisor of one or more subsidiaries of Tranjin 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 51, 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 (a 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 is also a director and/or supervisor of one or more subsidiaries of Tianjin Energy. Mr. Li was appointed as the non-executive Director on 3 November 2014.

Independent Non-executive Directors

Mr. Zhang Ying Hua (張英華), aged 66, graduated from Tianjin University of Finance and Economics (天津財經大學) ("TUFE"), majoring in the industrial management, in 1977. He obtained a master degree of Business Administration from the Oklaphama City University in 2001. He had been the deputy dean of the Faculty of Business, the head secretary general of the Communist Party of the Department of Corporate Management of TUFE from 2004 to 2007. He was the dean of the Faculty of Business of TUFE from 2007 and until 2010. Since then, Mr. Zhang has been a professor and doctoral advisor of the Department of Corporate Management of the Faculty of Business of TUFE, the dean of the Management Faculty and head of the management department of Zhujiang Management College* (珠江學院) of TUFE. He was awarded special subsidy by the State Council in 2009 to reward his contribution to the development of the study of society sciences to the PRC. Mr. Zhang was appointed as the independent non-executive Director on 16 June 2015.

* *For identification purposes only*

Mr. Yu Jian Jun（玉建軍）, aged 52, graduated from the School of Architecture of Tianjin University (now known as Tianjin Chengjian University（天津城建大學）), majoring in gas engineering, in 1986. Mr. Yu is a professor and master advisor. Mr. Yu currently served as a deputy head of the Department of Environment and Equipment, Faculty of Energy and Safety Engineering, Tianjin Chengjian University. He is a member of the China City Gas Society*（中國城市燃氣學會）and a member of its Technology Committee. Mr. Yu is the deputy head of the City Construction Committee of Tianjin Democratic Construction Association*（天津民主建國會城建委員會）, and an expert appointed by the Planning Office of Tianjin City*（天津市建設管理委員會）. Mr. Yu was appointed as the independent non-executive Director on 16 June 2015.

Mr. Guo Jia Li（郭家利）, aged 58, graduated from TUFE, majoring in Accounting, in August 1984. He had worked for Naval Air Force Jiaoxian Station of People's Liberation Army, and in the Tianjin City Hangu District Construction Company*（天津市漢沽區建築公司）from 1976 to 1980. Mr. Guo was the project manager of Tianjin Accounting Firm*（天津會計師事務所）from September 1984 to May 1995 and was the project manager of Tianjin Binhai Accounting Firm*（天津濱海會計師事務所）from May 1995 to May 1996. He was the deputy chief accountant of Tianjin Jiwei Accounting Firm*（天津吉威會計師事務所）from May 1996 to March 1997 and the chief accountant of Tianjin Licheng Accounting Firm*（天津利成會計師事務所）from March 1997 to January 2001. He served as chief accountant of the Tianjin branch of RSM Nelson Wheeler*（中瑞岳華會計師事務所）from January 2001 to November 2011. Since November 2011, Mr. Guo has been a partner of Tianjin branch of Shinewing Certified Public Accountants*（信永中和會計師事務所）(Special Ordinary Partnership). Mr. Guo was appointed as the independent non-executive Director on 16 June 2015.

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 supervisors (the "Supervisor(s)"), one of whom is a Shareholders representative Supervisor, two of whom are independent Supervisors and another two of whom are representatives of the employees. The members of the Supervisory Committee as at the date of this report are:

* *For identification purposes only*

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Shareholders Representative Supervisor

Mr. Yang Hu Ling (楊虎嶺), aged 55, graduated from Wuxi Light Industry College* (無錫輕工業學院) in July 1983 with a bachelor degree, majoring in Chemical Engineering and is a senior accountant. Since August 1983, he worked in The Tianjin Municipal Economic Committee* (天津市經濟委員會), The First Light Industry Bureau of Tianjin City* (天津市第一輕工業局), The Tianjin Municipal Finance Bureau* (天津市財政局), Tianjin Huajin Accounting Firm* (天津華錦會計師事務所), Tianjin Accounting Firm and Tianjin Wuzhou Certified Public Accountants* (天津五洲聯合合夥會計師事務所). Mr. Yang held various positions in Tianjin Jinneng from December 2001 to November 2013, and as the deputy manager of the audit and inspection department of Tianjin Energy from November 2013 to December 2014. He has been the deputy head/manager of the discipline inspection chamber (audit department) of Tianjin Energy since December 2014. Mr. Yang is also a director and/or supervisor of one or more subsidiaries of Tianjin Energy. Mr. Yang was appointed as a Shareholders representative Supervisor on 16 June 2015.

Independent Supervisors

Ms. Xu Hui (許暉), aged 49, has obtained a doctoral degree in Management in Nankai University in June 2002 and is a professor and postdoctoral fellow in the Project Management Postdoctoral Research Workshop* (管理工程博士後研究工作站) of Tianjin University. From January 1997, Ms. Xu has been teaching in the Department of Marketing, Faculty of Business, Nankai University. She is the a member of the China Association of International Trade* (中國國際貿易學會) and the Tianjin Association of International Trade* (天津市國際貿易學會). Ms. Xu was appointed as an independent Supervisor on 16 June 2015.

Mr. Xue You Zhi (薛有志), aged 51, obtained a Bachelor degree in Economics from Faculty of Economics, Jilin University* (吉林大學) in September 1987. Mr. Xue obtained a Master degree in Economics from the Faculty of Corporate Management, Renmin University of China* (中國人民大學) in July 1990 and subsequently a Doctoral degree in Economics from the Faculty of Political Economics, Jilin University in December 1998. He worked in the Faculty of Economics and Management and Faculty of Business in Jilin University from July 1990 to June 2002 and participated in researches in the postdoctoral station of Business Administration of Nankai University from December 1998 to March 2001. Since June 2002, Mr. Xue has been working in Faculty of Business, Nankai University and is currently a deputy dean of the Faculty. He has served as an independent director of Yanzhou Coal Industry Company Limited* (兗州煤業股份有限公司), whose shares are listed on the Stock Exchange (Stock code: 1171), the Shanghai Stock Exchange (Stock code: 600188) and the New York Stock Exchange (Stock code: YZC). Mr. Xue was appointed as an independent Supervisor on 16 June 2015. Mr. Xue has on 14 January 2016 proposed to resign from his position as the independent Supervisor of the Company due to his personal work commitments to accord with the relevant requirements of 中華人民共和國教育部 (The Ministry of Education of the People's Republic of China*). His resignation shall become effective upon the approval of the appointment of a new independent Supervisor of the Company at annual general meeting of the Company.

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Staff Representative Supervisors

Ms. Hao Li (郝力), aged 46, 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. Ms. Hao was appointed as a Supervisor on 25 June 2007.

Mr. Feng Jinhu (馮金虎), aged 56, an assistant economist, graduated from Tianjin Hongqiao District Workers College* (天津市紅橋區職工大學) in 1990 majoring in business management. Mr. Feng has been working for Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) or its predecessors, or their subsidiaries since November 1976. Mr. Feng joined the Company in 2008 and served as head of the engineering safety department of the Company since July 2014, where he is responsible for various management roles in the engineering safety department, overseeing the schedule, quality, cost and safety of engineering projects, and ensuring that the engineering projects are in line with the development conditions of the Company. Mr. Feng was appointed as a staff representative Supervisor on 14 September 2015.

COMPANY SECRETARY

Mr. Wong Yat Tung (黃日東) is a manager of SW Corporate Services Group Limited. He has more than seven years of extensive experience in providing company secretarial services to private and listed companies. He currently serves as the company secretary and joint company secretary of companies listed on the Stock Exchange. He holds a Degree in Quantitative Analysis for Business from City University of Hong Kong and Master of Corporate Governance from the Hong Kong Polytechnic University. Mr. Wong is an Associate of The Hong Kong Institute of Chartered Secretaries and an Associate of The Institute of Chartered Secretaries and Administrators.

SENIOR MANAGEMENT

Mr. Sun Xue Gang (孫學剛), aged 40, is 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. He was appointed as a Supervisor on 25 June 2007, and resigned on 16 June 2015.

Ms. Wang Li Ping (王莉萍), aged 50, 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.

Mr. Xiao Can (肖燦), aged 36, is a senior accountant and certified public accountant of the PRC. Mr. Xiao obtained a Bachelor degree from North China Electric Power University (Beijing) in 2002, and obtained a Master degree in Accounting from Nankai University in 2011. Mr. Xiao is currently the assistant to general manager, and is responsible for legal matters related to securities of the Company and management of investor relationship.

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.

Details of the Company's corporate governance are summarized 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 comprising 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), Ms. Wang 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 Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li. Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management"on page 16 to page 21 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 comprising independent non-executive Directors, who had exercised independent judgments.

No Directors, Supervisors and senior management have any relations among one another (including financial, business, family or other material or related relations).

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 has entered into a service contract with the Company for a term of three years commencing from 16 June 2015 and ending on the conclusion of the annual general meeting of the Company to be held in 2018. 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 change of session of the Board in accordance with the applicable laws and regulations of the PRC.

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. 9 Board meetings were held in 2015. Individual attendance records are set out below.

Board Meetings and General Meetings Attendance

	No. of board meetings attended by each Director during the year 2015	No. of general meetings attended by each Director during the year 2015
Executive Directors		
Zhang Guo Jian	9	1
Tang Jie	9	1
Zhang Tian Hua *(Chairman)*	9	1
Wang Wen Xia	9	1
Hou Shuang Jiang	9	1
Non-executive Director		
Li Da Chuan	9	1
Independent Non-executive Directors		
Zhang Yu Li (Note 1)	2	1
Luo Wei Kun (Note 2)	2	1
Tam Tak Kei, Raymond (Note 3)	1	1
Zhang Ying Hua (Note 4)	7	0
Yu Jian Jun (Note 5)	7	0
Guo Jia Li (Note 6)	7	0

Note 1: Professor Zhang resigned as an independent non-executive Director on 16 June 2015 and 2 Board meetings and 1 general meeting were held during his tenure in the Year.

Note 2: Mr. Luo resigned as an independent non-executive Director on 16 June 2015 and 2 Board meetings and 1 general meeting were held during his tenure in the Year.

Note 3: Mr. Tam resigned as an independent non-executive Director on 16 June 2015 and 1 Board meetings and 1 general meeting were held during his tenure in the Year.

Note 4: Mr. Zhang has been appointed as an independent non-executive Director on 16 June 2015 and 7 Board meetings and 0 general meeting were held during his tenure in the Year.

Note 5: Mr. Yu has been appointed as an independent non-executive Director on 16 June 2015 and 7 Board meetings and 0 general meeting were held during his tenure in the Year.

Note 6: Mr. Guo has been appointed as an independent non-executive Director on 16 June 2015 and 7 Board meetings and 0 general meeting were held during his tenure in the Year.

Note 7: Certain Directors were not able to attend the general meetings held in 2015 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 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 2015 up to 31 December 2015 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 2015
Executive Directors		
Zhang Guo Jian	✓	1
Tang Jie	✓	1
Zhang Tian Hua *(Chairman)*	✓	1
Wang Wen Xia	✓	1
Hou Shuang Jiang	✓	1
Non-executive Director		
Li Da Chuan	✓	1
Independent non-executive Directors		
Zhang Yu Li (Note 1)	✓	0
Luo Wei Kun (Note 2)	✓	0
Tam Tak Kei, Raymond (Note 3)	✓	0
Zhang Ying Hua (Note 4)	✓	1
Yu Jian Jun (Note 5)	✓	1
Guo Jia Li (Note 6)	✓	1

Note 1: Professor Zhang resigned from office as an independent non-executive Director with effect from 16 June 2015.

Note 2: Mr. Luo resigned from office as an independent non-executive Director with effect from 16 June 2015.

Note 3: Mr. Tam resigned from office as an independent non-executive Director with effect from 16 June 2015.

Note 4: The appointment of Mr. Zhang to be an independent non-executive Director has been approved by the Shareholders at the general meeting held on 16 June 2015 and became effective on the same date.

Note 5: The appointment of Mr. Yu to be an independent non-executive Director has been approved by the Shareholders at the general meeting held on 16 June 2015 and became effective on the same date.

Note 6: The appointment of Mr. Guo to be an independent non-executive Director has been approved by the Shareholders at the general meeting held on 16 June 2015 and became 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 2015	Attendance in 2015
Audit Committee	• To make recommendation to the Board on the appointment, reappointment and removal of external auditor	Zhang Yu Li *(Chairman)* (Note 1)	100%
		Luo Wei Kun (Note 2)	100%
		Tam Tak Kei, Raymond (Note 3)	100%
	• To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards	Guo Jia Li *(Chairman)* (Note 4)	100%
		Zhang Ying Hua (Note 5)	100%
		Yu Jian Jun (Note 6)	100%
	• 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		

Total number of meetings held in 2015: 2

	Major roles and functions	Composition during 2015	Attendance in 2015
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	Luo Wei Kun *(Chairman)* (Note 7)	100%
		Tam Tak Kei, Raymond (Note 8)	100%
		Zhang Ying Hua *(Chairman)* (Note 9)	100%
		Hou Shuang Jiang (Note 10)	100%
		Guo Jia Li (Note 11)	100%
Total number of meetings held in 2015: 1			
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)*	100%
		Zhang Yu Li (Note 12)	100%
		Luo Wei Kun (Note 13)	100%
		Zhang Ying Hua (Note 14)	100%
		Yu Jian Jun (Note 15)	100%
Total number of meetings held in 2015: 1			

Note 1: Professor Zhang resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Audit Committee meeting had been held and professor Zhang had attended 1 meeting.

Note 2: Mr. Luo resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Audit Committee meeting had been held and Mr. Luo had attended 1 meeting.

Note 3: Mr. Tam resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Audit Committee meeting had been held and Mr. Tam had attended 1 meeting.

Note 4: Mr. Guo has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 1 Audit Committee meeting had been held and Mr. Guo had attended 1 meeting.

Note 5: Mr. Zhang has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 1 Audit Committee meeting had been held and Mr. Zhang had attended 1 meeting.

Note 6: Mr. Yu has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 1 Audit Committee meeting had been held and Mr. Yu had attended 1 meeting.

Note 7: Mr. Luo resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Remuneration Committee meeting had been held and Mr. Luo had attended 1 meeting.

Note 8: Mr. Tam resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Remuneration Committee meeting had been held and Mr. Tam had attended 1 meeting.

Note 9: Mr. Zhang has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 0 Remuneration Committee meeting had been held and Mr. Zhang had attended 0 meeting.

Note 10: Mr. Hou, an executive Director, has been appointed as a member of Remuneration Committee with effect from 16 June 2015. Thereafter, 1 Remuneration Committee meeting had been held and Mr. Hou had attended 1 meeting.

Note 11: Mr. Guo has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 0 Remuneration Committee meeting had been held and Mr. Guo had attended 0 meeting.

Note 12: Professor Zhang resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Nomination Committee meeting had been held and professor Zhang had attended 1 meeting.

Note 13: Mr. Luo resigned from office as an independent non-executive Director with effect from 16 June 2015. Prior to that date, 1 Nomination Committee meeting had been held and Mr. Luo had attended 1 meeting.

Note 14: Mr. Zhang has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 0 Nomination Committee meeting had been held and Mr. Zhang had attended 0 meeting.

Note 15: Mr. Yu has been appointed as an independent non-executive Director with effect from 16 June 2015. Thereafter, 0 Nomination Committee meeting had been held and Mr. Yu had attended 0 meeting.

Audit Committee

During 2015, 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 2014 and interim financial results and report for the six months ended 30 June 2015;

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

3. reviewed the new terms of reference of the Audit Committee and provided advice thereon to the Board, and increased function of supervising risk management system in accordance with the amendments to the Code by the Stock Exchange.

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 2015, the Remuneration Committee met 1 time 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; and

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

Nomination Committee

During 2015, the Nomination Committee met 1 time 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 independence of all independent non-executive Directors; and

2. reviewed and discussed the nomination of Mr. Zhang Ying Hua, Mr. Yu Jian Jun, and Mr. Guo Jia Li as independent non-executive Directors and made recommendations to the Board in this regard.

Remuneration of Directors and Senior Management

The Group paid or accrued total Directors' remuneration amounts (including fees, basic salaries, performance related incentive payment and retirement benefit scheme contributions) of approximately RMB nil, RMB nil, RMB50,000, RMB nil, RMB nil, RMB nil, RMB nil, RMB25,000, RMB50,000, RMB25,000, RMB25,000 and RMB25,000 to Mr. Zhang Tian Hua, Ms. Wang Wen Xia, Ms. Tang Jie, Mr. Zhang Guo Jian, Mr. Hou Shuang Jiang, Mr. Li Da Chuan, Professor Zhang Yu Li, Mr. Luo Wei Kun, Mr. Tam Tak Kei, Raymond, Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li respectively, for the Year. The remuneration received by Mr. Zhang Guo Jian during the year as the general manager of the Company amounted to approximately RMB376,000. Ms. Wang Wen Xia, Mr. Hou Shuang Jiang, Mr. Zhang Tian Hua, Mr. Zhang Guo Jian, Mr. Li Dachuan, and Professor Zhang Yu Li waived their remuneration from 1 January 2015.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. As at 31 December 2015, save as Ms. Wang Wen Xia, Mr. Hou Shuang Jiang, Mr. Zhang Tian Hua, Mr. Zhang Guo Jian, Mr. Li Da Chuan and Professor Zhang Yu Li, 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	0
RMB100,000 to RMB500,000	3

Company Secretary

Mr. Kwok Shun Tim was the company secretary of the Company and resigned on 16 December 2015. The manager of SW Corporate Services Group Limited Mr. Wong Yat Tung has been appointed as the company secretary of the Company on 16 December 2015. Each of them has taken no less than 15 hours of relevant professional training during the Year and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Mr. Wong Yat Tung at the Company is Mr. Xiao Can, the assistant to general manager.

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. All the Directors acknowledge their responsibility for preparing the financial statements. In preparing the accounts for the Year, 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 59 to page 60. 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.

Risk Management and Internal Controls

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of risk management and internal controls over financial, operational and compliance issues for the year 2015. The Audit Committee concluded that, 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 2015, fully complied with the code provisions on risk management and internal controls as set forth in the Code.

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 2015, the fees paid to the Company's external auditors for audit services amounted to approximately RMB1,200,000 and for non-audit related activities (which are account review fees) amounted to approximately RMB249,000.

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 its Directors' Report together with the audited consolidated financial statements of the Group for the Year.

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, which is still ongoing, 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 are set out in the consolidated statement of comprehensive income on page 61 of this annual report.

No dividend was proposed during 2015, nor has any dividend been proposed since the end of the Year (2014: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of the annual report.

* *For identification purposes only*

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" above.

SHARE CAPITAL

Details of the Company's share capital are set out in note 24 to the consolidated financial statements.

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 2015, the Company's reserves available for distribution to shareholders, comprised the retained profits determined under PRC accounting standards of approximately RMB604 million (2014 (restated): RMB575 million).

TRANSFERS TO RESERVES

Profits attributable to shareholders before dividends of RMB10,137,000 (2014: RMB12,281,000) have been transferred to reserves. Other movements in the reserves are set out in note 34 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 14 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 136.

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
Tang Jie
Zhang Guo Jian
Hou Shuang Jiang

Non-executive Director

Li Da Chuan

Independent Non-executive Directors

Zhang Yu Li (resigned on 16 June 2015)
Luo Wei Kun (resigned on 16 June 2015)
Tam Tak Kei, Raymond (resigned on 16 June 2015)
Zhang Ying Hua (appointed on 16 June 2015)
Yu Jian Jun (appointed on 16 June 2015)
Guo Jia Li (appointed on 16 June 2015)

Professor Zhang Yu Li (independent non-executive Director), Mr. Luo Wei Kun (independent non-executive Director) and Mr. Tam Tak Kei, Raymond (independent non-executive Director) resigned on 16 June 2015. Each of resigned Directors has confirmed to the Company that his resignation is due to his increasing commitments to his other professional and personal affairs. Each of them has confirmed to the Company that he has no disagreement with the Board or any constituent members thereof and there are no matters that need to be brought to the attention of Shareholders.

Independent Supervisors

Jiang Nian (resigned on 16 June 2015)
Dou Run Liang (resigned on 16 June 2015)
Xu Hui (appointed on 16 June 2015)
Xue You Zhi (appointed on 16 June 2015 and proposed to resign on 14 January 2016)

Staff Representative Supervisors

Sun Xue Gang (resigned on 16 June 2015)
Hao Li
Li Rui Wen (appointed on 16 June 2015 and resigned on 14 September 2015)
Feng Jin Hu (appointed on 14 September 2015)

Shareholders Representative Supervisor

Cao Shu Jing (resigned on 16 June 2015)
Yang Hu Ling (appointed on 16 June 2015)

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 has entered into a service contract with the Company for a term of three years commencing from 16 June 2015 and ending on the conclusion of the annual general meeting of the Company to be held in 2018.

Each of the Supervisors, namely Mr. Yang Hu Ling, Ms. Xu Hui, Ms. Hao Li, Mr. Feng Jin Hu, Mr. Xue You Zhi and Mr. Li Rui Wen has entered into a service agreement with the Company for a term of three years commencing from 16 June 2015 and ending on the conclusion of the annual general meeting of the Company to be held in 2018.

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. Ms. Wang Wen Xia, Mr. Hou Shuang Jiang, Mr. Zhang Tian Hua, Mr. Zhang Guo Jian, Mr. Li Dachuan, and Professor Zhang Yu Li waived their remuneration from 1 January 2015. During the Period, save as disclose above, there was no arrangement in which Directors waived their remuneration.

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

As at 31 December 2015, 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 2015, none of the Directors, chief executive and Supervisors of the Company 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 Appendix 10 to 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 2015, 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 (Note 1)	Beneficial owner	1,297,547,800	70.55%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") 天津能源投資集團有限公司 (Note 2)	Interest of a controlled corporation	1,297,547,800	70.55%/96.89%

Notes:

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 Tianjin Beacon Coatings Company Limited（天津燈塔塗料有限公司）("Beacon Coatings") entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares, representing 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 2015.

2. The registration of the transfer of all equity interest in Tianjin Gas held by Tianjin Municipal Government to Tianjin Energy has been completed on 13 January 2015. Immediately following the completion of the aforesaid equity transfer, Tianjin Energy has become the intermediary holding company of Tianjin Gas. Therefore Tianjin Energy is deemed, or taken to be interested in all the Domestic Shares beneficially held by Tianjin Gas for the purpose of the SFO.

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. As at 31 December 2015, 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 2015, 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 TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director or Supervisor nor a connected entity of a Director or Supervisor had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group to which the holding company of the Company, the Company or any of the Company's subsidiaries or fellow subsidiaries was a party during the Period.

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

During the Year, 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. 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 close 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 2015, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close 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, 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 transactions or continuing connected transactions and the Company has fully complied with the announcement, reporting and/or independent shareholders' approval requirements under the Listing Rules (where applicable):

Continuing Connected Transactions

(1) 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 the Design Institute to the Company for the three years ended 31 December 2015, with an annual cap of RMB7,040,000, RMB7,780,000 and RMB8,780,000 respectively.

The Design Institute is a subsidiary of Tianjin Energy (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, 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 RMB2,538,000 to the Design Institute which transaction amount was within the relevant annual cap under the 2015 Pipeline Design Agreement.

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

(2) 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 RMB45,000, 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 RMB793,000.

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

(3) 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 a subsidiary of Tianjin Energy (a controlling shareholder of the Company) 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 Year, and the years ended 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, the years ended 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.

(4) 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"). Jinran Gas is a subsidiary of Tianjin Energy (a controlling shareholder of the Company) and is hence a connected person of the Company, and the entering into the New Gas Transportation Contracts between Jinran Gas and the Company constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. 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 Year, and the years ended 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.

(5) 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"). Taihua Gas is a subsidiary of Tianjin Energy (a controlling shareholder of the Company) and is hence a connected person of the Company, and the entering into the New Gas Provision Contracts between Taihua Gas and the Company constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. 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 and the years ended 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, and the years ended 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.

In accordance with the provisions of the Listing Rules, the independent non-executive directors have reviewed the above continuing connected transactions. In their opinion, the continuing 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 continuing 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 continuing connected transactions had not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

- the continuing 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 2015 for each of the continuing connected transactions was not within the respective cap amount for the financial year ended 31 December 2015 as disclosed in the Company's announcements dated 31 December 2012, 12 July 2013, 31 October 2014, 30 December 2014, and 12 December 2014.

Non-Exempt Connected Transactions

(1) Installation services of gas metres

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

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

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

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

* *For identification purposes only*

(2) Purchase of gas metres

On 19 June 2015, the Company entered into a purchase and sales agreement with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd) ("Tianjin Yumin"), a subsidiary of Tianjin Energy and thus also connected person of the Company, pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 40,000 gas meters at an aggregate purchase price of RMB14,000,000 (the "Purchase and Sales Agreement").

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

For details of the transaction, please refer to the announcement of the Company dated 19 June 2015.

EXEMPTED CONNECTED TRANSACTIONS

The following related party transactions disclosed in Note 32 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, a controlling shareholder of the Company and thus a connected person of the Company under the Listing Rules, the aggregate rent and property management fee paid by the Group to Tianjin Gas amounted to RMB980,000 and RMB420,000 respectively for the Period;

2. 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 Energy, a controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules, the total purchase amounted to RMB345,000 for the Period;

3. 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 Energy, a controlling shareholder of the Company, and hence a connected person of the Company under the Listing Rules, the entrustment fee amounted to RMB89,000 for the Period;

4. the Company purchased equipment from 天津市裕成燃氣設備有限公司 (Tianjin Yucheng Gas Equipment Company Limited*), a subsidiary of Tianjin Energy, a controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules, the total purchase amounted to RMB994,000 for the Period;

* *For identification purposes only*

5. 天津市津能工程管理有限公司 (Tianjin Jinneng Project Management Company Limited*), a subsidiary of Tianjin Energy, a controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules, provided supervision services for the Company during the Period and the supervision fee paid by the Group to the said company amounted to RMB177,000 for the Period;

6. the Company purchased equipment from 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Limited*), a subsidiary of Tianjin Energy, a controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules, the total purchase amounted to RMB170,000 for the Period; and

7. the Company provided repair services to 天津市城安熱電有限公司 (Tianjin Chengan Heat Energy Company Limited*), a subsidiary of Tianjin Energy, a controlling shareholder of the Company, and thus a connected person of the Company under the Listing Rules, the total services fee amounted to RMB106,000 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 32 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.

PERMITTED INDEMNITY

During the Year, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 44% of the Group's total turnover for the Year, with the largest customer accounted for approximately 16%. 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, a 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 risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed the 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.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2015, the Company has not entered into any equity-linked agreement.

CORPORATE CHANGES

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

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

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

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

2. Change of Supervisors of the Company

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

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

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

3. Change of Company Secretary and Authorised Representative

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

4. Change of Principal Place of Business in Hong Kong

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

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

22 March 2016

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 2016, 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
Yang Hu Ling
Chairman of the Supervisory Committee
The PRC

22 March 2016

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 established 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 61 to 135, which comprise the consolidated statements of financial position as at 31 December 2015, 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 applicable 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 financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
22 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**Year ended 31 December 2015 RMB'000**	Year ended 31 December 2014 RMB'000
Continuing operations			
Revenue	5	**1,322,843**	1,448,785
Cost of sales		**(1,295,754)**	(1,377,926)
Gross profit		**27,089**	70,859
Other income	7a	**8,414**	11,809
Other gains and losses	7b	**30,941**	26,272
Selling expenses		**–**	(66)
Administrative expenses		**(26,480)**	(24,683)
Share of profits of an associate		**8,915**	7,573
Profit before tax		**48,879**	91,764
Income tax expense	8	**(10,174)**	(21,157)
Profit for the year from continuing operations, all attributable to owners of the Company	9	**38,705**	70,607
Discontinued operation			
Loss for the year from discontinued operation	10	**(2,353)**	(4,479)
Profit and total comprehensive income for the year		**36,352**	66,128
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**37,004**	67,504
Non-controlling interests		**(652)**	(1,376)
		36,352	66,128
Earnings per share			
From continuing and discontinued operations			
– basic (RMB cents)	12	**2.0**	3.7
From continuing operations			
– basic (RMB cents)	12	**2.1**	3.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	31 December 2015 RMB'000	31 December 2014 RMB'000
Non-current Assets			
Property, plant and equipment	14	**865,636**	894,324
Prepaid lease payments	15	**11,789**	12,091
Intangible assets	16	**422**	103
Interests in an associate	17	**44,452**	36,989
Deferred tax assets	25	**11,687**	7,691
Prepayment for pipeline reconstruction	32(b)	**11,019**	13,249
		945,005	964,447
Current Assets			
Inventories	18	**3,853**	1,909
Trade and note receivables	19	**151,531**	216,244
Prepayment and other receivables	19	**35,978**	30,427
Other financial assets	26	**–**	793,436
Amounts due from related parties	20	**64,110**	28,350
Bank balances and cash	21	**1,003,009**	92,776
		1,258,481	1,163,142
Assets classified as held for sale	10	**7,725**	9,888
		1,266,206	1,173,030
Current Liabilities			
Trade and other payables	22	**333,450**	297,795
Dividend payable		**10,975**	10,975
Income tax payable		**1,162**	14,192
Amounts due to related parties	20	**156,751**	152,940
		502,338	475,902
Liabilities directly associated with assets classified as held for sale	10	**2,568**	2,957
		504,906	478,859
Net current assets		**761,300**	694,171
Total Assets less Current Liabilities		**1,706,305**	1,658,618

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	31 December 2015 RMB'000	31 December 2014 RMB'000
Non-current Liability			
Deferred income	23	**36,029**	24,694
		1,670,276	1,633,924
Capital and Reserves			
Share capital	24	**183,931**	183,931
Share premium and reserves		**1,488,343**	1,451,339
Equity attributable to owners of the Company		**1,672,274**	1,635,270
Non-controlling interests		**(1,998)**	(1,346)
Total Equity		**1,670,276**	1,633,924

The consolidated financial statements on pages 61 to 135 were approved and authorised for issue by the board of directors on 22 March 2016 and are signed on its behalf by:

Zhang Tian Hua	**Zhang Guo Jian**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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)	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2014	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
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	–	37,004	37,004	(652)	36,352
Appropriation	–	–	6,758	3,379	(10,137)	–	–	–
At 31 December 2015	183,931	788,703	73,416	31,290	594,934	1,672,274	(1,998)	1,670,276

Notes:

(i) Appropriation of reserves

As a foreign invested joint stock company, the transfer to statutory surplus reserve is based on 10% of the profit after tax stated in the financial statements prepared under the People's Republic of China ("PRC") accounting standards at the discretion of the board of directors. The statutory surplus reserve shall only be used for making up prior year losses, capitalisation into share capital, and expansion of 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 2015

	2015 RMB'000	2014 RMB'000
Operating activities		
Profit before tax	**46,526**	87,285
Adjustments for:		
Amortisation of intangible assets	**32**	773
Amortisation of prepaid lease payments	**302**	302
Depreciation of property, plant and equipment	**57,146**	67,750
Impairment loss recognised on the remeasurement to fair value less costs to sell	**2,015**	1,991
Interest income	**(325)**	(408)
Share of results of associates	**(8,915)**	(7,573)
Gain on redemption of financial asset designated at fair value through profit or loss ("FVTPL")	**(27,294)**	(26,018)
Unrealised gain on fair value change of financial asset designated at FVTPL	**–**	(736)
Allowance for impairment for doubtful debts	**4,336**	1,312
Loss on disposal of property, plant and equipment	**715**	357
Government grant credited to profit and loss	**(8,698)**	(1,187)
Operating cash flows before movements in working capital	**65,840**	123,848
(Increase) decrease in inventories	**(1,944)**	4,046
Decrease in trade receivables	**60,377**	59,625
Decrease (increase) in prepayments and other receivables	**1,312**	(9,422)
(Increase) decrease in amount due from related parties	**(35,760)**	8,786
Decrease in prepayment for pipeline reconstruction	**860**	746
Increases in amounts due to related parties	**3,722**	76,340
Increase in trade and other payables	**34,207**	85,263
Net cash generated from operations	**128,614**	349,232
Income tax paid	**(27,200)**	(17,717)
Net cash generated from operating activities	**101,414**	331,515
Investing activities		
Purchase of property, plant and equipment	**(27,718)**	(15,396)
Purchase of intangible assets	**(351)**	(111)
Dividend received from an associate	**1,452**	1,546
Proceeds from disposal of property, plant and equipment	**4**	2
Interest received	**325**	408
Acquisition of financial assets designated at FVTPL	**(7,994,000)**	(9,478,700)
Proceeds from the redemption of financial assets designated at FVTPL	**8,814,730**	8,965,091
Government grant received	**14,618**	7,400
Net cash generated from (used in) investing activities	**809,060**	(519,760)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Cash used in financing activity		
Dividend paid	–	(5,638)
Net increase (decrease) in cash and cash equivalents	**910,474**	(193,883)
Cash and cash equivalents at 1 January	**93,253**	287,136
Cash and cash equivalents at 31 December, represented by cash and bank balances	**1,003,727**	93,253
Attributable to:		
Continuing operations	**1,003,009**	92,776
Disposal group classified as held for sales	**718**	477
	1,003,727	93,253

1. GENERAL

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

The Company's registered address is in Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin. The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas. The principal activities of its subsidiaries are disclosed in note 33.

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

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

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

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

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

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

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

2.2 New and revised HKFRSs issued but not yet effective

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

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

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

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

HKFRS 9 *Financial Instruments* ("HKFRS 9")

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

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

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

HKFRS 9 *Financial Instruments* *(continued)*

Key requirements of HKFRS 9 are described below:

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

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

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

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

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

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

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

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

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

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

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

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

Except for HKFRS 9 and HKFRS 15 the Directors do not anticipate that the application of the new and revised HKFRSs above will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 ("Listing Rules") and by the Hong Kong Companies Ordinances ("HKCO").

The provisions of the new HKCO (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new HKCO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor HKCO or Listing Rules but not under the new HKCO or amended Listing Rules are not disclosed in these consolidated financial statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 and services.

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 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, an investment in an associate is 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 associate. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates *(continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the non-current asset (or disposal group) from being classified as held-for sale if the delay of the completion of sale is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the non-current assets and disposal group.

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.

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.

3. 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.

3. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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.

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.

3. 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.

3. 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.

3. 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 ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL (continued)

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 29(c).

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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.

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors 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 2015, the estimation is most relevant to assets classified as disposal group held for sale, as disclosed in note 10, 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.

4. 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 the 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 29(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

5. REVENUE

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

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

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

6. SEGMENT INFORMATION

Information reported to the board of Directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of services delivered and goods sold. As disclosed in note 10, mineral exploration segment was discontinued in the current year and hence the segment information reported below does not include any amounts for this discontinued operation. Therefore, the Group is divided into reportable operating segments as follows:

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

2. Gas connection – provision of piped gas connection services

3. Gas transportation – transportation of gas to 津燃華潤燃氣有限公司("津燃華潤")

4. Sales of gas appliances

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment performance is evaluated based on segment result and is measured consistently with profit before tax in the consolidated financial statements, except for items managed on a group basis and not allocated to operating segments, as reconciled below. There were no inter-segment sales in the periods reported.

Year ended 31 December 2015

Continuing operations:

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

6. SEGMENT INFORMATION *(continued)*

Reconciliation of segment profit to consolidated profit before tax

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

Year ended 31 December 2014

Continuing operations:

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

6. SEGMENT INFORMATION *(continued)*

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

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

Other segment information-continuing operations and discontinued operation

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

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

Geographical information

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

6. 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 2015 RMB'000	Year ended 31 December 2014 RMB'000
Company A – Revenue from sales of piped gas	**216,850**	190,857

7A. OTHER INCOME

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Continuing operations		
Value added tax refund	**8,089**	7,291
Bank interest income	**325**	408
Sundry income	**–**	4,110
	8,414	11,809

7B. OTHER GAINS AND LOSSES

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Continuing operations		
Gain on redemption of financial assets designated at FVTPL	**27,294**	26,018
Unrealised gain on fair value change of financial assets designated at FVTPL	**–**	736
Government grant	**8,698**	1,187
Allowance for impairment for doubtful debts	**(4,336)**	(1,312)
Loss on disposal of property, plant and equipment	**(715)**	(357)
	30,941	26,272

8. INCOME TAX EXPENSE

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Continuing operations		
The charge comprises:		
PRC Enterprise Income Tax	**14,170**	27,074
Deferred tax (note 25)	**(3,996)**	(5,917)
	10,174	21,157

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

8. INCOME TAX EXPENSE *(continued)*

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

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Profit before tax		
– from continuing operations	**48,879**	91,764
Tax at the domestic income tax rate of 25%	**12,220**	22,941
Tax effect of share of results of an associate	**(2,229)**	(1,893)
Tax effect of expenses that are not deductible in determining taxable profit	**102**	88
Tax effect of tax losses not recognised	**81**	21
Income tax expenses for the year	**10,174**	21,157

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs including directors' and supervisors' remuneration		
– basic salary and allowance	**98,339**	89,344
– retirement benefit scheme contributions	**13,787**	12,055
– directors' and supervisors' fee	**300**	750
– welfare, labor union and others	**3,844**	2,179
Total staff cost	**116,270**	104,328
Depreciation of property, plant and equipment	**57,146**	66,780
Amortisation of intangible assets (included in administrative expenses)	**32**	8
Auditor's remuneration	**1,200**	1,210
Foreign exchange gain net	**–**	5
Loss on disposal of property, plant and equipment	**715**	357
Amortisation of prepaid lease payments (included in administrative expenses)	**302**	302
Operating lease rentals in respect of rented premises	**1,191**	1,224
Cost of gas purchased	**1,040,093**	1,093,968

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

As disclosed in the annual consolidated financial statements of the Group for the financial year ended 31 December 2014, a strategic decision made on 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 was negotiating 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 for the years ended 2015 and 2014. As at 31 December 2015, 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.

In 2015, an impairment loss of RMB1,068,000 and RMB947,000 has been recognised to write down the mining rights and property, plant and equipment included in the assets and liabilities classified as held for sale to its estimated fair value less costs to sell of RMB3,191,000 and RMB3,560,000, respectively. This is a non-recurring fair value which has been measured using observable inputs, based on the prices for recent sales of mining rights as well as offers received available near reporting dates, and is therefore within level 3 of the fair value hierarchy.

During the initial one-year period since June 2014, the market conditions that existed at the date the disposal group was classified initially as held for sale have deteriorated and, as a result, the disposal group was not sold to the interested parties by the end of that period. Based on the most recent transaction prices as reference, a further impairment loss of RMB2,015,000 has been recognised in the current period. The Group remains committed to its plan to sell the disposal group and the disposal group continues to be actively marketed at a price that is reasonable given the change in market conditions. As a result, the Directors consider the assets should continue to be classified as held for sale at the end of the reporting period.

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

The results of the discontinued mining operation included in the loss for the year from discontinued operation are set out below.

The loss for the year from the discontinued operation

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	**–**	600
Cost of sales	**–**	(637)
Gross loss	**–**	(37)
Administrative expenses	**(338)**	(2,451)
Loss before tax	**(338)**	(2,488)
Income tax expense	**–**	–
Loss after the taxation	**(338)**	(2,488)
Impairment loss recognised on the remeasurement to fair value less costs to sell	**(2,015)**	(1,991)
Loss for the year from discontinued operation	**(2,353)**	(4,479)
Attributable to:		
Owners of the Company	**(1,701)**	(3,103)
Non-controlling interests	**(652)**	(1,376)
	(2,353)	(4,479)

10. 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 2015 RMB'000	Year ended 31 December 2014 RMB'000
Loss for the year from discontinued operation has been arrived at after charging:		
Staff cost	**148**	311
Depreciation of property, plant and equipment	**–**	970
Amortisation of intangible assets	**–**	765

Cash flow from the discontinued operation

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Net cash from (used in) operating activities	**241**	(19)

10. 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 2015 RMB'000	31 December 2014 RMB'000
Property, plant and equipment	**3,560**	4,507
Mining right	**3,191**	4,259
Other receivables	**256**	645
Cash and bank balances	**718**	477
Assets of mineral operation classified as held for sales	**7,725**	9,888
Trade and other payables	**2,568**	2,957
Liabilities associated with assets classified as held for sale	**2,568**	2,957
Net assets of mineral operation classified as held for sale	**5,157**	6,931

11. DIVIDEND

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

12. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**37,004**	67,504
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share ('000)	**1,839,308**	1,839,308

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

12. 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 2015 RMB'000	Year ended 31 December 2014 RMB'000
For the calculation of basic earnings per share:		
Earnings		
Profit for the year attributable to owners of the Company	**37,004**	67,504
Add: Loss for the year from discontinued operation attributable to owners of the Company (Note 10)	**1,701**	3,103
Profit for the year attributable to owners of the Company from continuing operations	**38,705**	70,607
Number of shares		
Number of ordinary shares ('000)	**1,839,308**	1,839,308

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

13. 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 2015

	Fees RMB'000	Basic salaries RMB'000	Performance related incentive payment RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Wen Xia (note 1)	–	–	–	–	–
Hou Shuang Jiang (note 1)	–	–	–	–	–
Tang Jie	50	–	–	–	50
Zhang Tian Hua (note 1)	–	–	–	–	–
Zhang Guo Jian (notes 1 & 2)	–	190	152	34	376
	50	190	152	34	426
Non-executive directors					
Li Da Chuan (note 1)	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Luo Wei Kun (note 3)	25	–	–	–	25
Tam Tak Kei, Raymond (note 3)	50	–	–	–	50
Zhang Yu Li (notes 1 & 3)	–	–	–	–	–
Zhang Ying Hua (note 4)	25	–	–	–	25
Yu Jian Jun (note 4)	25	–	–	–	25
Guo Jia Li (note 4)	25	–	–	–	25
	150	–	–	–	150

13. 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 Shu Jing (notes 1 & 5)	–	–	–	–	–
Hao Li (note 1)	–	75	152	34	261
Jiang Nian (notes 1 & 5)	–	–	–	–	–
Sun Xue Gang (note 5)	–	77	70	17	164
Dou Run Liang (note 5)	25	–	–	–	25
Xu Hui (notes 1 & 6)	–	–	–	–	–
Xue You Zhi (note 6)	25	–	–	–	25
Yang Hu Ling (note 6)	25	–	–	–	25
Li Rui Wen (notes 1 & 7)	–	14	6	8	28
Feng Jin Hu (notes 1 & 7)	–	25	83	8	116
	75	191	311	67	644
	275	381	463	101	1,220

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

(continued)

Directors, supervisors and general manager *(continued)*

note 1: These Directors waived their remuneration from 1 January 2015.

note 2: Mr. Zhang Guo Jian was appointed as executive director of the Group. 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 Guo Jian, 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 3: Mr. Luo Wei Kun, Mr. Tam Tak Kei, Raymond and Mr. Zhang Yu Li resigned as independent non-executive directors of the Group on 16 June 2015.

note 4: Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li were appointed as independent non-executive directors of the Group on 16 June 2015.

note 5: Mr. Cao Shu Jing, Mr. Jiang Nian, Mr. Sun Xue Gang and Mr. Dou Run Liang resigned as supervisors of the Group on 16 June 2015.

note 6: Ms. Xu Hui, Mr. Xue You Zhi and Mr. Yang Hu Ling were appointed as supervisors of the Group on 16 June 2015.

note 7: Mr. Li Rui Wen was appointed as a staff representative supervisor from 16 June 2015 and resigned as a staff representative supervisor with effect from 14 September 2015. On the same day, Mr. Feng Jinhu appointed as supervisor of the Group to fill the vacancy.

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

(continued)

Directors, supervisors and general manager *(continued)*

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 Shao Liang (note 8)	42	–	–	–	42
Wang Wen Xia (note 9)	8	–	–	–	8
Dong Hui Qiang (note 10)	8	–	–	–	8
Hou Shuang Jiang (note 11)	42	–	–	–	42
Tang Jie	50	–	–	–	50
Zhang Tian Hua	50	–	–	–	50
Zhang Guo Jian (note 2)	50	193	–	31	274
	250	193	–	31	474
Non-executive directors					
Wang Zhi Yong (note 12)	42	–	–	–	42
Li Da Chuan (note 13)	8	–	–	–	8
	50	–	–	–	50
Independent non-executive directors					
Luo Wei Kun	50	–	–	–	50
Tam Tak Kei, Raymond (note 3)	100	–	–	–	100
Zhang Yu Li	50	–	–	–	50
	200	–	–	–	200

13. 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 Shuj Jing	50	–	–	–	50
Hao Li	50	84	22	17	173
Jiang Nian	50	–	–	–	50
Sun Xue Gang	50	154	–	30	234
Dou Run Liang	50	–	–	–	50
	250	238	22	47	557
	750	431	22	78	1,281

note 8: Mr. Bai Shao Liang resigned as executive director of the Group on 3 November 2014.

note 9: Mrs. Wang Wen Xia was appointed as executive directors of the Group on 3 November 2014.

note 10: Mr. Dong Hui Qiang resigned as executive director of the Group on 1 March 2014.

note 11: Mr. Hou Shuang Jiang was appointed as executive director of the Group on 3 March 2014.

note 12: Mr. Wang Zhi Yong resigned as non-executive director of the Group on 3 November 2014.

note 13: Mr. Li Da Chuan was appointed as non-executive director of the Group on 3 November 2014.

The executive director's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's emoluments shown above were mainly for their services as directors of the Company.

The independent non-executive director's emoluments shown above were mainly for their services as directors of the Company.

13. 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 2015 included one director, who is also the general manager, and one supervisor (2014: one director and one supervisors) whose emoluments are included in the disclosures above. The remuneration of the remaining highest paid employees for the year is as follows:

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Salaries and other benefits	**859**	587
Retirement benefit scheme contributions	**27**	25
	886	612

Their emoluments are within the following band:

	2015	2014
Nil-RMB837,600 (2014: Nil to RMB799,700) (equivalent to Nil to HK$1,000,000)	**3**	3

For the year ended 31 December 2015 and 2014, except for the directors, supervisors and general manager described above, the remaining highest paid employee did not waive or agree 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.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Pipelines RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Mining structures RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2014	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
Additions	–	–	10,125	420	517	–	18,115	29,177
Transfers	–	14,793	–	–	178	–	(14,971)	–
Disposal	–	(1,879)	(66)	(11)	(165)	–	–	(2,121)
At 31 December 2015	44,528	1,075,861	85,557	6,417	9,862	–	14,893	1,237,118
DEPRECIATION								
At 1 January 2014	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
Provided for the year	1,037	50,594	4,032	564	919	–	–	57,146
Disposal	–	(1,230)	(20)	(10)	(142)	–	–	(1,402)
At 31 December 2015	10,204	323,443	26,364	4,062	7,409	–	–	371,482
CARRYING VALUES								
At 31 December 2014	35,361	788,868	53,146	2,500	2,700	–	11,749	894,324
At 31 December 2015	34,324	752,418	59,193	2,355	2,453	–	14,893	865,636

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 2015, the Group is in the process of applying title certificates for certain leasehold land and buildings with a carrying value of approximately RMB10,824,000 (31 December 2014: RMB6,569,000).

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Analysed for reporting purpose as:		
Current portion (included in prepayment and other receivables)	**302**	302
Non-current portion	**11,789**	12,091
	12,091	12,393

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

16. INTANGIBLE ASSETS

	Software RMB'000	Mining right RMB'000 (note)	Total RMB'000
COST			
At 1 January 2014	–	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
Addition for the year	351	–	351
At 31 December 2015	462	–	462
AMORTISATION AND IMPAIRMENT			
At 1 January 2014	–	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
Provided for the year	32	–	32
At 31 December 2015	40	–	40
CARRYING VALUES			
At 31 December 2014	103	–	103
At 31 December 2015	422	–	422

Note:

In 2014, 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 10.

17. INTERESTS IN AN ASSOCIATE

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cost of investment in an associate – unlisted	**8,778**	8,778
Share of post-acquisition profits	**35,674**	28,211
	44,452	36,989

As at 31 December 2015 and 2014, 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
				2015	2014	
天津市濱海燃氣有限公司 (the "濱海燃氣")	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 2014: 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.

17. INTERESTS IN AN ASSOCIATE *(continued)*

The interest in 濱海燃氣 is accounted for using the equity method in the consolidated financial statement.

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	**177,006**	162,325
Non-current assets	**282,026**	282,855
Current liabilities	**183,403**	245,806
Non-current liabilities	**141,898**	90,072

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	**316,237**	366,883
Profit and total comprehensive income for the year	**29,182**	24,789
Dividend received from the associate during the year	**1,452**	1,546

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

	2015 RMB'000	2014 RMB'000
Net assets of 濱海燃氣	**133,731**	109,302
Proportion of the Group's ownership interest in 濱海燃氣	**30.55%**	30.55%
Goodwill	**3,597**	3,597
Carrying amount of the Group's interest in 濱海燃氣	**44,452**	36,989

18. INVENTORIES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Gas appliances	**3,064**	285
Spare parts and consumables	**578**	556
Gas	**211**	1,068
	3,853	1,909

19. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Trade receivables	**79,109**	91,405
Note receivables	**83,899**	131,980
Less: impairment loss recognised	**(11,477)**	(7,141)
Net trade and note receivables	**151,531**	216,244
Undeducted value added tax input	**20,919**	22,216
Others	**11,076**	3,941
Other receivables	**31,995**	26,157
Less: impairment loss recognised	**(2,285)**	(2,285)
Net other receivables	**29,710**	23,872
Prepayment	**6,268**	6,555
	35,978	30,427

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

Movement in impairment loss recognised:

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

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

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

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

19. 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:

	31 December 2015 RMB'000	31 December 2014 RMB'000
0 – 90 days	**73,135**	146,446
91 – 180 days	**39,605**	39,655
181 – 270 days	**23,078**	6,500
271 – 365 days	**13,088**	3,300
Over 365 days	**2,625**	20,343
	151,531	216,244

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 trade receivables balance are debtors with aggregate carrying amount of RMB39 million (2014: RMB30 million) which are past due at the end of the reporting period for which the Group 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 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 to the counterparty.

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

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
181 – 270 days	**23,078**	6,500
271 – 365 days	**13,088**	3,300
Over 365 days	**2,625**	20,343
	38,791	30,143

20. AMOUNTS DUE FROM (TO) RELATED PARTIES

(a) 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 32(b). 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 2015 RMB'000	31 December 2014 RMB'000
0 – 90 days	**42,208**	11,793
91 – 180 days	**501**	2,391
181 – 270 days	**859**	2,292
271 – 365 days	**1,553**	2,806
Over 365 days	**18,989**	9,068
	64,110	28,350

20. AMOUNTS DUE FROM (TO) RELATED PARTIES *(continued)*

(b) 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 32(c). An aged analysis of such balances presented based on the billing date at the end of the reporting period are as follows:

	2015	2014
	RMB'000	RMB'000
0 – 90 days	**154,889**	148,948
91 – 180 days	**89**	–
181 – 270 days	**–**	2,449
271 – 365 days	**467**	–
Over 365 days	**1,306**	1,543
	156,751	152,940

21. CASH AND BANK BALANCES

Bank balances carry interest at market rate at 0.35% (31 December 2014: 0.35%) per annum.

22. TRADE AND OTHER PAYABLES

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

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

23. DEFERRED INCOME

	31 December 2015 RMB'000	31 December 2014 RMB'000
Government grants:		
At the beginning of the year	**25,423**	4,344
Received during the year (note)	**14,618**	22,266
Credited to profit or loss	**(2,970)**	(1,187)
	37,071	25,423
Analysed for reporting purpose as:		
Current portion	**1,042**	729
Non-current portion	**36,029**	24,694
	37,071	25,423

note:

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

24. 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 2014 and 31 December 2014 and 31 December 2015	1,339,247,800	500,060,000	183,931

25. DEFERRED TAX ASSETS

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

	Impairment for doubtful debts	Government grant	Total
At 31 December 2014	1,335	6,356	7,691
Credit for the year	1,084	2,912	3,996
At 31 December 2015	2,419	9,268	11,687

At the end of reporting period, the Group's deductible temporary difference not recognised was the impairment of mining right of RMB8,676,000 (31 December 2014: RMB7,608,000) and property, plant and equipment of RMB947,000 (31 December 2014: Nil) which available for offset against future profits when the Group disposed the mining operations.

At the end of reporting period, the Group has unused tax losses of RMB8,846,000 (31 December 2014: RMB8,187,000) available for offset against future profits that may be carried forward as the following year:

	2015 RMB'000	2014 RMB'000
Year 2017	**1,058**	1,058
Year 2018	**4,730**	4,730
Year 2019	**2,399**	2,399
Year 2020	**659**	–
	8,846	8,187

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

26. OTHER FINANCIAL ASSETS

The balances as at 31 December 2014 represented the investments in the wealth management products (the "WMP") and government bond repurchase products (the "GBR") amounting to RMB717,736,000 and RMB75,700,000 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% per annum and investment period are all 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.

As at 31 December 2015, the Group has no balance for FVTPL.

27. OPERATING LEASE COMMITMENTS

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

The Group as lessee

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Within one year	**1,186**	1,169
In the second year	**–**	1,186
	1,186	2,355

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

28. CAPITAL RISK MANAGEMENT

The Group 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 overall strategy remains unchanged from prior year.

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

The Directors 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.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31 December 2015 RMB'000	31 December 2014 RMB'000
Financial assets		
FVTPL	**–**	793,436
Loans and receivables and cash and bank balances	**1,249,334**	362,364
– including balances in a disposal group held for sale	**974**	1,122
Financial liabilities		
Amortised cost	**476,192**	429,748
– including balances in a disposal group held for sale	**2,568**	2,957

29. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The principal financial instruments of the Group include trade receivables, other receivables, other financial assets, trade and other payables and amount due from (to) 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 or measures the risk.

(i) *Interest rate risk*

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

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 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.

29. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk management

The Group'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 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 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 to ensure that the Group will not suffer significant credit losses.

The Group is exposed to some concentration of credit risk on trade receivables. At 31 December 2015, the five largest trade debtors accounted for approximately RMB112,882,000 (74%) (2014: RMB155,110,000 (72%)) 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.

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

Counterparty	Location	31 December 2015 Carrying amount RMB'000	31 December 2014 Carrying amount RMB'000
Company A[1]	The PRC	42,820	55,733
Company B[2]	The PRC	24,388	15,183
Company C[1]	The PRC	21,790	30,248
Company D[1]	The PRC	15,916	38,050
Company E[2]	The PRC	N/A[3]	15,896
Company F[1]	The PRC	7,968	N/A[4]

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 2015.
4 The corresponding carrying amount did not contribute to 5 largest trade debtors of Group in 2014.

29. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk management *(continued)*

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.

The Group is exposed to some concentration of credit risk on bank balance. At 31 December 2015, the balance from a bank listed on the Shanghai Stock Exchange accounted for approximately RMB546,945,000 (55%) (2014: RMB60,221,000 (65%) from a bank listed on the Shenzhen Stock Exchange) 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 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.

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 does not have any other significant concentration of credit risk.

The Group's geographical concentration of credit risk from trade and note receivable is from customers located in Tianjin, PRC as at 31 December 2015 and 2014.

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 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.

29. 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 as at 31 December 2015 and 2014 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 can be required to pay.

	On demand or less than 3 months	3 months to 1 year	1 year to 2 year	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-derivative financial liabilities					
As at 31 December 2015					
Trade and other payables	**308,466**	**–**	**–**	**308,466**	**308,466**
Dividend payables	**10,975**	**–**	**–**	**10,975**	**10,975**
Amount due to related parties	**156,751**	**–**	**–**	**156,751**	**156,751**
	476,192	**–**	**–**	**476,192**	**476,192**
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

29. 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 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
WMP	**Nil**	RMB717,736,000	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	**Nil**	RMB75,700,000	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.

Fair value hierarchy as at 31 December 2014

	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

30. CAPITAL COMMITMENTS

At the end of the reporting date, the Group had the following commitments:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,073**	–

31. 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 post-retirement 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 RMB13,787,000 (2014: RMB12,055,000).

32. RELATED PARTY TRANSACTIONS/BALANCES

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

Name of related party	**Relationship**	**Nature of transactions**	**31 December 2015 RMB'000**	31 December 2014 RMB'000
Tianjin Gas	Holding company	Rental expenses	**980**	933
		Property management fee	**420**	–
津燃華潤	Joint venture of the holding company	Purchase of piped gas	**1,024,276**	1,081,718
		Gas transportation income	**3,575**	9,067
		Entrustment fee	**89**	438
天津市燃氣熱力規劃設計院	Subsidiary of holding company	Construction design fee	**2,538**	3,746
天津泰華燃氣有限公司	Subsidiary of holding company	Sales of gas	**216,850**	190,857

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

(a) During the year, the following related party transactions took place: *(continued)*

Name of related party	Relationship	Nature of transactions	31 December 2015 RMB'000	31 December 2014 RMB'000
天津市裕民燃氣表具有限公司	Subsidiary of holding company	Purchase of gas meters	**9,242**	5,274
天津市益銷燃氣工程發展有限公司	Subsidiary of holding company	Installation services of gas meters	**5,020**	–
		Gas connection services	**793**	–
天津市裕成燃氣設備有限公司	Subsidiary of holding company	Purchase of equipment	**994**	–
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 and internet service	**345**	29
天津市津能工程管理有限公司	Subsidiary of holding company	Supervision fee	**177**	–
天津市允孚燃氣科貿有限公司	Subsidiary of holding company	Purchase of equipment	**170**	–
濱海中油燃氣有限責任公司	Subsidiary of holding company	Sales of gas	**115**	89
天津市城安熱電有限公司	Subsidiary of holding company	Repair service income	**106**	–
天津津燃燃氣熱力有限公司	Subsidiary of holding company	Sales of gas	**–**	585
天津市液化氣工程有限公司	Subsidiary of holding company	Gas connection services	**–**	111
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
天津市津燃物業管理有限公司	Subsidiary of holding company	Property management fee	**–**	605

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

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

Name of related party	Relationship	31 December 2015 RMB'000	31 December 2014 RMB'000
津燃華潤	Joint venture of the holding company		
	– Current	**22,958**	18,988
	– Non-current (note)	**11,019**	13,249
		33,977	32,237
天津泰華燃氣有限公司	Subsidiary of the holding company	**37,426**	7,428
天津市裕民燃氣表具有限公司	Subsidiary of the holding company	**3,691**	1,791
天津市燃氣熱力規劃設計院	Subsidiary of the holding company	**35**	143
Total		**75,129**	41,599

Note: In 2014, Tianjin Government approved the Group's pipeline reconstruction projects with estimated total costs of RMB24,206,000, 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. As of 31 December 2015, the total cost of pipeline reconstruction and related expenses to-date amounted to RMB12,366,000 and RMB821,000, respectively and 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 RMB11,019,000 is presented as prepayment for pipeline reconstruction in the consolidated statement of financial position as at 31 December 2015 and will be recorded as long-term assets when the construction is completed.

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

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

Name of related party	Relationship	31 December 2015 RMB'000	31 December 2014 RMB'000
津燃華潤	Joint venture of the holding company	**143,437**	145,107
天津市益銷燃氣工程發展有限公司	Subsidiary of the holding company	**5,020**	–
天津市裕民燃氣表具有限公司	Subsidiary of the holding company	**3,249**	2,410
天津市熱力有限公司	Subsidiary of the holding company	**2,437**	–
天津市液化氣工程 有限公司	Subsidiary of the holding company	**1,306**	1,306
天津市聯益燃氣配套工程有限責任公司	Subsidiary of the holding company	**–**	324
天津市燃氣熱力規劃設計院	Subsidiary of the holding company	**1,030**	3,704
天津市津能工程管理有限公司	Subsidiary of the holding company	**177**	–
濱海中油燃氣有限責任公司	Subsidiary of the holding company	**66**	60
天津市聯寅燃氣通信技術有限責任公司	Subsidiary of the holding company	**29**	29
Total		**156,751**	152,940

(d) Other PRC government-related entities

The Group operates in an economic environment currently pre-dominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC 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 significantly influenced by the PRC 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 portion of the total revenue. In addition, the Group has entered various major banking transactions, with government-related entities, including deposits placements and acquired financial products classified as 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.

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

(d) 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

	2015	2014
	RMB'000	RMB'000
Acquire financial products of WMPs	**3,375,000**	6,337,000

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

	2015	2014
	RMB'000	RMB'000
Other financial assets	**–**	637,686

(e) Compensation of key management personnel

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

	2015	2014
	RMB'000	RMB'000
Short-term benefit	**1,978**	1,791
Post employment benefit	**128**	103
	2,106	1,894

33. SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2015 and 2014 are as follows:

Name	Place of registration and operation	Registered capital	Proportion of registered capital held directly by the Company		Principal activities
			2015	2014	
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 completed.

(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.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**865,527**	894,142
Prepaid lease payments	**11,789**	12,091
Intangible assets	**422**	103
Investments in subsidiaries	**20,000**	20,000
Investment in an associate	**8,778**	8,778
Deferred tax assets	**11,687**	7,691
Prepayment for pipeline reconstruction	**11,019**	13,249
	929,222	956,054
Current assets		
Inventories	**3,853**	1,909
Trade and note receivables	**151,531**	216,244
Prepayment and other receivables	**36,078**	30,427
Other financial assets	**–**	793,436
Amounts due from related parties	**64,110**	28,350
Bank balances and cash	**1,001,055**	90,158
	1,256,627	1,160,524
Current liabilities		
Trade and other payables	**333,296**	297,707
Dividend payable	**10,975**	10,975
Income tax payable	**1,162**	14,192
Amounts due to related parties	**156,751**	152,940
	502,184	475,814
Net current assets	**754,443**	684,710
Total Assets less Current Liabilities	**1,683,665**	1,640,764

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

	2015 RMB'000	2014 RMB'000
Non-current Liability		
Deferred income	**36,029**	24,694
	1,647,636	1,616,070
Capital and Reserves		
Share capital	**183,931**	183,931
Share premium and reserves	**1,463,705**	1,432,139
Total equity	**1,647,636**	1,616,070

Movement in the Company's reserves

The Company's movement in reserves and proposed dividends for the years ended 31 December 2015 and 2014 are as follows:

	Share premium RMB'000	Statutory surplus reserves RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014	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
Profit for the year and total comprehensive income for the year	–	–	–	31,566	31,566
Appropriation	–	6,758	3,379	(10,137)	–
At 31 December 2015	788,703	73,416	31,290	570,296	1,463,705

35. EVENT AFTER THE REPORTING PERIOD

On 31 January 2016, the fellow subsidiary of the holding company, 天津濱海燃氣集團有限公司 (the "Binhai Gas Group"), has committed in writing to the Group that Binhai Gas Group will commence using the services of the Group for gas transportation effective from 1 May 2016, for not less than RMB6,000,000 per annum to the Group, detailed terms to be contracted between the Group and Binhai Gas Group by 30 April 2016.

FIVE YEAR SUMMARY

RESULTS

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,322,843**	1,448,785	1,487,278	1,538,939	1,058,017
Profit for the year and total comprehensive income for the year	**36,352**	66,128	80,343	119,118	90,907
Profit for the year and total comprehensive income for the year attributable to owners of the Company	**37,004**	67,504	84,080	119,577	90,907

ASSET AND LIABILITIES

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**1,266,206**	1,173,030	896,006	712,715	563,689
Non-current assets	**945,005**	964,447	1,002,437	1,064,640	1,086,466
Current Liabilities	**504,906**	478,859	326,484	257,924	246,549
Non-Current Liabilities	**36,029**	24,694	4,163	–	7,428
Equity attributable to owners of the Company	**1,670,276**	1,633,924	1,567,796	1,515,755	1,396,178