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天倫燃气
TIANLUN GAS

China Tian Lun Gas Holdings Limited

中國天倫燃气控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01600)

**Announcement of Annual Results
for the Year Ended 31 December 2015**

For the year ended 31 December 2015, gas sales volume of the Group amounted to approximately 621,000,000 m³, representing an increase of approximately 140.70%, as compared with approximately 258,000,000 m³ in the corresponding period of last year.

For the year ended 31 December 2015, revenue of the Group amounted to approximately RMB2,252,000,000, representing an increase of approximately 67.56%, as compared with approximately RMB1,344,000,000 in the corresponding period of last year.

For the year ended 31 December 2015, gross profit of the Group amounted to approximately RMB609,000,000, representing an increase of approximately 32.10%, as compared with approximately RMB461,000,000 in the corresponding period of last year.

For the year ended 31 December 2015, profit attributable to owners of the Company amounted to approximately RMB284,000,000, representing an increase of approximately 29.09%, as compared with approximately RMB220,000,000 in the corresponding period of last year. Excluding the foreign exchange losses and the impact of the one-off expenses arising from the acquisition of Hui Ji project, profit attributable to owners of the Company would be approximately RMB322,000,000, representing an increase of approximately 46.36% as compared with the corresponding period of last year.

The board (the “**Board**”) of directors (the “**Directors**”) of China Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) is pleased to announce the annual results of the Group for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi (“RMB”))

		Year ended 31 December	
		2015	2014
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3	2,251,970	1,343,936
Cost of sales	4	(1,643,200)	(882,440)
Gross profit		608,770	461,496
Distribution expenses	4	(17,839)	(16,148)
Administrative expenses	4	(114,812)	(84,111)
Other income	5	11,531	—
Other gains — net	6	38,422	9,945
Operating profit		526,072	371,182
Finance income		44,936	40,155
Finance expenses		(141,919)	(66,922)
Finance expenses — net	7	(96,983)	(26,767)
Share of post-tax profit/(losses) of associates		382	(106)
Profit before income tax		429,471	344,309
Income tax expense	8	(111,489)	(93,370)
Profit for the year		317,982	250,939
Profit attributable to:			
Owners of the Company		284,242	220,153
Non-controlling interests		33,740	30,786
		317,982	250,939
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	9	0.30	0.27
— Diluted earnings per share	9	0.30	0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)*(All amounts in Renminbi (“RMB”))*

	Year ended 31 December	
	2015	2014
	RMB’000	RMB’000
Profit for the year	317,982	250,939
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets	(1,315)	—
Other comprehensive income for the year, net of tax	(1,315)	—
Total comprehensive income for the year	316,667	250,939
Attributable to:		
Owners of the Company	282,927	220,153
Non-controlling interests	33,740	30,786
	316,667	250,939

CONSOLIDATED BALANCE SHEET

(All amounts in RMB)

		As at 31 December	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
			(Restated)
ASSETS			
Non-current assets			
Lease prepayments		170,745	118,477
Property, plant and equipment		1,943,756	1,082,736
Investment properties		19,662	8,203
Intangible assets		2,478,723	1,269,134
Investments accounted for using the equity method		50,803	49,894
Deferred income tax assets		12,041	3,676
Available-for-sale financial assets		40,417	—
Trade and other receivables	<i>10</i>	49,715	11,917
Prepayments related to other non-current assets		297,093	10,612
		5,062,955	2,554,649
Current assets			
Inventories		60,547	76,709
Trade and other receivables	<i>10</i>	593,121	480,140
Available-for-sale financial assets		3,000	2,000
Financial assets at fair value through profit or loss		318,882	331,474
Cash and cash equivalents		609,385	263,584
Restricted cash		30,519	22,121
		1,615,454	1,176,028
Total assets		6,678,409	3,730,677

CONSOLIDATED BALANCE SHEET (Continued)*(All amounts in RMB)*

		As at 31 December	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
			(Restated)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	8,512	7,077
Share premium	11	1,366,774	454,188
Reserves	12	95,987	68,366
Retained earnings		877,091	616,336
		2,348,364	1,145,967
Non-controlling interests		434,014	331,001
Total equity		2,782,378	1,476,968
LIABILITIES			
Non-current liabilities			
Borrowings		1,887,102	722,609
Other payables	13	136,598	158,749
Deferred income tax liabilities		314,887	161,816
		2,338,587	1,043,174
Current liabilities			
Trade and other payables	13	505,717	354,562
Dividend payables		2,492	—
Advance from customers		127,735	144,458
Current income tax liabilities		71,992	51,112
Borrowings		849,508	660,403
		1,557,444	1,210,535
Total liabilities		3,896,031	2,253,709
Total equity and liabilities		6,678,409	3,730,677

1. GENERAL INFORMATION OF THE GROUP

China Tian Lun Gas Holdings Limited (the “Company”) was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 November 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the gas pipeline connections by providing residential, commercial and industrial users with laying and installation and transportation, distribution and sales of gases including natural gas and compressed natural gas (the “CNG”) and production and sales of liquefied natural gas (“LNG”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “PRC”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2016.

These consolidated financial statements are presented in RMB, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015, which do not have any significant impact to the Group:

- Amendment to HKFRS 8, “Operating segments” requires disclosure of the judgments made by management in aggregating operating segments and a reconciliation of segment assets to the entity’s assets when segment assets are reported.
- Amendment to HKAS 24, “Related Party Disclosures” does not require the reporting entity to disclose the compensation paid by the management entity (as a related party) to the management entity’s employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
- Amendment to HKAS 40, “Investment property” clarifies that the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures *(Continued)*

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9’s full impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures *(Continued)*

(c) New standards and interpretations not yet adopted (Continued)

- HKFRS 15, “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 ‘Construction contracts’ and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.
- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- i. where the intangible asset is expressed as a measure of revenue; or
- ii. where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 16 and HKAS 38 are effective for an entity’s annual HKFRS financial statements for a period beginning on or after 1 January 2016, with earlier application permitted.

- Amendment to HKAS 27 on equity method in separate financial statements. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures *(Continued)*

(c) New standards and interpretations not yet adopted (Continued)

- Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate. The amendments address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.
- Annual improvements 2014 — These annual improvements address certain issues in the 2012-2014 reporting cycle, primarily with a view to removing inconsistencies and clarifying wording. They include changes to the following standards which are relevant to the Group's operations. These annual improvements are effective for annual periods beginning on or after 1 January 2016.

Amendment to HKFRS 7: Financial Instruments: Disclosure
Amendment to HKAS 19: Employee Benefits

- The amendment to HKAS 34, "Interim financial reporting". It clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.

An entity shall apply the amendment to HKAS 34 retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

- Amendments to HKAS 1 "Disclosure initiative", clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures *(Continued)*

(c) New standards and interpretations not yet adopted (Continued)

The key areas addressed by the changes are as follows:

- Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material;
- Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented;
- Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users;
- Accounting policies: how to identify a significant accounting policy that should be disclosed;
- Other comprehensive income from equity accounted investments: other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not.

An entity shall apply those amendments to HKAS 1 for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a “product” perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable segments derive their revenue and profit primarily from transportation and sales of gases, and gas pipeline connections.

The Group had acquired 100% equity interest of Beijing Hui Ji Tai Zhan Investment Company Limited and indirectly controlled its subsidiaries Beijing Hui Ji Energy Holdings Limited, Henan Hui Ji Energy Limited, Sanming Hui Ji Energy Company Limited and Wujiang City Natural Gas Pipeline Network Company Limited (together the “Beijing Huiji Group”) during the year ended 31 December 2015. The senior executive management team reviewed the results of Beijing Huiji Group being consolidated by the Group and Beijing Huiji Group is regarded a single operating segment.

3. SEGMENT INFORMATION (Continued)

The revenue from rental income of investment properties and other miscellaneous income, has been reviewed by the senior executive management team, and its results are included in the “all other segments” column.

The senior executive management team assesses the performance of the operating segments based on the measure of sales revenue and gross profit, which is determined by using the accounting policies of the Group. Meanwhile, the Group does not allocate operating costs, assets or liabilities to its segments, as the senior executive management team does not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of segment assets and segment liabilities for each reportable segment.

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2015 is as follows:

	Transportation and sales of gas <i>RMB'000</i>	Gas pipeline connections <i>RMB'000</i>	Beijing Huiji Group <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
External revenue	975,034	571,041	675,735	30,160	—	—	2,251,970
Inter-segment revenue	—	—	293	—	(293)	—	—
Total revenue	975,034	571,041	676,028	30,160	(293)	—	2,251,970
Gross profit	166,116	357,951	69,851	14,852	—	—	608,770
Distribution expenses						(17,839)	(17,839)
Administrative expenses						(114,812)	(114,812)
Other income						11,531	11,531
Other gains — net						38,422	38,422
Operating profit							526,072
Finance expenses — net						(96,983)	(96,983)
Share of post-tax profit of associates						382	382
Profit before income tax							429,471
Income tax expense						(111,489)	(111,489)
Profit for the year							317,982

3. SEGMENT INFORMATION *(Continued)*

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2014 is as follows:

	Transportation and sales of gas <i>RMB'000</i>	Gas pipeline connections <i>RMB'000</i>	All other segments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total external revenue	747,829	572,772	23,335	—	1,343,936
Gross profit	115,875	335,301	10,320	—	461,496
Distribution expenses				(16,148)	(16,148)
Administrative expenses				(84,111)	(84,111)
Other gains — net				9,945	9,945
Operating profit					371,182
Finance expenses — net				(26,767)	(26,767)
Share of post-tax losses of associate				(106)	(106)
Profit before income tax					344,309
Income tax expense				(93,370)	(93,370)
Profit for the year					<u>250,939</u>

The principal subsidiaries of the Company are domiciled in the PRC. All the revenue from external customers are derived from the PRC, and all the non-current assets are located in the PRC.

During the year ended 31 December 2015, revenue of approximately RMB302,698,000 and 13% of the Group's total revenue, is derived from a single external customer (2014: none). The revenue is attributable to the Beijing Huiji Group segment.

4. EXPENSES BY NATURE

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	1,362,257	655,144
Changes in inventories of finished goods and work in progress	8,414	31,142
Depreciation on property, plant and equipment	84,411	46,059
Depreciation on investment properties	868	476
Amortisation of lease prepayments	4,384	2,968
Amortisation of intangible assets	51,972	26,050
Employee benefit expense	114,674	83,006
Licensing fee for the exclusive operating rights for city pipeline network	1,100	1,100
Engagement of construction and design services	62,232	66,229
Transportation	6,918	5,694
Auditors' remuneration		
— Audit services	3,200	3,100
Professional expenses	6,513	1,736
Advertising expenses	3,539	2,370
Entertainment expenses	4,989	5,154
Office expenses	6,489	5,904
Taxes	27,799	25,456
Energy consumption	16,772	12,882
Other expenses	9,320	8,229
Total cost of sales, distribution expenses and administrative expenses	1,775,851	982,699

5. OTHER INCOME

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Dividend income from available-for-sale financial assets	4,832	—
Government grants in relation to		
—Tax refund	2,699	—
—Subsidies for local investment rewards	2,000	—
Others	2,000	—
	11,531	—

6. OTHER GAINS — NET

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on disposal of available-for-sale financial assets	62	334
Gains on disposal of property, plant and equipment	905	346
Changes on fair value of contingent consideration for acquisition of subsidiaries	35,889	—
Reversal of liabilities	—	10,000
Others	1,566	(735)
	<u>38,422</u>	<u>9,945</u>

7. FINANCE EXPENSES — NET

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
— Interest income from bank deposits and loan to third party	(4,416)	(6,100)
— Investment gains on financial assets at fair value through profit or loss	(40,520)	(34,055)
	<u>(44,936)</u>	<u>(40,155)</u>
Finance expenses		
— Interest expense on borrowings	139,217	80,055
— Exchange losses	30,647	34
— Interest on other financial liabilities	—	8,280
— Others	634	542
Less: amounts capitalised on qualifying assets	(28,579)	(21,989)
	<u>141,919</u>	<u>66,922</u>
	<u>96,983</u>	<u>26,767</u>

8. TAXATION

- (a) The Company and Upsky Holdings Limited are not subject to profits tax in their respective countries of incorporation.
- (b) Hong Kong profits tax

For the years ended 31 December 2015 and 2014, there are no Hong Kong profits tax applicable to any Group entities as no Group entities had profit derived from Hong Kong.

- (c) PRC corporate income tax (the “PRC CIT”)

All the Company’s subsidiaries incorporated in the PRC are subject to the PRC CIT, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the years ended 31 December 2015 and 2014, as determined in accordance with the relevant PRC income tax rules and regulations. The CIT rate of all the subsidiaries operate in the PRC is 25% (2014: 25%), except for Baiyin Natural Gas Limited (白銀市天然氣有限公司), Li Quan County Hong Yuan Natural Gas Company Limited (禮泉縣宏遠天然氣有限公司) and Qian County Hong Yuan Natural Gas Company Limited (乾縣宏遠天然氣有限公司) as they were approved to entitle to the CIT Preferential Policies for the Development of the Western Regions and the CIT rate of 2015 is 15% (2014: 15%).

The amount of income tax expense charged to profit or loss represents:

	Year ended 31 December	
	2015	2014
	<i>RMB’000</i>	<i>RMB’000</i>
Current tax on profits for the year	124,542	96,872
Deferred tax	(13,053)	(3,502)
	<u>111,489</u>	<u>93,370</u>

9. EARNINGS PER SHARE

- (a) Basic

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB’000)	<u>284,242</u>	<u>220,153</u>
Weighted average number of shares in issue (thousands)	<u>954,562</u>	<u>827,925</u>
Basic earnings per share (RMB per share)	<u>0.30</u>	<u>0.27</u>

9. EARNINGS PER SHARE *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	284,242	220,153
Weighted average number of shares in issue (thousands)	954,562	827,925
Adjustments for:		
— Share options (thousands)	—	2,308
Weighted average number of ordinary shares for diluted earnings per share (thousands)	954,562	830,233
Diluted earnings per share (RMB per share)	0.30	0.27

During the year ended 31 December 2015, the share options were antidilutive (2014: dilutive).

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables (a)	328,688	228,872
Bills receivable	1,073	1,080
Prepayments	52,390	45,119
Receivables due from related parties	14,100	14,317
Other receivables	203,410	138,903
Loan to third party	—	50,000
Value-added-tax to be offset and prepaid income tax	43,175	13,766
	642,836	492,057
Less: long-term prepayments	(49,715)	(11,917)
Current portion	593,121	480,140

- (a) The credit period generally granted to customers in relation to sales of pipelined gases is up to 2 months. As for the customers in relation to connection of gas pipelines, the Group generally requests advance payments, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and credit period was granted case by case with maximum of 2 years. The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 30 days	126,441	104,519
31 days to 90 days	41,044	27,475
91 days to 1 year	117,387	78,667
1 year to 2 years	35,216	13,737
Over 2 years	8,600	4,474
	328,688	228,872

As at 31 December 2015, trade receivables of approximately RMB320,088,000 (2014: RMB224,398,000) were fully performing.

10. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) *(Continued)*

As at 31 December 2015, trade receivables of approximately RMB8,600,000 (2014: RMB4,474,000) were past due but not impaired. These relate to a number of independent customers that have good trading records with the Group. Based on the past experiences, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality and the balances are considered fully recoverable. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Over 2 years	8,600	4,474

- (b) The carrying amounts of trade and other receivables were denominated in RMB.
- (c) The other classes within trade and other receivables do not contain impaired assets.
- (d) As at 31 December 2015 and 2014, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.
- (e) The carrying amounts of the current portion of trade and other receivables approximate to the fair values.
- (f) As at 31 December 2014, the maturity of the loan to third party was within 1 year and with annual interest rate of 13%.

11. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Ordinary shares RMB '000	Share premium RMB '000	Total RMB '000
Issued and fully paid:				
At 1 January 2014	827,925	7,077	454,188	461,265
At 31 December 2014	827,925	7,077	454,188	461,265
Issue of shares	181,690	1,435	912,586	914,021
At 31 December 2015	1,009,615	8,512	1,366,774	1,375,286

The Company issued 181,689,608 shares on 15 May 2015 (approximate 18% of the total ordinary share capital issued) to the International Finance Corporation (“IFC”) and IFC Global Infrastructure Fund, LP (“IFC Fund”). The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to RMB916,413,000 (RMB5.04 per share), and incremental costs directly attributable to the issue of shares amounted to RMB2,392,000 were shown in equity as a deduction, net of tax, from the proceeds.

The total authorised number of ordinary shares is 2,000,000,000 shares (2014: 2,000,000,000 shares) with a par value of HK\$0.01 per share (2014: HK\$0.01 per share).

12. RESERVES

	Capital reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Available- for-sale Investment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014	(17,711)	51,820	—	34,109
Appropriation (a)	—	28,411	—	28,411
Employee share option scheme:				
— Value of employee services	5,846	—	—	5,846
At 31 December 2014	<u>(11,865)</u>	<u>80,231</u>	<u>—</u>	<u>68,366</u>
At 1 January 2015	(11,865)	80,231	—	68,366
Revaluation-gross	—	—	(1,753)	(1,753)
Revaluation-tax	—	—	438	438
Appropriation (a)	—	23,487	—	23,487
Employee share option scheme:				
— Value of employee services	5,449	—	—	5,449
At 31 December 2015	<u>(6,416)</u>	<u>103,718</u>	<u>(1,315)</u>	<u>95,987</u>

Statutory reserves

- (a) In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the “PRC Subsidiaries”), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years’ losses as determined under the PRC accounting standards, to the statutory surplus reserves fund before distributing the net profit. When the balance of the statutory surplus reserves fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory surplus reserves fund can be used to offset prior years’ losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory surplus reserves fund after such issue is not less than 25% of registered capital.

For the year ended 31 December 2015, approximately RMB23,487,000 (2014: RMB28,411,000) were appropriated to the statutory surplus reserves funds from net profits of certain PRC Subsidiaries.

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Notes payables	4,000	—
Trade payables (a and b)	149,963	115,581
Amounts due to related parties	987	185
Accrued payroll and welfare	2,751	1,561
Interest payables	8,762	5,453
Other taxes payables	6,276	7,143
Other payables (a)	469,576	383,388
	<u>642,315</u>	<u>513,311</u>
Less non-current portion: other payables (d)	<u>(136,598)</u>	<u>(158,749)</u>
Current portion	<u><u>505,717</u></u>	<u><u>354,562</u></u>

- (a) As at 31 December 2015 and 2014, all such trade payables and the current portion of other payables of the Group were non-interest bearing and their fair values approximated to their carrying amounts due to their short maturities.
- (b) At 31 December 2015 and 2014, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	72,332	26,562
31 days to 90 days	26,712	36,688
91 days to 1 year	33,358	42,169
1 year to 2 years	11,727	6,203
2 years to 3 years	4,270	1,914
Over 3 years	1,564	2,045
	<u>149,963</u>	<u>115,581</u>

13. TRADE AND OTHER PAYABLES *(Continued)*

- (c) The carrying amounts of the Group's trade and other payables were denominated in the following currencies:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
RMB	642,315	513,311

- (d) At 31 December 2015, the non-current portion of other payables included contingent consideration payables amounted to RMB124,406,000 (2014: RMB144,529,000) which were at fair value and long-term loan due to a non-controlling interest of a subsidiary amounted to RMB12,192,000 (2014: RMB14,220,000) with an interest rate of 10% per annum, of which the fair value approximated to the carrying amount. The fair values of the contingent consideration payables and amount due to the non-controlling interest were measured by the discounted cash flow method and included in level 3 of the fair value hierarchy.

14. DIVIDENDS

Pursuant to the resolution of the Board of Directors dated 31 March 2016, the directors of the Company proposed not to recommend any dividend for the year ended 31 December 2015 (2014: nil).

INDUSTRY REVIEW

Structure and Development Trend of the Energy Industry in the PRC

The continuous optimization of the energy structure, growing awareness of environmental protection and the successive introduction of policies supporting natural gas development have become long-term positive factors favoring the development of the natural gas industry in the PRC.

According to the National Development and Reform Commission of the PRC (the “**NDRC**”), China’s natural gas consumption in 2015 amounted to 193.2 billion m³. Although the growth for the first three quarters was only 2.5%, the sales volume for the fourth quarter increased the growth for the year to 5.7%. In January 2016, growth rate bounced back to 17.6%, indicating that the demand for natural gas in the PRC has gradually recovered. According to the 2015 Report on Development in the Foreign and Domestic Oil & Gas Industries (2015年國內外油氣行業發展報告) issued by China National Petroleum Corporation Economics & Technology Research Institute, in 2016, the reduction in price of natural gas and increasingly strict environmental protection measures will boost the growth of demand for natural gas and enable natural gas to represent 6.4% of primary energy consumption.

As China accelerated its urbanization, its economic transformation generated higher demand for clean energy. Although natural gas faces price reductions in the short term, there are still opportunities for its regional development and its prospects in the medium- and long-term are still promising.

The Policy on Natural Gas Utilization in the PRC

In 2015, the relevant national authorities successively announced favorable policies to strongly support the rapid growth of the natural gas industry. The Administrative Measures for the Franchising of Infrastructure and Public Utilities (基礎設施和公用事業特許經營管理辦法) jointly issued by six national departments and commissions including the NDRC, with effect from 1 June 2015, have provided legal protection to encourage and guide the entry of private capital into natural gas area. In particular, it is worth noting that the exclusive operating right for over 30 years will provide greater room for the operation of the Group. The recently revised Law of Prevention and Control of Atmospheric Pollution (大氣污染防治法) with effect from 1 January 2016 further advocates adjustment to energy structure, promotes the production and use of clean energy, and urges the relevant cities to transform into use of clean energy such as natural gas within the prescribed period and gradually reduce the percentage of coal in primary energy consumption.

During the year, the government adjusted the price of natural gas for non-residential users twice in order to further promote the market-oriented pricing reform of natural gas. With effect from 1 April 2015, the NDRC adjusted the gate station price of gas for non-residential users. The price of natural gas for new users decreased by RMB0.44/m³, and the price of natural gas for existing users increased by RMB0.04/m³, realizing the goal of maintaining the same price of natural gas for existing and new users. On 18 November 2015, the NDRC announced that the gate station price of natural gas for non-residential users shall be further reduced by RMB0.7/m³, and the current maximum gate station price administration shall be changed to the benchmark gate station price administration. The reduced gate station price shall be regarded as the benchmark gate station price, based upon which the specific gate station price may be determined by suppliers and buyers through negotiations within the range of +20% and without downward limit. Price reduction twice during the year has further improved the marketization degree of natural gas prices and significantly lowered the gas procurement cost of the Group. It also facilitates the market expansion of downstream users, in particular large users such as industrial, power generation and vehicle users, increases the gas sales volume of the Group in the end market and has substantial practical significance to the development of natural gas industry and the optimization of energy structure in the PRC.

Favorable policies have fully demonstrated the strong determination of the Chinese government to vigorously advance the development of natural gas. The Group will also seize the opportunities to actively expand new projects while maintaining rapid growth of its existing projects.

BUSINESS REVIEW

For the year ended 31 December 2015, the Group selectively invested in high-quality urban gas projects, continued to strengthen its national presence, steadily facilitated the development of transportation gas projects, and successfully expanded its business into the middle-stream gas pipeline business. Its gas distribution volume and number of gas users both recorded significant growth.

The key results and operating data of the Group for the year ended 31 December 2015 and their comparison against the figures for the previous year are as follows:

	For the Year Ended 31 December		
	2015	2014	Increase
Revenue (RMB'000)	2,251,970	1,343,936	67.57%
Gross profit (RMB'000)	608,770	461,496	31.91%
Profit attributable to owners of the Company (RMB'000)	284,242	220,153	29.11%
Earnings per share — basic (RMB)	0.30	0.27	11.11%
Number of new natural gas users during the year:			
— Residential users	202,270	196,765	2.80%
— Industrial and commercial users	1,397	1,031	35.50%
Total pipeline gas users:			
— Residential users	1,016,385	790,097	28.64%
— Industrial and commercial users	5,737	4,120	39.25%
— Daily gas supply volume to industrial and commercial users (in ten thousand m ³)	378	159	137.74%
Natural gas sales volume to residential users (in ten thousand m ³)	10,083	6,885	46.45%
Natural gas sales volume to industrial and commercial users (in ten thousand m ³)	30,942	11,082	179.21%
Vehicle natural gas sales volume (in ten thousand m ³)	11,307	7,792	45.11%
Sales volume to urban gas companies (in ten thousand m ³)	9,723	—	—
Total number of gas refilling stations during the year (operating and under construction)	55	49	6
Total length of medium- and high-pressure pipelines (kilometer)	2,616	2,161	455

Development of New Projects

Details of the seven new urban gas projects of the Group for the year ended 31 December 2015 are as follows:

	Shareholding percentage of the Group	Main industries in the location of operation
Qian County, Xianyang, Shaanxi Province	100%	Real estate, tourism
Li Quan County, Xianyang, Shaanxi Province	100%	Food processing, environmental protection
Sanming, Fujian Province	100%	Raw material industry, agricultural products production
Fenghuang County, Hunan Province	100%	Tourism
Qian'an County, Songyuan, Jilin Province	90%	Clean energy, agricultural products processing
Xichuan County, Nanyang, Henan Province**	100%	Real estate, manufacturing, pharmaceuticals, tourism
Xindu District, Chengdu, Sichuan Province**	100%	Food, pharmaceuticals, tourism

Note: For the projects marked “**”, the acquisition agreement was entered into in 2015 and their results have not been consolidated yet.

For the year ended 31 December 2015, the Group acquired six urban gas projects in Qian County and Li Quan County in Xianyang, Shaanxi Province, Fenghuang County, Tujia-Miao Autonomous Prefecture of Xiangxi, Hunan Province, Qian'an County, Songyuan, Jilin Province, Xichuan County, Nanyang, Henan Province and Xindu District, Chengdu, Sichuan Province and acquired an urban gas project in Sanming, Fujian Province, two long-haul pipelines in Wujiang, Jiangsu Province and Pingdingshan, Henan Province and 19% equity interest in Pingdingshan Gas Co., Ltd. (平頂山燃氣有限責任公司*), through the acquisition of the entire equity interest in Beijing Hui Ji Tai Zhan Investment Company Limited (北京慧基泰展有限公司*), making the number of its urban gas projects reached 51.

Acquisition of Two Urban Gas Projects in Qian County and Li Quan County in Xianyang, Shaanxi Province

On 9 January 2015, Henan Tian Lun Gas Group Limited (河南天倫燃氣集團有限公司*) (“**Henan Tian Lun**”) entered into an equity transfer agreement with Mr. Wen Su Gang (文素剛) and Mr. Zhang Hong Zhong (張宏忠), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in Qian County Hong Yuan Natural Gas Company Limited (乾縣宏遠天然氣有限公司*) and Li Quan County Hong Yuan Natural Gas Company Limited (禮泉縣宏遠天然氣有限公司*) at a total consideration of RMB286,000,000, for the purpose of acquiring two urban gas projects in Qian County and Li Quan County in Xianyang, Shaanxi Province. Please refer to the announcement of the Company dated 9 January 2015 for further information.

As the natural gas for use in Qian County and Li Quan County is supplied by Shaanxi Natural Gas Company (陝西省天然氣公司*), it guarantees sufficient and stable gas sources for future development of the local natural gas markets. Located in the Guanzhong-Tianshui Economic Zone and the core area of Xi'an Xianyang Half-hour Economic Cycle, the trend for property development project in Qian County is positive and there is great potential for development of residential gas uses. Qian County also has a prosperous tourism market. Most local hotels there use coal-fired boilers or gas boilers to supply heat, indicating huge potential for the upgrade of those coal-fired boilers to natural gas boilers and commercial gas uses in the future. With great accessibility and geographical advantage, the Board is of the view that there is a promising future for vehicle natural gas market in Qian County. With a booming food processing industry, Li Quan County has established the Li Quan County Food Industrial District, which contains five industry sectors, being (i) fruit product processing, (ii) pastries, (iii) packaging materials, (iv) mechanical processing and (v) pharmaceuticals and chemicals. In addition, the Liquan Xizhangbao Environmental Industrial District, which is jointly developed by the government of Li Quan County and Shaanxi Provincial Environmental Protection Department, is the only major modern environmental protection project in Shaanxi Province. The plasma system conversion project, bio-potassium fertilizer project and the solid waste processing center project there have commenced operations, and the old battery recycling project, old mineral oil recycling demonstration project and the innovative heavy metals absorption material production project are under construction, indicating a great potential for industrial natural gas uses in the future.

Acquisition of the Entire Equity Interest in 北京慧基泰展投資有限公司 (Beijing Hui Ji Tai Zhan Investment Company Limited*)

On 27 March 2015, Henan Tian Lun entered into an equity transfer agreement with Tianjin Qian Sheng Investment Partnership Enterprise (Limited Partnership) (天津乾盛投資合夥企業(有限合夥)*) and Tianjin Tai Zhan Asset Management Centre (Limited Partnership) (天津泰展資產管理中心(有限合夥)*), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in Beijing Hui Ji Tai Zhan Investment Company Limited (北京慧基泰展投資有限公司*) (“**Beijing Hui Ji**”) at the total consideration of RMB860,000,000, so as to acquire, inter alia, an urban gas project in Sanming City, Fujian Province, two long-haul pipelines in Wujiang City, Jiangsu Province and Pingdingshan City, Henan Province, 19% equity interest in Pingdingshan Gas Co., Ltd. (平頂山燃氣有限責任公司*) and part of the creditor’s rights. Please refer to the circular of Company dated 24 August 2015 for further information.

Beijing Hui Ji has built and currently operates two high- and medium-pressure natural gas pipelines. It has obtained a natural gas sales quota of 980 million m³ per year and designed pipeline transmission volume of nearly 4 billion m³ of natural gas. In addition, it has established a business network involving the construction and operation of long-haul natural gas pipelines, urban gas and direct supply of natural gas to large industrial districts, covering Henan, Jiangsu and Fujian provinces of China. The aforesaid acquisition will strongly supplement and expand the Group’s existing business scope and customer base, and Beijing Hui Ji’s leading position in the middle-and-upper-stream of the industry and its accumulated resources and experience will provide the Group with strategic advantages and competitiveness as well as bring huge financial benefits to the Group.

Acquisition of an Urban Gas Project in Fenghuang County, Tujia-Miao Autonomous Prefecture of Xiangxi, Hunan Province

On 7 July 2015, Henan Tian Lun entered into an equity transfer agreement with Mr. Xiang Zhi Jun (向致軍) and Hunan Zhongyou Zhiyuan Gas Co., Ltd. (湖南中油致遠燃氣有限公司*), pursuant to which Henan Tian Lun conditionally agreed to acquire 100% equity interest in Fenghuang Zhongyou Zhiyuan Gas Co., Ltd. (鳳凰縣中油致遠燃氣有限公司*), so as to acquire the pipeline gas operating right and the exclusive vehicle gas operating right in Fenghuang County, Hunan Province.

Currently there is no supply of natural gas in Fenghuang County, implying promising prospects for the development of local natural gas market. The Group is the only local LPG supplier in the area. In addition, Fenghuang County is a national class 4A scenic spot and was included in the World Heritage Tentative List for China in 2006. There are prosperous food and beverage and hotel industries in local area, which indicates there is strong potential for the development of commercial gas users. The acquisition of the project in Fenghuang County, Hunan Province will further strengthen the synergies created by the Group's existing urban gas projects in Hunan Province and in the surrounding areas and further enable the Group to expand its size of operation and bring great economic benefits.

Acquisition of an Urban Gas Project in Qian'an County, Songyuan City, Jilin Province

On 28 July 2015, Henan Tian Lun entered into an equity transfer agreement with Inner Mongolia Shengtai Energy Investment Co., Ltd. (內蒙古聖泰能源投資集團有限公司*), pursuant to which Henan Tian Lun conditionally agreed to acquire 90% equity interest in Qian'an Rixin Gas Co., Ltd. (乾安縣日新燃氣有限公司*), so as to acquire an urban gas project in Qian'an County, Songyuan City, Jilin Province.

Located in north-western part of Jilin Province, Qian'an County has formed synergies with the Group's projects in Changling County, Tongyu County and Da'an City. In addition, with the passing through of Changchun-Baicheng Railway and the Tongliao-Ranghulu Railway, the criss-crossing of Daqing-Guangzhou Expressway and the Wuchang-Youyizhongqi Expressway, and first- and second-class roads extending in all directions, a complete passenger transport network has been formed with huge accessibility advantage. Gas source of pipeline gas in Qian'an County is supplied by Qianxin intermediate station of Jilin Oilfield, which has provided a stable gas source for its future development of local users. The acquisition of the urban gas project in Qian'an County will lower the gas procurement costs of operating urban gas projects of the Group in north-eastern China, drive the development of projects in the surrounding areas, and connect its existing projects with those new projects to form a regional monopoly.

Acquisition of an Urban Gas Project in Xichuan County, Nanyang, Henan Province

On 23 October 2015, Henan Tian Lun entered into an equity transfer agreement with Xichuan Longcheng Natural Gas Co., Ltd. (淅川縣龍成天然氣有限責任公司*), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in Xichuan Longcheng Natural Gas Co., Ltd., so as to acquire an urban gas project in Xichuan County, Nanyang, Henan Province.

The gas market in Xichuan County is in the early stage of development and there is great potential for development of gas. Local property market maintained strong growth momentum, and there are many newly built projects, implying a large number of potential users. In addition, local industries are dominated by electrolytic aluminum, ferroalloy smelting, automobile shock absorber processing and pharmaceuticals. A large number of high technology projects with great market potential have been completed, and there is great potential for development of industrial users. With extensive tourism resources, Xichuan County is home to the core water source of the central route and canal headwork of the South-North Water Transfer Project, the world's largest water transfer project. It has developed into a renowned tourism city in Central China led by the ecological sightseeing belt of the canal headwork of the central route of the South-North Water Transfer Project and a hot tourism spot in the PRC, with strong base for the development of vehicle gas and commercial users. The acquisition of the urban gas project in Xichuan County has further expanded the region of the Group's operation in Henan Province and created synergies with its existing operating urban gas projects in Henan Province to form a regional monopoly.

Acquisition of Entire Equity Interest in Sichuan Ming Sheng Natural Gas Company Limited (四川省明聖天然氣有限責任公司*)

On 28 November 2015, Henan Tian Lun entered into an equity transfer agreement with Mr. Cai Xinchuan (蔡新川), Mr. Li Yong (李勇), Mr. Liu Zhimin (劉志敏) and Mr. Xu Hankang (許漢康), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in Sichuan Ming Sheng Natural Gas Company Limited, so as to acquire an urban gas project in Xindu District, Chengdu, Sichuan Province. For further details, please refer to the announcement of the Company dated 28 November 2015.

Located at the south-western part of the PRC, Sichuan Province is a large province in terms of population and economy and has a GDP of approximately RMB2.8 trillion in 2014. The project operates at Xindu District, which is only 15 kilometers away from Chengdu City in Sichuan Province. Xindu District is positioned as the northern suburban of the capital of Sichuan Province as it serves as a mechanical, electronic, food, biopharmaceutical, tourism and logistics base of Chengdu City. Xindu District will be developed into a more prosperous city with growing population that is expected to bring large potential for development and growth of the project.

Having secured gas sources from both China Petroleum and Chemical Corporation and Southwest Oil and Gas Branch and China National Petroleum Corporation, the project expects to see steady development in its business. In addition, Sichuan is the first province in the PRC using natural gas, and it has a large talent pool in the gas industry. As the project possesses employees with expertise in gas operations, the acquisition will further expand the Group's talent pool. Furthermore, the project is well-established, with approximately 100,000 residential customers and nearly 2,000 industrial and commercial users. It has generated a sales volume of approximately 60 million m³ of gas per year, with a revenue of approximately RMB180 million. In 2014, it generated a net profit of approximately RMB45.11 million excluding non-recurring items. There is large potential for growth of the project.

Through the acquisition of the project, the Group has obtained a core urban gas operation right in the south-western part of the PRC, forming economies of scale together with the Group's urban gas projects in Gansu Province, Shaanxi Province and Yunnan Province. This is strategically important for the Group to expand its presence in Sichuan Province and to further enlarge its market share in the south-western part of the PRC in the future.

Investment in Bases of Gas Sources

Given the current weak LNG processing market in the PRC, the Group has made differentiated adjustments to and arrangements for its plans for investment in LNG processing project.

The Group has adjusted the planned daily production capacity of CNG and LNG at its LNG processing plant project in Changling County, Jilin Province to 150,000 m³. With its own weather characteristics and relatively undeveloped upstream gas pipeline network system, there is strong demand for LNG in north-eastern part of China, providing a unique advantage for the development of local LNG market. With the project's advantages in gas source cost and location and the Group's end distribution capability in the area, the project is expected to realize strong operational performance.

In the meanwhile, the Group will optimize its investment plan for the Kai County (Chongqing) Industrial Park in view of local market conditions as and when appropriate. In the future, the Group will first actively seek in-depth cooperation with local governments and enterprises, and then consider its project arrangements in line with local plans.

Furthermore, the Group's coke oven gas- produced LNG source base project with Luoyang Rongtuo Coking Company Limited (洛陽榕柘焦化有限責任公司*) with a designed annual capacity of 60 million m³ of coke oven gas has been terminated and the procedures for its deregistration are under way.

Investment in Gas Refilling Stations

As at 31 December 2015, the Group had a total of 41 operating gas refilling stations and 14 gas refilling stations under construction. By adhering to its principle of “Self-construction as the Focus and Cooperation as the Supplement”, the Group increased the number of its gas refilling stations along National Highway 107 and Yangtze River and focused on areas including Henan, north-eastern part of China, Chongqing, Hubei and Jiangsu to build a new presence of key areas for gas refilling stations development.

Long-haul Pipelines

The Group has three long-haul pipelines in operation and under construction in Pingdingshan City, Henan Province and Wujiang City, Jiangsu Province, with a total annual gas transmission capacity of 5 billion m³. The long-haul pipelines will lower the gas procurement costs of urban gas projects of the Group and provide strong support for the expansion of its projects along the pipelines. In the future, the Group will make full use of its gas source advantages brought by its long-haul pipelines and vigorously develop its basic business activities.

IFC Becoming the Second Largest Shareholder of the Company and Provision of Loan Financing

On 11 February 2015, the Company entered into a subscription agreement and a policy agreement with International Finance Corporation (“**IFC**”) and IFC Global Infrastructure Fund, LP (“**IFC Fund**”), and the subscription was completed on 15 May 2015. IFC and IFC Fund subscribed for a total of approximately 181,700,000 shares, or approximately 18% of the entire issued share capital, of the Company. Since then, IFC has formally invested in the Company and became the second largest shareholder of the Company. For details, please refer to the circular of the Company dated 21 April 2015 and the announcements of the Company dated 11 February 2015, 21 April 2015 and 15 May 2015.

On 23 September 2015, IFC (as lender), Henan Tian Lun (as borrower), the Company and two other wholly-owned subsidiaries of the Company (as obligators) entered into a loan agreement (the “**Loan Agreement**”) for loan facilities in the principal amount of US\$60,000,000 for a term of less than six years. For details, please refer to the announcement of the Company dated 23 September 2015.

As an outstanding investment platform under the World Bank Group, IFC is a global investor and consulting institution, enjoys a good reputation in the world and has first-class talents and firsthand experience in environment, social and corporate governance aspects. The establishment of long-term cooperation with IFC will enable the Company to implement stricter social environment protection plans, maintain commercial insurance with wider coverage and establish a more specialized corporate governance structure, so that the Company will more actively perform its social responsibility, enhance risk prevention during its operation, improve its overall corporate governance and realize comprehensive self-enhancement and improvement. The Company believes that the introduction of IFC represents a significant positive factor for its overall future development and brand reputation, and will create internationally first-class opportunities and platform for its development and maximize its values to shareholders and the society.

Gas Pipeline Connection Volume

For the year ended 31 December 2015, the Group connected a total of 202,270 residential users to gas pipelines, representing an increase of approximately 2.80% as compared with the corresponding period of last year. As at 31 December 2015, the number of the Group's residential users had increased to 1,016,385, representing an increase of approximately 28.64% as compared with the corresponding period of last year. Average connection fee paid by each residential user was approximately RMB2,546. For the year ended 31 December 2015, the Group connected a total of 1,397 new industrial and commercial users to gas, representing an increase of approximately 35.50% as compared with the corresponding period of last year. As at 31 December 2015, the Group had a total of 5,737 industrial and commercial users, representing an increase of approximately 39.25% as compared with the corresponding period of last year. Average connection fee paid by each industrial and commercial users was approximately RMB40,465. Through its active development of existing projects and acquisition of new projects, the Group advanced its development of residential users and industrial and commercial users, which ensured the growth of its gas pipeline connection volume during the year and also ensured the continuous growth of its gas sales volume and gas sales revenue.

Gas Sales Volume

For the year ended 31 December 2015, the Group sold a total of approximately 621,000,000 m³ of gas, representing a substantial increase of approximately 363,000,000 m³, or approximately 140.70%, as compared with the corresponding period of last year. Pipeline gas distribution volume amounted to approximately 615,000,000 m³. Gas volume sold to residential users, industrial and commercial users, transportation gas users and urban gas users accounted for approximately 16.25%, 49.86%, 18.22% and 15.67%, respectively, of total gas sales volume. The average selling prices of natural gas sold by the Group to residential users, industrial and commercial users, transportation gas users (including retail and wholesale) and urban gas users (exclusive of tax) were approximately RMB2.19/m³, RMB2.78/m³, RMB2.93/m³ and RMB2.16/m³, respectively.

Gas sales volume to residential users increased by approximately 46.45% as compared with the corresponding period of last year, mainly due to the approximately 28.64% increase in the number of the Group's residential users, as well as the strong demand for gas for heating purpose in the winter at its newly acquired projects in Xianyang, Shaanxi Province. Excluding the gas sales volume to residential users in Xianyang, gas sales volume to residential users of other gas projects increased by approximately 35.09% as compared with the corresponding period of last year.

Gas sales volume to industrial and commercial users increased substantially by approximately 179.21% as compared with the corresponding period of last year, as a result of the Group's successful development of new users in recent years and the consolidation of Hui Ji project into the Group. Excluding gas sale volume to industrial and commercial users of the Hui Ji project, gas sales volume to industrial and commercial users of other gas projects of the Group amounted to a total of approximately 150,000,000 m³, representing an increase of approximately 35.61% as compared with the corresponding period of last year.

Gas sales volume to transportation gas users also recorded strong growth of approximately 45.11% as compared with the corresponding period of last year, mainly due to the commencement of operation of its new gas refilling stations and the contribution of its newly acquired projects in Xianyang, Shaanxi Province. Excluding the gas sales volume to transportation gas users, gas sales volume to transportation gas users of other gas projects of the Group increased by approximately 22.00% as compared with the corresponding period of last year.

The Company also developed urban gas users. For the year ended 31 December 2015, Hui Ji project sold a total of approximately 97,230,000 m³ of natural gas to urban gas companies including Luohe Zhongyu Gas Company, Pingdingshan Gas Company and Wujiang Towngas. In addition, the Company provided natural gas distribution services for Datang Suzhou Cogen-power Co., Ltd. (大唐蘇州熱電有限責任公司*) and Jiangsu Huadian Wujiang Thermal Power Co., Ltd. (江蘇華電吳江熱電有限公司*), with a pipeline gas distribution volume of approximately 615,000,000 m³, representing a strong growth as compared with the corresponding period of last year.

Customer Services

The Group always believes that the key to improvement in service quality is customer satisfaction, and in respect of customer services, it needs to implement service innovations from the standpoint of customers in order to meet the needs of customers to the greatest extent.

For the year ended 31 December 2015, the Group adopted the innovative management thinking of “Internet +” by deeply advancing its comprehensive cooperation with Alipay. It entered into a cooperation agreement with Alipay to facilitate the connection of the Group’s online and mobile customer service platform to Alipay utility (gas) payment platform, which, by making full use of Alipay’s established online payment channels and connection to Alipay’s big data of users, provides the users of the Group with considerate payment services such as query and payment, electronic bills and public account as well as related services. In addition, the Group received the “2015 Urban Service User Experience Award” in relation to comprehensive utility area issued by Alipay for its forward-looking service philosophy and operation model of “Internet + residential services”.

The Group focused on customers’ needs by continuing to improve its customer service system and establishing diversified service channels. While developing traditional offline service model such as outlet services, home services and telephone customer services, the Group will also gradually develop new service methods including online customer services, and self-help service machines to comprehensively improve the flexibility of its customer services. Furthermore, the Group fully carried out the development of a customer service quality monitoring and assessment system, which conducts overall assessment and analysis of customer service quality from both internal and external standpoints by combining its regular internal monitoring and self-review with external customer satisfaction survey and customer complaint mechanism in order to fully understand and meet customer’s real needs and optimize customer service experience.

In respect of customer safety management, the Group always considers customers’ safety above all else by arranging specialized personnel to conduct safety examinations for yard pipeline network, indoors pipelines and gas devices and facilities and free home safety examinations each year to identify safety threats and ensure customers’ safety in gas use.

Safety Management

The Group always upholds its safety development philosophy of “safety first, focusing on prevention and continuous improvement”. For the year ended 31 December 2015, the Group passed OHS18001 system certification. No safety accident occurred for the year ended 31 December 2015 and the Group has achieved its zero liability accident objective.

In order to improve its safety, environment and occupational health management, the Group has set up an environment, health and safety department and established an environment, occupational health and safety (EHS) management system to systematically review and improve the Group's production safety workflow and work standards. In addition, it organized hazard identification and assessment across the Group and adopted hazard and operability study (HAZOP) method to conduct pre-identification and analysis of potential hazards in engineering projects or production equipment in order to improve the safety and operability of its production equipment. It adopted quantitative risk assessment (QRA) method to conduct quantitative analysis of the danger and harm degree at its stations by identifying the hazardous radius of its stations, listing the possible loss or casualty within the hazardous radius and adopting corresponding countermeasures. It adopted process hazard analysis (PHA) and job safety analysis (JSA) to conduct analysis of hazards in its production and corresponding management and control, so that it will be able to eliminate potential hazards.

In addition, the Group attaches great importance to safety reviews by relying on the experiences of leading enterprises in the industry to conduct phase-by-phase self-assessment, and actively introduces external safety consulting management institutions and safety management experts to conduct both internal and external standardized production safety reviews and systematically assess the comprehensive management of the Group and its member companies, so as to eliminate safety hazards and improve safety management capability.

Risk Management

The Group is fully aware of the importance of risk management to the continuous operation and long-term development of the Group, and focuses on promoting the contemporaneous advancement of risk control and growth. For the year ended 31 December 2015, in line with its risk management strategic goal, the Group finished the formulation of 121 rules at the Group level by establishing various rules, procedures and measures in respect of market operation, finance, internal audit and production safety in accordance with its basic risk management process. In addition, the Group arranged the creation of a group-wide risk case database by collecting and sorting nearly 100 real risk control cases in the industry and compiling them into a risk case manual to improve the risk awareness and risk control capability of employees of the Group through analyzing typical cases and studying the corresponding countermeasures.

Fund management and investments and control and acquisitions have always been considered high risk business of the Group. For the year ended 31 December 2015, the Group conducted risk assessment covering the full process of fund management and investments and acquisitions, and developed the Fund Management and Risk Control Operation Guide which assigns the fund risk management and control function to direct persons in charge of every position and provide basic protection for the Group's fund safety. It established an independent special project team to conduct investigations independent from the investment development department on acquisition projects and arranged a project review committee to determine the quality of projects so that the Group can comprehensively and accurately understand the progress of investments and acquisition projects and reduce future project risks.

Based on its risk prevention in advance, the Group also carried out sound countermeasures following realization of risks. For the year ended 31 December 2015, the Group maintained public liability insurance and all property insurance covering the whole Group, installation project all risk for its projects under construction, and directors and senior management liability insurance for its directors and senior management in order to cover all kinds of risks and minimize the possible risk losses of the Group.

Cost Management

Cost management is an important management area for an enterprise to maintain long-term competitive advantages and maximize enterprise value. Since the listing of the shares of the Company, the Group has been strengthening its advantages in cost management and striving to apply these advantages in its new projects to improve its profitability.

For the year ended 31 December 2015, in order to strengthen the management of key phases in project construction, improve investment performance and realize reasonable and effective control over project cost and establish investment budgeting standards, the Group established a project cost department to revise its normal gas pricing standards and stations and urban pipeline network investment and issue a cost management system which sets out specific requirements and cost control in respect of the full process of project construction including planning and design, bidding and procurement, construction, completion settlement and delivery and operation. In addition, through adopting a uniform model of measurement instruments, enhancing pipeline network inspection and upgrading old pipeline network, the Group lowered its loss in gas distribution.

In respect of material management, the Group established a material management system to further regulate production material management, to realize standardized and regulated management in procurement, inspection, warehousing, storage, delivery and recycling links, and to further improve its fund utilization efficiency. It revised and issued a list of Class I material suppliers and established a material information platform which enabled the sharing of information on material suppliers and procurement price within the Group and effectively lowered the cost of production and operation of each member of the Group.

Information Management

As the business size of the Group continued to grow, stricter requirements have been imposed on the Group's information-based management. To this end, the Group fully carried out information development in order to further improve its standardized and refined management and strengthen its comprehensive management of and control over finance, fund, human resources, operation and safety management areas.

For the year ended 31 December 2015, the Group's four major modules, being centralized financial management, supply chain management and control, human resources management and control and user marketing and service system, had all been launched for use. In respect of finance, the Group established a centralized financial management model to ensure the completeness and accuracy of its accounting information and adopted refined and standardized financial management to facilitate internal control and supervision within the Group. The launch of the supply chain management and control module enabled the Group to realize management of the full process from procurement to warehouse management to material use application and to delivery and accounting and establish a complete and regulated business process. In addition, in respect of human resources management, based on consolidating its existing human resources system, the Group established a human resources management platform with uniform standards and information sharing and improved its personnel information database to strengthen the completeness and accuracy of its human resources information analysis. It established a uniform and complete marketing system, which, through implementing a uniform billing model for all members of the Group, incorporates all billing information into the Group's data center to realize centralized management and control within the Group.

Furthermore, during the year, the Group gradually pushed forward the works on the pilot production safety management and control and video monitoring platform and gas refilling station "one card pass" management platform, which paved the way for the Group's fully information-based management and control and is beneficial for promoting a uniform gas refilling station billing system.

Human Resources

During the year, driven by its information development, the Group's human resources department had completed the launch of six major modules including organizational institution management, personal information management, personal change management, labor cost management and HR analysis statement. In addition, the Group implemented four major modules including remuneration management, social security welfare management, time management and employee self-services at its major members on a trial basis, which has significantly improved the efficiency and effectiveness of its human resource management and control.

Through recruitment of medium and senior level talents and outstanding college graduates, the Group has added valuable human resources for its rapid development. In addition, the Group adheres to its internal talent cultivation strategy by establishing specialized training sessions catering to the needs of different positions. By December 2015, the Group has trained nearly 1,000 persons during the year with total length of training of over 1,200 hours. The continuous talent cultivation plan has created a large talent pool for the Group. Young talents were promoted or assigned to important positions through competitions for position and reserve manager boot camp, significantly improving the quality of the talent team of the Group. Furthermore, through the “Parachute Program” for university graduates and the “one-on-one” coaching model, a unique cultivation program catering to their positions has been designed for each graduate to help them integrate into their positions and departments quickly and expand the talent base of the Group.

As at 31 December 2015, total number of employees of the Group was 2,380. The remuneration of employees of the Group are determined based on their work performance, work experiences and prevailing market rate. The Group also continued to improve its employee motivation mechanism to realize the link of their position performance to market value, and established an incentive mechanism with promotion of new employees and adjustment their remuneration on a fast track, in order to boost employee’s self-exploration and development and raise employees’ sense of belonging and loyalty to the Group.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group’s revenue amounted to approximately RMB2,252,000,000, representing an increase of approximately RMB908,000,000 or a rise of approximately 67.56% as compared with the corresponding period of last year. Gross profit amounted to approximately RMB609,000,000, representing an increase of approximately RMB148,000,000 or a rise of approximately 32.10% as compared with the corresponding period of last year. Profit attributable to owners of the Company amounted to approximately RMB284,000,000, representing an increase of approximately RMB64,000,000 or a rise of approximately 29.09% as compared with the corresponding period of last year. Excluding the foreign exchange losses and the impact of the one-off expenses arising from the acquisition of Hui Ji project, profit attributable to owners of the Company would be approximately RMB322,000,000, representing an increase of approximately 46.36% as compared with the corresponding period of last year.

Revenue

For the year ended 31 December 2015, the Group's revenue was primarily derived from the gas pipeline connections business and the transportation and sales of gas business, accounting for approximately 25.36% and 73.30% of the total revenue (the corresponding period of last year: approximately 42.62% and 55.64%), respectively.

Revenue from Gas Pipeline Connection

The Group conducts gas pipeline connection operation by providing property developers and industrial and commercial users with gas pipeline laying and installation services in the cities in which it operates. For the year ended 31 December 2015, revenue from gas pipeline connections amounted to approximately RMB571,000,000, remaining at the same level as revenue from connection of last year. For the year ended 31 December 2015, the number of new pipeline connections to residential users grew by approximately 2.8% compared with last year, and the number of new industrial and commercial users increased by approximately 35.5% compared with last year. Due to the large number of small- and medium-sized users developed during the year and the preferential prices provided by the Group to promote its development of industrial and commercial users, both the number of and gas sales volume to new industrial and commercial users recorded significant growth, while revenue from gas connection grew at a lower pace than the increase in number of new users.

Revenue from Sales of Gas

The Group is engaged in the transportation, distribution and sales of natural gas for large industrial users in the cities in which it operates. For the year ended 31 December 2015, the Group had a significant growth in gas sales volume. Revenue from gas sales amounted to approximately RMB1,651,000,000, representing an increase of approximately 120.72% from approximately RMB748,000,000 for the corresponding period of last year. In particular, gas sales revenue from Hui Ji project amounted to approximately RMB676,000,000, and gas sales revenue from the other gas projects amounted to approximately RMB975,000,000, representing an increase of approximately 30.35% as compared with the corresponding period of last year.

Gross Profit, Gross Profit Margin and Net Profit Margin

For the year ended 31 December 2015, the Group realized gross profit of approximately RMB609,000,000, representing an increase of approximately RMB148,000,000 from the year ended 31 December 2014. Overall gross profit margin of the Group was approximately 27.03%, representing a decrease of approximately 7.31 percentage points as compared with the corresponding period of last year. Net profit margin of the Group was approximately 14.12%, representing a decrease of approximately 4.55 percentage points as compared with the corresponding period of last year. The decrease in gross profit margin was mainly due to the significant increase in the revenue from gas sales as a percentage of the Group's total revenue, and the characteristics of the long-haul pipeline business which has a lower gas sales gross profit margin than that of urban gas end distribution, being approximately 10.34%, affecting the Group's overall gross profit margin. Excluding the impact of Hui Ji project, gross profit margins of the Group's gas sales business and gas connection business both improved. Gross profit margin for the gas sales business was approximately 17.04%, representing an increase of approximately 1.55 percentage points as compared with the corresponding period of last year; gross profit margin for the connection business was approximately 62.68%, representing an increase of approximately 4.14 percentage points as compared with the corresponding period of last year.

Distribution Cost and Administrative Expenses

With the continuous implementation of cost control policies such as the comprehensive budgeting management system, the Group's proportion of distribution costs and administrative expenses to total revenue for the year ended 31 December 2015 has declined by approximately 1.57 percentage points as compared with the corresponding period of last year.

The Group's distribution cost for the year ended 31 December 2015 was approximately RMB17,839,000, and administrative expenses for the year ended 31 December 2015 was approximately RMB115,000,000, including one-off expenses incurred in relation to the compliance works on major transaction under the Listing Rules in relation to acquisition of Hui Ji project.

Financial Position

The Group has been adopting prudent policies in respect of financial resources management, including maintaining an appropriate level of cash and cash equivalents as well as sufficient credit limits, in order to cope with the needs of daily operation and business development and control the borrowing at a healthy level.

For the year ended 31 December 2015, the Group spent capital expenditure of approximately RMB1,702,000,000, of which approximately RMB1,439,000,000 was used in project acquisitions and approximately RMB263,000,000 in continuously improving urban gas business. The above capital expenditure was financed by the Group's operating cash flows, issue of shares and bank borrowings. The Group's cash and cash equivalents amounted to approximately RMB609,000,000, of which approximately 83.60% was denominated in RMB, 15.73% was denominated in US dollars and the remaining 0.67% was denominated in HK dollars, and its financial assets at fair value through profit or loss of approximately RMB319,000,000 can be realized within a short time, safeguarding the needs of project expansion and acquisition of businesses of the Group.

As at 31 December 2015, the Group's total borrowing was approximately RMB2,737,000,000 (among which loans denominated in RMB was approximately RMB1,627,000,000 and loans denominated in US dollars was approximately RMB1,110,000,000), of which approximately 31.06% was accounted for as current liabilities. The loans repayable within one year amounted to approximately RMB850,000,000, of which approximately RMB211,000,000 was secured by the Group's properties and gas charge rights. As at 31 December 2015, the credit facilities obtained but unutilized by the Group amounted to approximately RMB396,000,000, in which those denominated in US dollars amounted to approximately US\$180,000,000. As at 31 December 2015, its gearing ratio, calculated based on the percentage of total liabilities over total assets, was approximately 58.34%. Its net gearing ratio, calculated based on the percentage of net financial liabilities over net assets, was approximately 63.79%.

Finance Cost and Exchange Risk Management

For the year ended 31 December 2015, the Group's finance cost was approximately RMB139,000,000, representing an increase as compared with the corresponding period of last year, mainly due to the increase in new loans obtained by the Group to support its acquisition of new projects and business development for the year ended 31 December 2015.

For the year ended 31 December 2015, the Group's overseas loans denominated in US dollars accounted for approximately 41% of its total borrowings, which was approximately 8 percentage points lower than approximately 49% as at the end of last year and significant lower than industry peers. In 2016, the Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

OUTLOOK

The year 2016 is the first year of China's 13th five-year period and China's energy industry faces both significant opportunities and challenges. During the 13th five-year period, deteriorating air pollution in China will further accelerate the replacement of traditional energy such as coal and oil by natural gas, and the adjustments to natural gas price will, while promoting the process of marketization and accelerating supply-side reform in 2016, drive the fast growth of the demand for natural gas and realize the goal of natural gas accounting for 10% of primary energy consumption by 2020.

In 2016, the Group will seize the opportunities brought by reduction in gas prices to maintain rapid growth through developing new industrial and commercial users as well as the possible mergers and acquisitions opportunities in the economic downturn, while focusing on the development of its self-constructed projects. In addition, with its core management philosophy of "standardized group-wide management and control and systematical team building", the Group will fully implement a performance-based award and punishment and assessment mechanism. Based on comprehensive management of and control over budgets, the Group will further establish a quick operation decision-making mechanism and objective responsibility assessment system based on major regions and divisions, continue to advance its information-based management and improve the quality of its customer services in order to deliver better performance to its shareholders.

Loan Agreement and Condition in Respect of Specific Obligations of the Controlling Shareholder

On 1 December 2015, the Company (as borrower), Upsky Holdings Limited, Tian Lun New Energy Limited and Mr. Zhang Yingcen (as guarantor) ("**Mr. Zhang**") entered into a loan agreement (the "**Loan Agreement**") with a number of banks (as lenders) (the "**Lenders**") relating to a term loan facility in the amount of US\$250,000,000 (the "**Loan**") with a tenor of three years commencing from the date of the drawdown of the Loan (which can be extended for two years upon maturity in accordance with the terms of the Loan Agreement).

Pursuant to the Loan Agreement, if Mr. Zhang fails to (i) be the single largest beneficial shareholder of the Company together with his family members; or (ii) be the chairman of the Board; or (iii) have management control (which shall be construed as having the ability to direct the affairs or policies of the Company and/or to control the composition of the majority of the members of the Board) over the Company, this will constitute a breach of terms of the Loan Agreement and lead to an event of default under the Loan Agreement. Upon the occurrence of an event of default under the Loan Agreement, the Lenders may, among others, declare that the Loan be cancelled and/or declare that all outstanding amount including all accrued interest of the Loan be immediately due and payable. As at the date of this announcement, all the terms of the Loan Agreement and the condition in respect of the specific obligations above have been duly complied with. For details, please refer to the announcement of the Company dated 1 December 2015.

Corporate and Social Responsibilities

As a rising star committed to the development of natural gas industry with national presence, since its establishment, the Group has been providing stable supply of natural gas to all kinds of natural gas users and striving to become a national energy distribution enterprise which is worth customers' trust and wins social respect, with its mission of developing clean energy and improving living environment and its philosophy of putting customer's needs and interests first.

Economic Responsibility

As the core and foundation of social responsibility, since the listing of the shares of the Company, the Group has been maintaining rapid growth and continuous enhancement of economic performance, with its business covering many provinces and cities in the PRC. In particular, since the government announced the urbanization reform, the Group, in active response to the call of the government, vigorously developed urbanization business and has made great contributions to the economic development, taxation and employment in the third- and fourth-tier cities of China.

Environment Responsibility and Social Public Welfare

As an enterprise committed to developing clean energy, the Group has been performing its mission of environmental protection while maintaining growth in line with the government's green environmental protection policy for sustainable development. To this end, the Group established a stakeholder system designed to protect the normal lives and development of neighboring communities, residents and environment protection areas during its project construction and incorporate the protection of environment and residents' wellbeing into every link of its production and development.

As an enterprise based in central China, the Group also attaches great importance to environmental protection and cultural care at its hometown. During the year, the Group organized and participated in a voluntary tree planting activity themed “protecting mother river to build a beautiful Chinese dream” and an environment protection activity themed “I’m responsible for protecting the beautiful Central Plains”. A letter of proposal for donations to impoverished children was issued within the Group to call for money and physical donations to children at the SOS Children Village in Kaifeng, which fully reflected the Group’s social responsibility and cultural care.

SUBSEQUENT EVENTS

Establishment of a Finance Lease Company

Henan Tian Lun Gas Group Limited (“**Henan Tian Lun**”) (河南天倫燃氣集團有限公司*), an indirect wholly-owned subsidiary of the Company, has entered into a promoters agreement (the “**Promoters Agreement**”) with Bank of Zhengzhou Co., Ltd.(鄭州銀行股份有限公司) (“**Zhengzhou Bank**”) and Zhengzhou Yutong Bus Co., Ltd.(鄭州宇通客車股份有限公司) (“**Zhengzhou Yutong**”) to establish a finance lease company (the “**Finance Lease Company**”) in Zhengzhou, Henan Province, the PRC.

Pursuant to the Promoters Agreement, Henan Tian Lun shall contribute RMB200,000,000 to the Finance Lease Company, representing 20% of the total registered capital of the Finance Lease Company. The Finance Lease Company will be principally engaged in, among others, financial leasing, transfers of subject assets of financial leases, investment businesses in securities with fixed revenues, acceptance of lease deposit from lessee, sales and disposals of leased objects and economic consulting.

The China Banking Regulatory Commission (中國銀行業監督管理委員會) had issued the approval for the establishment of the Finance Lease Company on 6 February 2016 (the “**Approval**”) and Henan Tian Lun had received the Approval on 16 February 2016. For details, please refer to the announcement of the Company dated 16 February 2016. The Finance Lease Company formally commenced operation on 23 March 2016.

Extension of Trust Period under the Trust Scheme

On 21 March 2012, Henan Tian Lun, a wholly-owned subsidiary of the Company and Zhongyuan Trust Company Limited (“**Zhongyuan Trust**”) entered into a trust investment agreement (the “**Investment Agreement**”) in relation to the investment in a portfolio of trust financial products managed and maintained by Zhongyuan Trust for a term of two years commencing from 21 March 2012 (the “**Trust Period**”). On 21 March 2014, the parties entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Investment Agreement, pursuant to which the Trust Period had been extended for a period of two years until 21 March 2016. On 21 March 2016, Henan Tian Lun and Zhongyuan Trust entered into another supplemental agreement, pursuant to which the Trust Period has been further extended for a period of one year until 21 March 2017. For details, please refer to the announcement of the Company dated 21 March 2016.

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

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

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Final Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2015.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all the Directors, each of them confirmed that they strictly complied with the required standards set out in the Model Code for the year ended 31 December 2015.

Corporate Governance Code

The Company has adopted and been in compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

Audit Committee

The audit committee (the “**Audit Committee**”) of the Company consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Yeung Yui Yuen Michael and Ms. Zhao Jun. The Audit Committee had held meetings with the management to review accounting principles and practices adopted by the Group and discussed the audit, internal control and financial reporting issues. The Audit Committee had reviewed and discussed the annual results and financial statements of the Group for the year ended 31 December 2015.

Audit of Financial Statements

PricewaterhouseCoopers, the external auditor of the Group, had audited the consolidated financial statements of the Group and issued unqualified opinion. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 have been compared and agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

Annual Report

The Company's annual report for the year ended 31 December 2015 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.tianlungas.com), and copies of the annual report will be despatched to the shareholders of the Company in due course.

By order of the Board
China Tian Lun Gas Holdings Limited
Zhang Yingcen
Chairman

Zhengzhou, the PRC, 31 March 2016

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Feng Yi, Mr. Sun Heng and Ms. Li Tao; the non-executive Director is Mr. Wang Jiansheng and the independent non-executive Directors are Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael, Mr. Cao Zhibin and Ms. Zhao Jun.

** For identification purpose only*