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CHINA LNG GROUP LIMITED

中國天然氣集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of China LNG Group Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Turnover – gross	*3*	**1,022,115**	451,267
Revenue			
Interest income from LNG finance lease arrangements	*3*	**2,365**	–
LNG finance leases interest income	*3*	**1,873**	–
Service fee income from leasing of LNG vehicles	*3*	**116**	–
Dividend income from held for trading investments	*3*	**10,930**	2,492
Gain on disposal of held for trading investments	*3*	**42,480**	219,164
Loss on disposal of derivative financial instrument	*3*	**(33,074)**	–
Gain on bargain purchase of held for trading investments	*3*	**–**	131,406
Gain on fair value changes of held for trading investments	*3*	**–**	3,991
Rental income	*3*	**840**	840
Interest income from loan financing	*3*	**2,587**	–
Service fee income from loan financing	*3*	**2,730**	–
		30,847	357,893
Other income and gains	*5*	**424,499**	1,468
Valuation gains on investment properties		**–**	1,822
Share of results of associates	*10*	**210**	–
Selling and distribution expenses		**(8,916)**	–
Administrative expenses		**(45,069)**	(9,794)
Profit before taxation	*6*	**401,571**	351,389
Taxation	*7*	**(557)**	(57,657)
Profit for the year		**401,014**	293,732
Attributable to:–			
Equity shareholders of the Company		**401,059**	293,732
Non-controlling interests		**(45)**	–
Profit for the year		**401,014**	293,732
Earnings per share (HK cents)	*9*		Restated
– Basic		**0.71**	0.55
– Diluted		**0.71**	0.52

Detail of dividends payable to equity shareholders of the Company are set out in note 8 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**401,014**	293,732
Other comprehensive loss for the year, net of tax:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange differences on translating foreign operations	**(23,024)**	–
Total comprehensive income for the year	**377,990**	293,732
Total comprehensive income for the year attributable to:–		
Equity shareholders of the Company	**378,033**	293,732
Non-controlling interests	**(43)**	–
	377,990	293,732

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**65,300**	86,700
Plant and equipment		**4,298**	2,171
Interest in associates	*10*	**608,252**	–
Deposit for acquisition of plant and equipment		**6,374**	–
Receivables under LNG finance lease arrangements	*11*	**8,288**	–
LNG finance lease receivables	*12*	**43,700**	–
Deferred tax asset		**46**	34
		736,258	88,905
Current assets			
Held for trading investments		**–**	212,889
Receivables under LNG finance lease arrangements	*11*	**94,229**	–
LNG finance lease receivables	*12*	**36,777**	–
Prepayments, deposits and other receivables	*13*	**13,722**	1,369
Financial asset at fair value through profit or loss	*14*	**71,622**	–
Bank balances and cash		**170,011**	246,166
		386,361	460,424
Current liabilities			
Accrued charges and other payables	*15*	**274,436**	1,028
Income tax payable		**21**	55,776
		274,457	56,804
Net current assets		**111,904**	403,620
Total assets less current liabilities		**848,162**	492,525
Non-current liability			
Deferred tax liability		**291**	224
Net assets		**847,871**	492,301
Capital and reserves			
Share capital		**112,770**	112,769
Reserves		**735,144**	379,532
		847,914	492,301
Non-controlling interest		**(43)**	–
Total equity		**847,871**	492,301

Notes:

1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares (the "Shares") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company and the principal activities of the Group are development of liquefied natural gas ("LNG") businesses, provision of finance leasing services for LNG vehicles, vessels and equipment in the People's Republic of China (the "PRC") as approved by Ministry of Foreign Trade and Economic Cooperation of the PRC in Mainland China, trading of securities, properties investments and financial services through provision of money lending business.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of held for trading investments, financial asset at fair value through profit or loss and investment properties.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, a number of revised Hong Kong Financial Reporting Standards. The adoption of the revised Hong Kong Financial Reporting Standards had no material effect on the results and financial position of the Group for the current or prior accounting years.

The following new and revised Hong Kong Financial Reporting Standards in issue at 31 December 2015 have not been applied in the preparation of the Group's financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2015:–

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Annual Improvements (2012-2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[4] Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these standards and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. TURNOVER AND REVENUE

Turnover – gross

Turnover represents the aggregate of income from the LNG businesses in the PRC, gross income from trading of securities, rental income from letting of investment properties in Hong Kong and income from financial services through provision of money lending business in Hong Kong, is analysed as follows:–

	2015	2014
	HK$'000	*HK$'000*
Interest income from LNG finance lease arrangements	**2,365**	–
LNG finance leases interest income	**1,873**	–
Service fee income from leasing of LNG vehicles	**116**	–
Dividend income from held for trading investments	**10,930**	2,492
Gross income from disposal of held for trading investments	**712,948**	443,944
Gross income from disposal of derivative financial instrument	**287,726**	–
Gain on fair value changes of held for trading investments	**–**	3,991
Rental income	**840**	840
Interest income from loan financing	**2,587**	–
Service fee income from loan financing	**2,730**	–
	1,022,115	451,267

Revenue

Revenue represents the aggregate of income from the LNG businesses in the PRC, income from trading of securities, rental income from letting of investment properties in Hong Kong and income from financial services through provision of money lending business in Hong Kong, is analysed as follows:–

	2015	2014
	HK$'000	*HK$'000*
Interest income from LNG finance lease arrangements	**2,365**	–
LNG finance leases interest income	**1,873**	–
Service fee income from leasing of LNG vehicles	**116**	–
Dividend income from held for trading investments	**10,930**	2,492
Gain on disposal of held for trading investments	**42,480**	219,164
Loss on disposal of derivative financial instrument	**(33,074)**	–
Gain on bargain purchase of held for trading investments (note)	**–**	131,406
Gain on fair value changes of held for trading investments	**–**	3,991
Rental income	**840**	840
Interest income from loan financing	**2,587**	–
Service fee income from loan financing	**2,730**	–
	30,847	357,893

Note:–

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

4. SEGMENTS AND EQUITY-WIDE INFORMATION

Reportable segments

The Group determines its operating segments based on the Directors' decisions. For management purposes, the Group is organised into six (2014: three) operating divisions, which are the basis on which the Group reports its segment information.

The Group's principal activities are as follows:

(1) Development of the LNG businesses in the PRC

- Financial provision through finance leasing services for LNG vehicles, vessels and equipment;

- Provision of LNG in the downstream market through fuelling/refuelling of LNG in road refuelling stations for commercial vehicles and water refuelling stations for vessels and specific designed refuelling facilities for equipment; and

- Commercial vehicle platform services through the Group's Environmental Green Club ("綠車滙"), including provision of the commercial vehicles users long distance IT control, insurance handling and purchase/sale of their new/used LNG/diesel vehicles.

(2) Trading of securities

(3) Properties investment

(4) Financial services through provision of money lending business

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

(1) Segment assets consist primarily of investment properties, certain plant and equipment, held for trading investments, receivables under LNG finance lease arrangements and LNG finance lease receivables, and mainly exclude interest in associates and deferred tax assets. Segment liabilities comprise operating liabilities and mainly exclude items such as income tax payable and deferred tax liabilities.

(2) Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and transactions, which are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

(3) Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(4) Unallocated items comprise financial and corporate assets and corporate and financial expenses.

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

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

	Financial provision through finance leasing services for LNG vehicles, vessels and equipment		Provision of LNG in the downstream market		Provision of commercial vehicle platform services		Trading of securities		Properties investment		Financial services through provision of money lending business		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER														
Gross	**4,354**	–	**–**	–	**–**	–	**1,011,604**	450,427	**840**	840	**5,317**	–	**1,022,115**	451,267
REVENUE														
External	**4,354**	–	**–**	–	**–**	–	**20,336**	357,053	**840**	840	**5,317**	–	**30,847**	357,893
RESULT														
Segment result	**(28,707)**	(2,895)	**(4,873)**	–	**(2,413)**	–	**17,102**	355,224	**6,180**	1,787	**5,113**	–	**(7,598)**	354,116
Other income and gains													**418,574**	1,468
Share of results of associates													**210**	–
Unallocated corporate expenses													**(9,615)**	(4,195)
Profit before taxation													**401,571**	351,389
Taxation													**(557)**	(57,657)
Profit for the year													**401,014**	293,732
Assets														
Segment assets	**198,886**	–	**6,526**	–	**537**	–	**–**	212,889	**65,551**	87,090	**–**	–	**271,500**	299,979
Unallocated corporate assets													**851,119**	249,350
Consolidated total assets													**1,122,619**	549,329
Liabilities														
Segment liabilities	**9,504**	503	**35**	–	**–**	–	**–**	–	**140**	140	**–**	–	**9,679**	643
Unallocated corporate liabilities													**265,069**	56,385
Consolidated total liabilities													**274,748**	57,028
Other information														
Allocated capital additions	**4,499**	–	**5,975**	–	**665**	–	**10,547**	–	**–**	–	**–**	–	**21,686**	–
Unallocated capital additions													**–**	2,005
Allocated deprecation	**400**	–	**–**	–	**106**	–	**1,037**	–	**124**	124	**–**	–	**1,667**	124
Unallocated depreciation													**–**	190

Entity-wide information

The Group's operations of the development of LNG businesses including the provision of finance leasing services for LNG vehicles, vessels and equipment, provision of LNG in the downstream market and provision of commercial vehicle platform services are located in the PRC and the remaining operations are located in Hong Kong during both years. An analysis of the Group's geographical information is set out as follows:–

	2015	2014
	HK$'000	*HK$'000*
Revenue by geographical location of its external customers:–		
Hong Kong	**26,493**	357,893
PRC	**4,354**	–
	30,847	357,893

	2015	2014
	HK$'000	*HK$'000*
Carrying amount of non-current assets analysed by geographical area in which the assets are located of:–		
Hong Kong	**673,760**	88,871
PRC	**62,452**	–
	736,212	88,871

5. OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries (note 17)	**409,579**	–
Gain on bargain purchase from business combination (note 16)	**115**	–
Gain on disposal of investment properties	**5,925**	–
Interest income on bank deposits	**3,583**	1,468
Exchange gain, net	**5,273**	–
Sundry income	**24**	–
	424,499	1,468

6. PROFIT BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging/(crediting):–		
Auditor's remuneration	**638**	335
Depreciation of plant and equipment	**1,667**	314
Operating lease rentals in respect of rented premises	**4,173**	1,224
Rental income less outgoings	**(696)**	(551)
Staff costs:–		
Directors' remuneration		
– fees	**273**	200
–other emoluments	**1,409**	–
	1,682	200
Staff costs excluding directors' remuneration	**20,165**	1,958
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration	**2,102**	54
	22,267	2,012
Total staff costs	**23,949**	2,212

7. TAXATION

Taxation in the consolidated statement of profit or loss represents:–

	2015	2014
	HK$'000	*HK$'000*
Current tax		
Provision for the year	**502**	57,600
Over provision in previous year	**–**	(10)
	502	57,590
Deferred tax		
Charge for the year	**55**	67
	557	57,657

Provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

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

8. DIVIDENDS

(a) Dividend declared and paid or payable to equity shareholders attributable to the reporting year:–

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$Nil per share (2014: HK0.04 cents per share, adjusted for the effect of the Share Subdivision (as defined in note 9) in August 2015)	**–**	22,554
Final dividend proposed after the end of the reporting period of HK0.1 cent per share (2014: HK0.04 cents per share, adjusted for the effect of the Share Subdivision in August 2015)	**56,385**	22,554
	56,385	45,108

The final dividend for the year ended 31 December 2015 of HK0.1 cent per share with a scrip option has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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

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

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid during the year of HK$Nil per share (2014: HK0.04 cents per share, adjusted for the effect of the Share Subdivision in August 2015)	**–**	22,554
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.04 cents per share (2014: HK0.06 cents per share, adjusted for the effect of the Share Subdivision in August 2015)	**22,554**	33,832
	22,554	56,386

9. EARNINGS PER SHARE

The calculation of weighted average number of Shares for the purpose of earnings per Share ("EPS") has taken into account the effect of the share subdivision of each of the issued and unissued Shares of HK$0.01 each in the share capital of the Company into five subdivided shares of HK$0.002 each ("Share Subdivision") effective on 10 August 2015.

The weighted average number of Shares for EPS calculation represent (i) Basic EPS – the average number of Shares in issue during the current and preceding year; (ii) Diluted EPS – the average number of Shares in issue during the preceding year as adjusted for potential diluted effect of 3,193,981,120 Shares to be allotted and issued upon the exercise in full of the conversion rights attaching to the outstanding convertible notes. There was no dilutive instrument during the current year. These calculations of weighted average number of Shares assume the aforementioned Share Subdivision was conducted at the beginning of the period on 1 January 2014.

The calculation of EPS attributable to equity shareholders of the Company for the year is based on the profit for the year of approximately HK$401,059,000 (2014: HK$293,732,000) and the weighted average number of (i) 56,384,844,765 (2014: 53,190,725,860) Shares in issue for basic EPS; (ii) 56,384,844,765 (2014: 56,384,706,980) Shares in issue for diluted EPS.

	2015 **Number** **of shares**	2014 Number of shares Restated
Weighted average number of Shares		
Weighted average number of Shares (basic)	**56,384,844,765**	53,190,725,860
Effect of the exercise in full of the conversion rights attaching to the convertible notes	**–**	3,193,981,120
Weighted average number of Shares (diluted)	**56,384,844,765**	56,384,706,980

10. INTEREST IN ASSOCIATES

	2015	2014
	HK$'000	*HK$'000*
Cost of unlisted investment in associates	**608,042**	–
Share of results of associates	**210**	–
	608,252	–

Details of the associates at 31 December 2015 are as follows:–

Name of company	**Place of incorporation**	**Class of shares held**	**Proportion of value of issued capital held by the Group**		**Principal activities**
			Directly	**Indirectly**	
Key Fit Group Limited	Hong Kong	Ordinary	60.42%	–	Trading of securities
Artel International Technologies Limited	Hong Kong	Ordinary	–	60.42%	Investment holding
Jin Hung Finance Limited ("Jin Hung Finance")	Hong Kong	Ordinary	–	60.42%	Provision of money lending services

The above associates are accounted for using the equity method in the consolidated financial statements.

Financial information of associates

Summarised financial information in respect of Key Fit and its subsidiaries is set out below:–

	2015
	HK$'000
Gross amount	
Current assets	**1,062,268**
Non-current assets	**11,282**
Current liabilities	**(66,857)**
Equity	**1,006,693**

	2015
	HK$'000
Reconciliation	
Gross amount of equity	**1,006,693**
Group's effective interest	**60.42%**
Group's share of equity	**608,252**
Elimination of gains or losses for transactions between the Group and the associates	**–**
Carrying amount of the Group's interest	**608,252**

	2015
	HK$'000
Turnover – gross	**1,017,550**
Revenue	**26,282**
Profit for the year	**17,669**
Other comprehensive income for the year	**–**
Total comprehensive income for the year	**17,669**

Key Fit and its subsidiaries were the former subsidiaries of the Company. Pursuant to the disposal set out in note 17, these companies became the Group's associates. A reconciliation of the annual results of Key Fit and its subsidiaries to the share of results of associates per consolidated statement of profit or loss is as follows:

	2015
	HK$'000
Profit for the year	**17,669**
Profit before the disposal	**(17,322)**
	347
Group's effective interest	**60.42%**
Share of results of associates	**210**

11. RECEIVABLES UNDER LNG FINANCE LEASE ARRANGEMENTS

The Group provides finance leasing services for LNG vehicles in the PRC. The receivables under these finance lease arrangements are aged as follows:–

	2015	2014
	HK$'000	*HK$'000*
Within one year	**94,229**	–
In the second to fifth years, inclusive	**8,288**	–
	102,517	–

The Group entered into several finance lease arrangements pursuant to which the lessees sold their vehicles to the Group and leased back the assets with lease period ranging from half year to 3 years from the date of inception. The ownership of leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease arrangements. The lessees retain control of the assets before and after entering into the arrangements. These finance lease arrangements do not constitute leases for accounting purposes.

At 31 December 2015, the effective interest rates applicable to the finance lease arrangements ranged from approximately 3.92% to 12.32% per annum. The receivables were neither past due nor impaired and are secured by the leased vehicles. The Group has obtained guarantees provided by the controlling shareholders of the lessees for certain finance lease arrangements. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

12. LNG FINANCE LEASE RECEIVABLES

	Minimum lease payments 2015	Minimum lease payments 2014	**Present value of minimum lease payments 2015**	Present value of minimum lease payments 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**42,671**	–	**36,777**	–
In the second to fifth years, inclusive	**47,662**	–	**43,700**	–
	90,333	–	**80,477**	–
Less: Unearned finance income	**(9,856)**	–		
Present value of minimum lease payment receivables	**80,477**	–		–
Less: Amount receivable within 12 months (shown under current assets)			**(36,777)**	–
Amount receivable after 12 months			**43,700**	–

The Group entered into several finance lease contracts pursuant to which the Group purchased new vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased back the assets to the lessees with lease period ranging from 2 years to 3 years from the date of inception. The ownership of the leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease contracts. The lessees retain control of the assets after entering into the contracts.

At 31 December 2015, the effective interest rates applicable to the finance lease ranged from approximately 6.98% to 12.48% per annum. The receivables were neither past due nor impaired and are secured by the leased vehicles and equipment. The Group has obtained guarantees provided by the controlling shareholders of the lessees for certain finance lease and security deposits of approximately HK$8,855,000 for certain finance lease contracts. The security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Prepayments and deposits	**3,333**	1,369
Value-added tax recoverable	**10,389**	–
	13,722	1,369

14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2015, the Group had an unlisted investment of HK$71,622,000 (equivalent to RMB60,000,000) offered by China Construction Bank (the "Bank") in the PRC. The investment carries interest at expected interest rate of 2.2% to 4.2% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by the bank, payable on redemption. The product is non-principal guaranteed. The Group has the right to redeem the investment at any time and receive the redemption price based on the rate of return as announced by the Bank when redeem.

The investment was fully redeemed in cash in January 2016. The change in fair value up to the date of redemption was not significant.

No change in fair value for the investment is recognised for the year ended 31 December 2015 as the effect is not significant.

15. ACCRUED CHARGES AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Accrued charges and other payables	**7,178**	1,028
Guaranteed deposits on LNG finance leases	**8,855**	–
Amount due to an associate (Note 15(a))	**8,403**	–
Amount due to a shareholder (Note 15(b))	**250,000**	–
	274,436	1,028

Notes:

(a) The amount is unsecured, interest-free and repayable on demand.

(b) The amount due to a shareholder, Mr. Kan is unsecured, interest-free and repayable on demand.

16. BUSINESS COMBINATION

On 19 October 2015, the Group acquired 100% equity interests in Jin Hung Finance, a company incorporated in the Hong Kong, at a cash consideration of HK$10.

The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition is as follows:

	HK$'000
Other receivables	167
Bank balances	2
Accruals	(49)
Amount due to a related company	(5)
	115
Gain on bargain purchase arising on acquisition	
Consideration for acquisition	–
Less: Fair value of identifiable net assets acquired	(115)
	(115)
Net cash inflow arising from business combination	
Cash consideration paid	–
Less: Cash and cash equivalents acquired	2
	2

The Group recognised a gain on bargain purchase of approximately HK$115,000 because the fair value of net assets acquired exceeded the purchase consideration.

The newly acquired business contributed the turnover and revenue of approximately HK$5,317,000 to the Group and contributed a profit of approximately HK$2,942,000 to the Group for the period between the date of acquisition and the date of disposal as set out in note 17.

Had the acquisition been completed on 1 January 2015, the Group's turnover, revenue and profit for the year would be the same as Jin Hung Finance had no revenue between 1 January 2015 to the date of acquisition. The proforma financial information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been completed on 1 January 2015 nor is intended to be a projection of future results.

On 10 December 2015, the Group completed the disposal of its 39.58% equity interest of Key Fit, of which Jin Hung Finance is a wholly-owned subsidiary of Key Fit, of a total consideration of HK$809,000,000 (Note 17).

17. DISPOSAL OF SUBSIDIARIES

Pursuant to the sale and purchase agreement dated 18 May 2015 and side letter agreement dated 3 September 2015 entered into between the Company and several third party purchasers, the Company agreed to dispose a portion of the issued share capital of Key Fit, which was a wholly-owned subsidiary of the Group, to the purchasers. The proceeds from such disposal were intended to be used for the development of the Group's LNG business, future potential investments and general working capital of the Group. On 10 December 2015, the Group completed the disposal of an aggregate of 277,054,799 shares of Key Fit, representing approximately 39.58% of the issued share capital of HK$700 million of Key Fit, for an aggregate consideration of HK$809,000,000 (the "Disposal").

Subsequent to the Disposal, the Company held 60.42% of the issued share capital of Key Fit and two new directors were appointed. The composition of the board of directors was changed thereon. Only a director, Mr. Kan is nominated by the Company that represents one-third voting power in the board of directors of Key Fit, and the Company considered loss of control over the board of directors of Key Fit. Accordingly, Key Fit ceased to be a subsidiary of the Group and then become an associate of the Group.

The carrying amount of the net assets de-recognised in respect of Key Fit and its subsidiaries were as follows:

	2015
	HK$'000
Carrying amount of the net assets de-recognised:	
Property, plant and equipment	**11,350**
Prepayments, deposits and other receivables	**8,575**
Amounts due from fellow subsidiaries	**62,589**
Loan receivables	**177,088**
Cash and bank balances	**815,338**
Accrued charges and other payables	**(2,079)**
Amount due to a shareholder	**(10,630)**
Amounts due to fellow subsidiaries	**(55,303)**
Income tax payable	**(582)**
	1,006,346
Consideration received:	
Cash consideration	**809,000**
Gain on disposal of subsidiaries to become associates:	
Consideration received	**809,000**
Carrying amount of net assets de-recognised	**(1,006,346)**
Investment retained in the former subsidiary at fair value	**608,042**
Reversal of impairment loss recognised in respect of amounts due from fellow subsidiaries	**(1,117)**
	409,579

Analysis of net outflow of cash and cash equivalents in respect of the Disposal:

	2015
	HK$'000
Cash consideration	**809,000**
Cash and cash equivalents disposed of	**(815,338)**
Net outflow of cash and cash equivalents	**(6,338)**

The Group recognised a gain of approximately HK$409,579,000 as a result of recognising the remaining interest retained in the former subsidiary at fair value at the date when control is lost. The gain is included in the consolidated statement of profit or loss for the year.

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) On 1 August 2015, the Group and several vendors ("the Vendors") entered into an acquisition agreement, pursuant to which the Group has conditionally agreed to purchase and the Vendors have conditionally agreed to sell, a total of 51% equity interest in 上海亞東盛進出口有限公司 (Shanghai Asian Development Prosperous Import & Export Company Limited*) (the "Target Company", together with its subsidiaries, the "Target Group"), a company established under the laws of PRC with limited liability, for a total consideration of RMB18,000,000 ("Acquisition"). The consideration will be settled by the Company in full in cash.

The Target Group is principally engaged in the provision of business advisory and supply chain management services and the trading of different types of merchandise including automobiles, food products and cosmetic products from well-known international brands.

Completion of the acquisition is conditional upon fulfilment of all the conditions precedent under the acquisition Agreement. Upon completion, members of the Target Group will become non-wholly-owned-subsidiaries of the Group and the results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group. Details of the above are set out in the announcement of the Company dated 11 August 2015.

On 29 February 2016, the "Very substantial acquisition-Delay in despatch of circular and extension of long stop date" was further published by the Group in relation to the above very substantial acquisition. Details of the above are set out in the announcements of the Company dated 27 October 2015, 15 December 2015 and 29 February 2016.

(ii) On 23 November 2015, the Company received the approval from CNOOC Gas & Power Groups Co., Limited ("CNOOC Gas & Power Group"), pursuant to which the Company agreed to purchase 40% equity interests in each of CNOOC (Shanghai) Traffic New Energy Co., Limited ("CNOOC Shanghai Ltd") and CNOOC (Bengbu) Traffic New Energy Co., Limited ("CNOOC Bengbu Ltd").

CLNG Investment (Shanghai) Co., Limited ("CLNG Investment"), a wholly-owned subsidiary of the Company and Shanghai Heyin Energy Investment Co., Limited ("Heyin Ltd") entered into the First Share Transfer Agreement, pursuant to which, CLNG Investment has conditionally agreed to purchase and Heyin Ltd has conditionally agreed to sell, 40% equity interests in CNOOC Shanghai Ltd for a total consideration of RMB3,600,000. CLNG Investment and Fengyang Zhonghao New Energy Investment Co., Limited ("Zhonghao Ltd") entered into the Second Share Transfer Agreement, pursuant to which, CLNG Investment has conditionally agreed to purchase and Zhonghao Ltd has conditionally agreed to sell, 40% equity interests in CNOOC Bengbu Ltd for a total consideration of RMB3,600,000. The First and Second Consideration will be settled by CLNG Investment in full in cash.

CNOOC Shanghai Ltd and CNOOC Bengbu Ltd are principally engaged in the sales and distribution of LNG diesel and oil products. The acquisition will enable the Group to expand its refueling station network. Upon completion, CNOOC Shanghai Ltd and CNOOC Bengbu Ltd will become associates of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

LNG

The Group's LNG business mainly focuses on the Beijing, Tianjin, Hebei, the Yangtze River Delta and the Pearl River Delta regions, where air and water pollution are most serious among the regions in the PRC and demand for usage of clean energy is high. The Group has set up seven branch offices in Shanghai, Tianjin, Nanjing, Shenzhen, Linyi, Wuhan and Ningbo in 2015.

The Group provides tailored financial packages to the finance leasing customers. Under its finance leasing services, the Group provides:

- Lower contractual threshold compared to domestic commercial banks with more favourable financing conditions compared to its competitors such as only requiring lower portion of down payment based on the value of leased asset.

- Competitive offer with favourable interest rates and simplified application procedures;

- Value added services including Green Vehicle System to be installed on vehicles which is a real-time, 24-7 system monitoring system

The Group currently provides two types of finance leasing to LNG vehicles in the market:

- the lessees sold their vehicles to the Group and leased back the vehicles;

- the Group purchased new LNG vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased back the vehicles or equipment to the lessees;

From growing the finance leasing LNG business for heavy vehicles on the road and vessels on the Yangtze River/Delta River and equipment for industrial use throughout the PRC, the Group will then join forces with big oil companies to provide or to construct LNG refuelling stations to meet the LNG gas refuelling demand of the lessees.

The Group entered into a joint venture agreement with Huaqiang Natural Gas Development Group Limited (華強天然氣集團有限公司) in relation to the formation of the joint venture company in the PRC to be principally engaged in the development and operation of oil-to-gas conversion and LNG refuelling facilities on floating barges, development of LNG related technologies, operation of LNG refuelling stations and trading of gas ignition equipment.

Since 2014, the Group has entered into several negotiation and strategic cooperation agreements with local government, private and public companies in the PRC with respect to promotion of LNG application and development of LNG business in the PRC.

Trading of securities

The Group conducts its trading of Hong Kong securities business through Key Fit which has maintained a good and stable return for many years.

On 18 May 2015, the Company and several purchasers entered into a sale and purchase agreement whereby the Company agreed to dispose a portion of the issued share capital of Key Fit, which was a wholly-owned subsidiary of the Group. The proceeds from such disposal was intended to be used for the development of the Group's LNG business, future potential investments and general working capital of the Group. On 10 December 2015, the Group completed the disposal of an aggregate of 277,054,799 shares of Key Fit, representing approximately 39.58% of the issued share capital of HK$700 million of Key Fit, for an aggregate consideration of HK$809.0 million, generated a gain on disposal of HK$409.6 million.

Financial services

The Group has commenced its financial services operation through its money lending business under the Money Lenders Ordinance in Hong Kong during the year ended 31 December 2015.

As at 31 December 2015, the effective interest rate of the active loans in relation to the money lending business ranged from 12.0% to 15.0% per annum. All of the loans granted by the money lending business of the Group are secured loans.

For the year ended 31 December 2015, all the loans granted under the money lending business of the Group were funded by internal resources.

Property investment

As at 31 December 2015, the Group holds two residential properties located in Central Mid-levels (the "Central Property") and Repulse Bay (the "Repulse Bay Property") (collectively, the "Properties"). For the year ended 31 December 2015, the Central Property was leased out with a rent of HK$70,000 per month, while the Repulse Bay Property remained vacant. On 10 April 2015, the Group disposed of its property in Kwu Tung for a total consideration of HK$27.5 million and generated a gain on disposal of HK$5.9 million. The Group will continue to seek for tenants of the vacant property in Repulse Bay and may consider selling the vacant property subject to favourable offers.

FINANCIAL REVIEW

Turnover and revenue

Turnover increased by 126.5% or HK$570.8 million from HK$451.3 million for the year ended 31 December 2014 to HK$1,022.1 million for the year ended 31 December 2015. Revenue decreased by 91.4% or HK$327.1 million from HK$357.9 million for the year ended 31 December 2014 to HK$30.8 million for the year ended 31 December 2015.

Revenue derived from provision of financing leasing services for LNG vehicles, vessels and equipment was HK$4.4 million for the year ended 31 December 2015 while no such revenue was recognised in 2014 because the Group has only commenced the business in the second half of 2015.

Turnover (gross) derived from trading of securities increased by 124.6% or HK$561.2 million from HK$450.4 million for the year ended 31 December 2014 to HK$1,011.6 million for the year ended 31 December 2015. Revenue, representing net gain/loss from trading of securities, decreased by 94.3% or HK$336.8 million from HK$357.1 million for the year ended 31 December 2014 to HK$20.3 million for the year ended 31 December 2015 because of recognition of an one-off net bargain purchase gain of HK$350.6 million on disposal of shares and convertible bonds of Fullshare, the shares of which are listed on the Stock Exchange during the year ended 31 December 2014.

Revenue derived from investment properties remained stable at HK$0.8 million for the years ended 31 December 2015 and 2014.

Based on the independent valuation of the Properties, the aggregate values of the Properties remain unchanged for the year ended 31 December 2015 as compared with 31 December 2014. The rental income derived from the Central Property for the years ended 31 December 2015 and 2014 remains unchanged. The Repulse Bay Property remained vacant during the year 2015.

Revenue derived from the financial services through provision of money lending business was HK$5.3 million for the year ended 31 December 2015 while no such revenue was recognised in 2014 because the Group has commenced the business in the second half of 2015.

Other income

Other income increased by more than 282 times or HK$423.0 million from HK$1.5 million for the year ended 31 December 2014 to HK$424.5 million for the year ended 31 December 2015. It was mainly due to the gain on disposal of interest in Key Fit, the increase in exchange gain from USD to Renminbi and the increase in bank interest income.

Selling and distribution expenses

Selling and distribution expenses were HK$8.9 million for the year ended 31 December 2015 while no such expenses were recognised for the year ended 31 December 2014 because of the newly commencement and development of the LNG businesses in the PRC during the year 2015.

Administrative expenses

Administrative expenses increased by 360.2% or HK$35.3 million from HK$9.8 million for the year ended 31 December 2014 to HK$45.1 million for the year ended 31 December 2015 because of the significant increase in salaries and employee benefit expenses, office rental expenses and travelling expenses for administrative and managerial staff from the commencement of the LNG businesses in the PRC during the year 2015.

Income tax expense

Income tax expense decreased from HK$57.7 million for the year ended 31 December 2014 to HK$0.6 million for the year ended 31 December 2015, as there was no more one-off net bargain purchase gain on disposal of shares and convertible bonds of Fullshare for the year ended 31 December 2014.

Profit attributable to equity shareholders of the Company

Profit attributable to equity shareholder of the Company increased by 36.6% or HK$107.4 million from HK$293.7 million for the year ended 31 December 2014 to HK$401.1 million for the year ended 31 December 2015.

PROSPECTS

The Group is very optimistic about the development of LNG market in the PRC. According to the PRC's 12th Five-Year Plan of Natural Gas Development (2011-2015) (the "12th Five-Year Plan") and "One Belt and One Road Policy", the Chinese government intends to, among other initiatives, enhance the supply of natural gas and implement additional regulations and programs encouraging the use of natural gas. The Chinese government has set an ambitious goal of increasing the share of natural gas in the national energy consumption mix from its current 4% to 10% by 2020. In April 2014, according to the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) ("NDRC") Opinions regarding Steady Supply of Natural Gas (《關於建立保障天然氣穩定供應長效機制的若干意見》), China's natural gas supply capacity will reach 400 billion m^3 by 2020, and is striving to achieve 420 billion m^3. It is believed that the demand for natural gas in China will rapidly increase in line with economic development, population growth, industrialization and the urbanisation process. The targeted levels will have to be met by a combination of conventional domestic natural gas production and LNG.

The Chinese government plans to accelerate the implementation of National Phase 5 standards of Vehicle Emission Pollution Control and Supervision for gasoline vehicles in several major cities and regions by 1 January 2017 that will give rise to the demand for replacement of LNG vehicles. The major cities and regions will include Beijing, Tianjin, Hebei province and cities in the Pearl River and Yangtze River deltas.

Many truck and bus fleet operators have started converting their vehicles to use natural gas fuels, following the Chinese government's implementation of the National Phase 4 standards of Vehicle Emission Pollution Control and Supervision in 2011/2012. China's National Phase 5 emission standards are broadly equivalent to the Euro 5 emission standards and limit the maximum sulfur content in gasoline and diesel at 10 ppm, while China's National Phase 4 emission standards cap the sulfur content in both products at 50 ppm. Under China's National Phase 3 emission standards, the sulfur content of gasoline and diesel are capped at 150 ppm and 350 ppm, respectively.

At the Paris Climate Submit 2015, China announced its aims to peak the carbon dioxide emissions by around 2030 and slash emissions of carbon dioxide per unit of the GDP by 60-65 percent. China intended to increase non-fossil fuel sources in primary energy consumption to about 20 percent and peak its carbon emissions. After the Paris Climate Submit 2015, the Chinese government expressed strong determination to ease air pollution caused by industrialization and oil use. The use of green energy is a major direction and the natural gas industry will be able to leverage extensive developmental opportunities in the near future.

The Group will maintain its focus on the development of finance leasing business which is a key to create larger user groups and demands for the supply of LNG and the number of LNG refuelling stations across the PRC. Striving to meet the needs of customers, the Group offers customized and optimized finance leasing solution at competitive terms for customers to capture the market share. In 2016, the Group will continue to expand its customer base by approaching national express and logistics companies and shipbuilding companies for finance leasing of LNG vehicles and vessels.

As part of the Group's development of the midstream LNG business, we are currently seeking to invest in the construction and/or to acquire LNG refuelling stations, floating barges and shore-based refuelling stations to meet the LNG gas refuelling demand of our lessees and other new users of LNG throughout the PRC.

Our developing commercial vehicle platform services through the Group's Environmental Green Club, provides commercial vehicle users with long distance IT control, insurance handling and purchase/sale of their new/used LNG/diesel vehicles. In addition, we intend to develop an online network platform connecting LNG vehicles and vessels and LNG e-commence platform and trading systems.

The Company aims at promoting the use of LNG in cooperation with the green energy strategy of the PRC. The Company will continue to make investment through understanding and support of local governments of the PRC and people from different backgrounds. Apart from the fact that the prospect of our LNG business in the PRC is exceptionally brilliant and bright that will be profitable for our shareholders, we shall share the responsibility to help recreate a white cloud and blue sky for our next generation in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

The Group had total cash and bank balances of HK$170.0 million as at 31 December 2015 (31 December 2014: HK$246.2 million). There was no borrowing as at 31 December 2015 and 31 December 2014. Therefore, no gearing ratio of the Group as at 31 December 2015 and 31 December 2014 was calculated. Net assets (including non-controlling interests) were HK$847.9 million as at 31 December 2015 (31 December 2014: HK$492.3 million). The Group recorded total current asset value of HK$386.4 million as at 31 December 2015 (31 December 2014: HK$460.4 million) and total current liability value of HK$274.5 million as at 31 December 2015 (31 December 2014: HK$56.8 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was 1.4 as at 31 December 2015 (31 December 2014: 8.1). The current ratio continues to maintain at a healthy condition.

Currently, the Group's operating and capital expenditures are financed by cash generated from operation, internal liquidity and fund advanced from the Controlling Shareholder. The Group has sufficient sources of funds and approved banking facilities to meet the future captial expenditure and working capital requirements.

On 20 August 2015, the Group entered into a strategic cooperation agreement with China Construction Bank Company Limited Shanghai Branch ("China Construction Bank Shanghai") in relation to provision of integrated financial services for a term of three years. Integrated services provided by China Construction Bank Shanghai under the agreement include but not limited to the provision of up to RMB5 billion equivalent of integrated facility which currently remains undrawn, co-brand credit card services, financial advisory service, settlement services, assets management services and personal financial services to the Group. The Issuer believes that the cooperation will ensure a stable provision of integrated financial services to the Group for our LNG businesses in the PRC.

The Group also believes that internal resources and credit lines from large PRC commercial banks would be able to satisfy the funding needs in 2016 for its finance leasing business and the start-up capital expenditure for its infrastructure investments.

RISK MANAGEMENT

Our principal financial instruments include finance lease receivables and cash and cash equivalents. The main purpose of these financial instruments is to support our financing leasing business. We also have various financial assets and financial liabilities arising from our business operations. The principal risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. We intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on our business and financial condition.

Foreign currency

Transactions of the Group were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 December 2015 and 2014, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

Credit risk

The Group's credit exposure generally arises from counterparty risk in the course of providing financing leasing services for LNG vehicles, vessels and equipment and the money lending business. We implement our risk management system according to our plan based on our industry research, understanding of the customer's operations and financial condition. We believe that all of these are able to strengthen our control and management of our credit risk.

Late payment risk – in the event of late payment, we are entitled to charge interest at the default rate on the overdue amount until the same shall be paid. Such interest will accrue on a day-to-day basis. In addition, we may request a security deposit which we may apply towards the payment or discharge of any obligation owned by the lessee for the finance leasing business.

We manage, limit and monitor concentration of credit risk wherever they are identified, in particular to assess the lessee's and the borrower's repayment ability periodically for the finance leasing and money lending business.

As to impairment and allowance policies, we assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. No impairment allowance was made for our finance lease receivables and financial assets of our Group as of 31 December 2015.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. Our Group manages its liquidity risk through regularly monitoring with the following objectives: maintaining the stability of the Group's principal business, timely monitoring cash and bank position, projecting cash flows and evaluating the level of current assets to ensure liquidity of the Group.

TREASURY POLICIES

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

PLEDGE OF ASSETS

The Group had no pledged assets as at 31 December 2015 and 31 December 2014.

SIGNIFICANT INVESTMENT

During the year, the Group has purchased financial asset at fair value through profit or loss of approximately HK$71.6 million (equivalent to RMB60 million) (the "Investment") which is an unlisted investment in bonds and debenture in the PRC from the Bank. The Investment carries interest at expected interest rate of 2.2% to 4.2% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by the bank, payable on redemption. The product is non-principal guaranteed. The Group has the right to redeem the investment at any time and receive the redemption price based on the rate of return as announced by the Bank when redeem. The Investment was fully redeemed in cash in January 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 18 May 2015, the Company and several purchasers entered into a sale and purchase agreement whereby the Company agreed to dispose a portion of the issued share capital of Key Fit. The proceeds from such disposal was intended to be used for the development of the Group's LNG business, future potential investments and general working capital of the Group. On 10 December 2015, the Group completed the disposal of an aggregate of 277,054,799 shares of Key Fit, representing approximately 39.58% of the issued share capital of HK$700 million of Key Fit, for an aggregate consideration of HK$809.0 million.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 31 December 2015 are set out in note 4 to this announcement.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2015 and 31 December 2014.

STAFF AND REMUNERATION POLICIES

Human resources are our greatest assets. The Group always regards the personal development of our employees as highly important. The Group believes to maintain employees' passion and enthusiasm as the Key to its continued success and future development. Therefore, the Group has always placed its emphasis on the importance to talent cultivation and recruitment. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills.

As at 31 December 2015, the Group had 78 employees (31 December 2014: 17 employees). The Group's total staff costs amounted to approximately HK$23.9 million (31 December 2014: HK$2.2 million) for the year ended 31 December 2015. The Group offers competitive remuneration packages to our employees. The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK0.1 cent (2014: HK0.04 cent) per Share in cash distributed from the share premium account of the Company for the year ended 31 December 2015 to shareholders whose names appear on the register of members of the Company on 6 June 2016 and also to recommend the offer to the shareholders the right to elect as an alternative, to receive such final dividend wholly or partly by allotment of new Shares (the "Scrip Shares") credited as fully paid in lieu of cash ("Scrip Dividend Scheme"), subject to the approval of the shareholders on the payment of final dividend at the annual general meeting of the Company and the granting by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued pursuant thereto. The Company has not declared an interim dividend (2014: HK0.04 cent per share). The total dividend for the year will be HK0.1 cents (2014: HK0.08 cents) per Share.

After payment of the final dividend, assuming the Shareholders wish to receive the final dividend in cash and there is no other changes to the share premium account, the Company's share premium account is expected to be reduced to approximately HK$427.5 million.

The register of members of the Company will be closed from 2 June 2016 to 6 June 2016, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 1 June 2016.

A circular containing details of the Scrip Dividend Scheme will be despatched to shareholders together with the form of election for the scrip dividend on or about 15 June 2016. It is expected that the certificates for the Scrip Shares and cheques for cash entitlements will be despatched to shareholders on or about 12 July 2016.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders of the Company and other stakeholders.

The Company has complied with the code provisions of the Corporate Governance Code during the year ended 31 December 2015 except for the following deviations:

1. Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company have been held by Mr. Kan during the year. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Mr. Kan and believes that his dual roles will be beneficial to the Group.

2. Under the Code Provisions A.4.1 and A.4.2, non-executive Director should be appointed for a specific term and each Director should be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors (the "INEDs") and non-executive Directors (the "NEDs") are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association (the "Articles of Association") of the Company at least once every three years.

3. Under the Code Provision A.6.7, non-executive directors, including independent non-executive directors, should attend board, committee and general meetings. Two of the NEDs, Mr. Murray and Dr. Lam were unable to attend the extraordinary general meetings (the "EGMs") held on 21 May 2015 and 7 August 2015. Three of the INEDs, Mr. Ip was unable to attend the EGM hold on 21 May 2015 and 7 August 2015, Mr. Li Siu Yui was unable to attend the EGM held on 7 August 2015 and Mr. Lee Kong Leong was unable to attend the EGM held on 21 May 2015 during his appointment period as they had other business engagements. However, they subsequently requested the company secretary of the Company to report to them on the views of the Shareholders in the EGMs. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the NEDs and INEDs was ensured.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Save as disclosed above, the Company has made specific enquiry of all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the year ended 31 December 2015 and up to 30 March 2016.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "Audit Committee") include the review and supervision of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015 and was of the opinion that the audited consolidated financial statements of the Group have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises three INEDs of the Company, namely Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lam Lum Lee.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (http://chinalng.todayir.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company and available on the above websites in due course.

APPOINTMENT OF JOINT COMPANY SECRETARY

The Board is pleased to announce that Mr. Au Yeung Ho Yin ("Mr. Au Yeung"), the chief financial officer of the Company, has been appointed as joint company secretary of the Company with effect from 30 March 2016.

Mr. Au Yeung, aged 32, was appointed as the chief financial officer of the Company in August 2015. Mr. Au Yeung holds a Bachelor Degree in Business Management from University of Newcastle (formerly known as University of Newcastle upon Tyne). He was admitted as a graduate member of Hong Kong Institute of Chartered Secretaries in 2012 and a member of the Hong Kong Institute of Certified Public Accountants in 2010. He has extensive experience in financial management, auditing, taxation, and company secretarial matters.

Following the appointment of Mr. Au Yeung, the joint company secretaries of the Company are Mr. Au Yeung and Ms. Ha Cheuk Man.

CHANGE OF AUTHORISED REPRESENTATIVE

The board hereby announces that Mr. Li will cease to be an authorised representative of the Company with effect from 30 March 2016. Mr. Li will remain as an executive Director.

The Board is pleased to announce that Mr. Au Yeung has also been appointed as an authorised representative of the Company with effect from 30 March 2016.

The Board would like to express its warmest welcome to Mr. Au Yeung for taking up the appointments.

By order of the Board
China LNG Group Limited
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the executive Directors are Mr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo, Ms. Li Shu Han, Eleanor Stella and Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Dr. Lam, Lee G. and Mr. Simon Murray; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lam Lum Lee.

* *For identification purposes only*