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**Hoifu**  
**Hoifu Energy Group Limited**  
**凱富能源集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 7)

## ANNOUNCEMENT OF 2015 FINAL RESULTS

### RESULTS

The Board of Directors (the “Board”) of Hoifu Energy Group Limited (the “Company”) announced that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015 are as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Revenue	4	<b>171,996</b>	313,127
Cost of goods sold and direct cost		<b>(100,645)</b>	(295,548)
Gross profit		<b>71,351</b>	17,579
Other income		<b>3,156</b>	3,972
Other gains or losses	5	<b>(3,298)</b>	946
Selling and distribution expenses		<b>(2,512)</b>	–
Administrative expenses		<b>(65,060)</b>	(57,951)
Impairment loss on exploration and evaluation assets		<b>(593)</b>	(294)
Impairment loss on goodwill		<b>(25,950)</b>	–
Loss from operation		<b>(22,906)</b>	(35,748)
Finance costs	7	<b>(5,685)</b>	(3,726)
Loss before taxation		<b>(28,591)</b>	(39,474)
Taxation	8	<b>(5,783)</b>	721
Loss for the year	9	<b>(34,374)</b>	(38,753)

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <b>HK\$'000</b>
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		<u>(50,917)</u>	<u>(4,854)</u>
Other comprehensive expenses for the year		<u>(50,917)</u>	<u>(4,854)</u>
Total comprehensive expenses for the year		<u><u>(85,291)</u></u>	<u><u>(43,607)</u></u>
Loss for the year attributable to:			
Owners of the Company		<u>(36,480)</u>	<u>(37,756)</u>
Non-controlling interests		<u>2,106</u>	<u>(997)</u>
		<u><u>(34,374)</u></u>	<u><u>(38,753)</u></u>
Total comprehensive expenses attributable to:			
Owners of the Company		<u>(84,278)</u>	<u>(41,633)</u>
Non-controlling interests		<u>(1,013)</u>	<u>(1,974)</u>
		<u><u>(85,291)</u></u>	<u><u>(43,607)</u></u>
Loss per share — Basic	<i>10</i>	<u><u>HK\$(0.0225)</u></u>	<u><u>HK\$(0.0249)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets		<b>176,953</b>	8,528
Intangible assets		<b>51,414</b>	8,609
Exploration and evaluation assets		<b>4,889</b>	5,482
Deposits paid for acquisition of a subsidiary		–	34,134
Deposit paid for acquisition of land use rights	<i>12</i>	–	137,456
Deposit paid for acquisition of fixed assets		<b>8,730</b>	–
Goodwill	<i>13</i>	–	25,950
Statutory deposits		<b>4,276</b>	4,125
Loans receivable		<b>655</b>	288
Prepaid land leases		<b>7,169</b>	–
		<hr/> <b>254,086</b> <hr/>	<hr/> 224,572 <hr/>
<b>Current assets</b>			
Inventories		<b>1,100</b>	–
Prepaid land leases		<b>180</b>	–
Accounts receivable	<i>14</i>	<b>147,346</b>	108,410
Loans receivable		<b>589</b>	2,445
Other receivables, prepayments and deposits		<b>345,322</b>	76,741
Pledged fixed deposits (general accounts)		<b>5,216</b>	5,204
Bank balances (trust and segregated accounts)		<b>88,209</b>	88,636
Bank balances (general accounts) and cash		<b>50,390</b>	78,015
		<hr/> <b>638,352</b> <hr/>	<hr/> 359,451 <hr/>
<b>Current liabilities</b>			
Accounts payable	<i>15</i>	<b>126,380</b>	109,908
Other payables and accrued expenses		<b>48,918</b>	19,416
Amounts due to Directors		<b>174,877</b>	86,969
Tax payable		<b>7,866</b>	–
		<hr/> <b>358,041</b> <hr/>	<hr/> 216,293 <hr/>
<b>Net current assets</b>		<hr/> <b>280,311</b> <hr/>	<hr/> 143,158 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>534,397</b> <hr/>	<hr/> 367,730 <hr/>
<b>Non-current liability</b>			
Deferred tax liability		<b>13,991</b>	2,582
<b>Net assets</b>		<hr/> <b>520,406</b> <hr/>	<hr/> 365,148 <hr/>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>165,024</b>	154,345
Reserves		<b>215,080</b>	165,940
Equity attributable to owners of the Company		<hr/> <b>380,104</b> <hr/>	<hr/> 320,285 <hr/>
Non-controlling interests		<b>140,302</b>	44,863
<b>Total equity</b>		<hr/> <b>520,406</b> <hr/>	<hr/> 365,148 <hr/>

## NOTES:

### 1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate and immediate holding company are Taiming Petroleum Group Limited and Triumph Energy Group Limited, both are incorporated in the British Virgin Islands (“BVI”).

The consolidated financial statements of the Group for the year ended 31 December 2015 comprise the Company and its subsidiaries (together the “Group”). The Company is an investment holding company. The principal activities of the Group are (1) the trading of natural resources and petrochemicals; (2) mineral mining, oil and gas exploration and production; and (3) the provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and most of its subsidiaries.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rule”).

The consolidated financial statements have been prepared under historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

The consolidated financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Application of new and revised standards and interpretations

In the current year, the Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKAS 19	Defined benefit plans: Employee contribution
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

#### Application of new and revised standards and interpretations — continued

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

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

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>2</sup>
Amendments to HKFRS 10, and HKAS 28 (2011)	Sale or contribution of assets between an investor and its associate or joint venture <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>2</sup>
Amendments to HKFRS 11	Accounting for acquisition of interest in joint operations <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2015 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

### 4. REVENUE

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Sales of mineral	103,097	–
Sales of natural resources and petrochemicals	30,570	–
Sales of coal	–	287,695
Commission and brokerage income	26,239	16,592
Interest income arising from financial business	10,166	6,447
Advisory and consultancy fee	1,924	2,393
	<u>171,996</u>	<u>313,127</u>

### 5. OTHER GAINS OR LOSSES

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Other receivables written off	(11,232)	–
(Provision)/Reversal of allowance for bad and doubtful debts	(6,288)	1,443
Net exchange loss	(51)	(497)
Loss on disposal of a subsidiary	(5,888)	–
Fair value change on profit guarantee	(7,542)	–
Loss on disposal of fixed assets	(6,225)	–
Gain on bargain purchase	30,497	–
Sundry income	3,431	–
	<u>(3,298)</u>	<u>946</u>

## 6. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the nature of the products provided and services rendered.

During the year ended 31 December 2015, certain operating operating segments have been introduced, the chief operating decision maker have re-organised the business activities of the Group into three reportable segments accordingly — (1) trading business, (2) mineral mining, oil and gas business and (3) financial business. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to segments and to access their performance.

Trading business	— sales of natural resources and petrochemicals
Mineral mining, oil and gas business	— exploration and production of mineral, oil and gas.
Financial business	— provision of financial service, including stockbroking, futures and options broking, mutual funds, insurance-linked investment plans and provision of corporate financial services and immigration consultancy services, and securities margin financing

### Segment revenues and results

The following is an analysis of the Group's revenue and results by segment.

*For the year ended 31 December 2015*

	<b>Trading business HK\$'000</b>	<b>Mineral mining, oil and gas business HK\$'000</b>	<b>Financial business HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>REVENUE</b>				
Segment revenue	<u>30,570</u>	<u>103,097</u>	<u>38,329</u>	<u>171,996</u>
<b>RESULTS</b>				
Segment profit (loss)	<u>(9,644)</u>	<u>28,102</u>	<u>(573)</u>	17,885
Corporate administration costs				(39,791)
Other receivable written off				(11,232)
Impairment of goodwill				(25,950)
Gain on bargain purchase				<u>30,497</u>
Loss before taxation				<u>(28,591)</u>

## 6. SEGMENT INFORMATION — continued

### Segment revenues and results — continued

For the year ended 31 December 2014

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>				
Segment revenue	287,695	–	25,432	313,127
<b>RESULTS</b>				
Segment profit (loss)	3,683	(4,641)	3,472	2,514
Corporate administration costs				(41,988)
Loss before taxation				(39,474)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the financial results by each segment without allocation of corporate administration costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

At 31 December 2015

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>				
Segment assets	276,192	365,873	247,184	889,249
Unallocated assets				3,189
Consolidated total assets				892,438
<b>LIABILITIES</b>				
Segment liabilities	37,098	76,119	188,520	301,737
Unallocated liabilities				70,295
Consolidated total liabilities				372,032

## 6. SEGMENT INFORMATION — continued

### Segment assets and liabilities — continued

At 31 December 2014

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>				
Segment assets	<u>340,059</u>	<u>9,774</u>	<u>207,824</u>	557,657
Unallocated assets				<u>26,366</u>
Consolidated total assets				<u>584,023</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>2,069</u>	<u>9,603</u>	<u>113,325</u>	124,997
Unallocated liabilities				<u>93,878</u>
Consolidated total liabilities				<u>218,875</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than deposits paid for acquisition of a subsidiary, bank balances and cash for administrative purpose and other assets including other receivables, prepayments and deposits of head office.
- all liabilities are allocated to operating segments, other payables and accrued expenses in relation to corporate administration costs.



## 6. SEGMENT INFORMATION — continued

### Other segment information

For the year ended 31 December 2015

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit (loss) or segment assets:						
Additions to fixed assets	-	19,485	-	19,485	-	19,485
Deposit paid for acquisition of land use rights	119,363	-	-	119,363	-	119,363
Impairment loss on exploration and evaluation assets	-	593	-	593	-	593
Amortisation	-	3,837	-	3,837	-	3,837
Depreciation	-	5,176	396	5,572	331	5,903
Provision of allowance for bad and doubtful debts	-	-	6,288	6,288	-	6,288
Other receivables written off	-	-	-	-	11,232	11,232
Impairment loss on goodwill	-	-	-	-	25,950	25,950
Gain on bargain purchase	-	-	-	-	(30,497)	(30,497)
Finance costs	-	-	5,685	5,685	-	5,685
Interest income	(482)	(12)	(10,166)	(10,660)	-	(10,660)

For the year ended 31 December 2014

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit (loss) or segment assets:						
Additions to fixed assets	7,831	-	1	7,832	-	7,832
Goodwill	25,950	-	-	25,950	-	25,950
Deposit paid for acquisition of land use rights	137,456	-	-	137,456	-	137,456
Deposit paid for acquisition of a subsidiary	-	-	-	-	34,134	34,134
Impairment loss on exploration and evaluation assets	-	294	-	294	-	294
Amortisation	-	2,402	-	2,402	-	2,402
Depreciation	546	-	302	848	-	848
Reversal of allowance for bad and doubtful debts	-	-	(1,443)	(1,443)	-	(1,443)
Finance costs	-	-	3,726	3,726	-	3,726
Interest income	(209)	-	(6,447)	(6,656)	(1)	(6,657)

## 6. SEGMENT INFORMATION — continued

### Geographical information

All of the activities of trading business are based in China and Hong Kong. The activities of mineral mining is based in Kenya and China, while oil and gas business are based in Tunisia and Madagascar. All of the activities of the financial business are based in Hong Kong.

The Group's revenue and its non-current assets, other than deposits paid for acquisition of a subsidiary, statutory deposits and loans receivable, by geographical location of the assets regarding its operations are detailed below:

	Revenue		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	38,329	281,182	1,817	1,869
Tunisia	—	—	4,889	5,482
Kenya	—	—	6,206	8,609
PRC	133,667	31,945	108,235	170,065
Madagascar	—	—	128,008	—
	<u>171,996</u>	<u>313,127</u>	<u>249,155</u>	<u>186,025</u>

### Information about major customer

Revenue from customers of the year ended 31 December 2015 and 2014 contributing over 10% of the total revenue of the Group are generated from trading business and mining business as follow:

	2015 HK\$'000	2014 HK\$'000
Customer A	—	255,750
Customer B	—	31,945
Customer C	46,165	—
Customer D	17,282	—
	<u>63,447</u>	<u>287,695</u>

There is no other single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2015 and 2014.

## 7. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bank overdrafts	40	5
Amounts due to directors	5,645	3,721
	<u>5,685</u>	<u>3,726</u>

## 8. TAXATION

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax — enterprise income tax provision for the year	<b>8,746</b>	–
Deferred tax — origination and reversal of temporary difference	<b>(2,963)</b>	(721)
	<b>5,783</b>	(721)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2015 and 2014 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for both years.

## 9. LOSS FOR THE YEAR

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	<b>1,080</b>	1,050
Amortisation	<b>3,837</b>	2,402
Depreciation	<b>5,903</b>	848
Staff cost, including Directors' remuneration	<b>31,127</b>	34,123
Contributions to retirement benefits scheme (included in staff costs)	<b>781</b>	685
Cost of inventories recognised as expense	<b>88,342</b>	286,893
Loss/(Gain) from error trades	<b>12</b>	(2)
Interest income on bank deposits (included in other income)	<b>(494)</b>	(245)
Operating lease in respect of office premises	<b>5,450</b>	8,704

## 10. LOSS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(36,480)</u>	<u>(37,756)</u>
	<b>Number of shares</b> <i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,621,958</u>	<u>1,518,628</u>

No diluted loss per share was presented as there were no potential ordinary shares during the year ended 31 December 2015 and 2014.

## 11. DIVIDEND

The Directors do not recommend the payment of a final dividend for both years.

## 12. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

The deposits paid for acquisition of land use rights represented the consideration paid by the Group to obtain land use rights at Qinzhou Petrochemical Industrial Park, Qinzhou Port, Guangxi with total area of approximately 2,100 mu. The Group had planned to use the land for construction of petrochemical manufacturing base and storage facilities.

After careful discussions, the Group has decided not to proceed the Beibuwan Yuchai Energy Project (the "Project") as the environmental assessment of the Project cannot satisfied the conditions of current environmental regulations imposed by the relevant authority in the PRC. The deposit paid for acquisition of land use right has been reclassified as current assets under other receivables, prepayments and deposits account as the deposit will be repaid by the relevant PRC authority within 12 months after reporting period.

### 13. GOODWILL

The goodwill is generated from the major acquisition transactions for acquiring 65% equity interest of Beibuwan Yuchai Energy Chemicals Co., Limited (“Beibuwan Energy”) which has been completed on 7 March 2014. Beibuwan Energy is applying a port of land located in Qinzhou Guangxi and will engage in manufacturing and trading of petrochemical products.

#### The Group

	<i>HK\$'000</i>
<b>Cost:</b>	
At 1 January 2014	–
Arising on acquisition of a subsidiary	26,082
Exchange difference	(132)
	<hr/>
At 31 December 2014, 1 January 2015 and 31 December 2015	25,950
	<hr/>
<b>Accumulated impairment loss</b>	
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Impairment loss recognised during the year	25,950
	<hr/>
At 31 December 2015	25,950
	<hr/> <hr/>
Carrying amount:	
<b>At 31 December 2015</b>	–
	<hr/> <hr/>
At 31 December 2014	25,950
	<hr/> <hr/>

For the purpose of impairment testing, goodwill of approximately HK\$25,950,000 has been allocated to a individual cash generating unit (CGU), comprising a subsidiary in trading business. During the year ended 31 December 2015, the Directors was informed by Beibuwan Yuchai Energy that the environmental assessment of the Beibuwan Yuchai Energy Project which was then designed, planned and approved cannot satisfied the conditions of the current environmental regulations imposed by the relevant authority in the PRC and as a result, the relevant land requisition and land use permit in relation to the Beibuwan Yuchai Energy Project cannot be obtained. After careful discussions, the board of directors of Beibuwan Yuchai Energy has decided not to proceed the Beibuwan Yuchai Energy Project. As a result, the Directors determines to impair all the goodwill generated from acquiring 65% equity interest of Beibuwan Energy during the year.

## 14. ACCOUNTS RECEIVABLE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivable consist of:		
Accounts receivable arising from business of trading natural resource and petrochemical	20,955	1,162
Accounts receivable arising from mineral business	2,540	–
Accounts receivable arising from the business of dealing in securities:		
— Cash clients	23,840	33,189
Less: Allowance for doubtful debts	(6,786)	(502)
	17,054	32,687
— Hong Kong Securities Clearing Company Limited (“HKSCC”)	7,891	3,256
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	2,726	2,805
Loans to securities margin clients	93,505	67,911
Less: Allowance for doubtful debts	(86)	(91)
	93,419	67,820
Accounts receivable arising from the business of advisory for financial management	225	680
Accounts receivables from brokers	2,536	–
	<u>147,346</u>	<u>108,410</u>

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from trading business aged within 90 days. Included in the accounts receivable from business of trading natural resource and petrochemical is HK\$nil (2014: HK\$1,162,000) which is denominated in US\$, a currency other than the functional currency of the relevant group entity.

### Accounts receivable from mineral business

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–180 days	1,342	–
More than 180 days	1,198	–
	<u>2,540</u>	<u>–</u>

Included in the accounts receivable from mineral business is HK\$2,540,000 (2014: nil) which is denominated in RMB, a functional currency of the relevant group entity.

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC and brokers are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

#### 14. ACCOUNTS RECEIVABLE — continued

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25% per annum for both years. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$263,005,000 (2014: HK\$215,070,000). The average percentage of collateral over the outstanding balance as at 31 December 2015 is ranged from 111% to 3,883% (2014: 101% to 5,263.6%). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customer default the payment as requested by the Group. The Group had provided the allowance for doubtful debts for securities margin clients with reference to the portfolio held and the subsequent settlement of each customer.

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from the business of advisory for financial management clients is as follow:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	<b>125</b>	330
More than 90 days	<b>100</b>	350
	<u><b>225</b></u>	<u>680</u>

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

##### Accounts receivable from cash clients

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	<b>10,774</b>	31,303
91–180 days	<b>6,280</b>	1,384
	<u><b>17,054</b></u>	<u>32,687</u>

The accounts receivable from cash clients with a carrying amount of approximately HK\$12,286,000 (2014: HK\$15,359,000) are past due but not impaired at the end of the reporting period. The average age of the amount past due but not impaired is within 30 days (2014: within 30 days). In the opinion of the Directors, no significant accounts receivable from advisory for financial management clients and cash clients are impaired at 31 December 2015 and 2014 with reference to the subsequent settlement received after the end of the reporting period.

#### 14. ACCOUNTS RECEIVABLE — continued

##### Movement in the allowance for doubtful debts of cash clients

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Balance at beginning of the year	502	1,945
Provided for the year	6,597	–
Amounts recovered during the year	(303)	(1,443)
Amounts written off as uncollectible	(10)	–
	<u>6,786</u>	<u>502</u>

##### Movement in the allowance for doubtful debts of securities margin clients

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	91	39
Impairment losses recognised on receivables	1	52
Amounts recovered during the year	(6)	–
	<u>86</u>	<u>91</u>

Included in the allowance for doubtful debts of cash clients, securities margin clients and advisory for financial management clients are individually impaired accounts receivable due from clients who have been in severe financial difficulties. For the securities margin clients, the amount was arrived at after considering the proceeds from disposal of respective pledged marketable securities held by the Group.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, there is no further credit provision required in excess of existing allowance for doubtful debtors.

#### 15. ACCOUNTS PAYABLE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts payable from mineral business	29,489	–
Accounts payable arising from the business of dealing in securities:		
— Cash clients	83,159	94,093
— HKSCC	–	2,869
Accounts payable to clients arising from the business of dealing in futures contracts	6,678	5,023
Amounts due to securities margin clients	7,054	7,923
	<u>126,380</u>	<u>109,908</u>



## 15. ACCOUNTS PAYABLE — continued

The settlement term of accounts payable to cash clients and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to approximately HK\$88,209,000 (2014: HK\$88,636,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

### Accounts payable from mineral business

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	883	–
90–180 days	28,606	–
	<u>29,489</u>	<u>–</u>

Included in the accounts payable from mineral business is HK\$29,489,000 (2014: NIL) which is denominated in RMB, a functional currency of the relevant group entity.

## 16. SHARE CAPITAL

	Number of shares '000	<i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2014 and 2015	<u>10,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 January 2014	1,488,104	148,810
Share repurchased and cancelled ( <i>note a</i> )	(23,252)	(2,325)
Exercised of share option ( <i>note b</i> )	30,000	3,000
Issued in consideration for the acquisition ( <i>note c</i> )	19,426	1,943
Issued in consideration for the acquisition ( <i>note d</i> )	29,174	2,917
	<u>1,543,452</u>	<u>154,345</u>
At 31 December 2014	1,543,452	154,345
Share repurchased and cancelled ( <i>note e</i> )	(17,214)	(1,721)
Issue on 16 February 2015 ( <i>note f</i> )	30,000	3,000
Issue on 16 March 2015 ( <i>note g</i> )	30,000	3,000
Issued in consideration for the acquisition ( <i>note h</i> )	64,000	6,400
	<u>1,650,238</u>	<u>165,024</u>
At 31 December 2015	1,650,238	165,024

## 16. SHARE CAPITAL — continued

Notes:

- (a) During the year ended 31 December 2014, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follow:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2014	15,004,000	1.88	1.54	26,053
May 2014	7,748,000	1.56	1.19	10,733
July 2014	500,000	1.03	1.00	509
November 2014*	40,000	1.03	1.03	41
December 2014*	8,810,000	1.04	0.94	8,766

The above shares were cancelled during the year (except those repurchased in November and December).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

\* The shares repurchased during November and December have not been cancelled in 2014 and have been cancelled subsequently in January 2015.

- (b) On January 2014, a total of 30,000,000 share option was exercised at an exercise price of HK\$1.38, and a total of 30,000,000 shares was issued with aggregated nominal value of HK\$3,000,000.
- (c) During the year ended 31 December 2014, the Company has issued 19,426,624 ordinary shares at price of HK\$2.14 each for acquiring 65% equity interest of a Beibuwan Yuchai.
- (d) During the year ended 31 December 2014, the Company has issued 29,174,365 ordinary shares at price of HK\$1.17 each for acquiring 55% equity interest of Hebei Panbao.
- (e) During the year ended 31 December 2015, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follow:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2015	322,000	1.02	N/A	328
May 2015	30,000	1.18	N/A	35
August 2015	8,012,000	1.19	0.90	8,439

The above shares, and the shares which were repurchased but had not been cancelled during the year ended 31 December 2014, were cancelled during the year.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## 16. SHARE CAPITAL — continued

*Notes: — continued*

- (f) Pursuant to subscription agreement dated 6 February 2015 entered into between Mr. Zhu Yongwen (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at price of HK\$1.23 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue.
- (g) Pursuant to subscription agreement dated 9 February 2015 entered into between Mr. Zhu Yongwen (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at price of HK\$1.20 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue.
- (h) During the year ended 31 December 2015, the Company has issued 64,000,000 ordinary shares at price of HK\$1.25 each for acquiring 100% equity interest of New Praise International Limited.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

During the financial year, the total revenue for the Group was approximately HK\$171,996,000 (2014: HK\$313,127,000). Loss attributable to owners of the Company was approximately HK\$36,480,000 (2014: HK\$37,756,000). The improvement was mainly due to (i) the increase in other gains from gain on bargain purchase results from completion of the acquisition of 55% equity interest in Hebei Panbao Zeolite Technology Co., Ltd (河北攀寶沸石科技有限公司) (“Hebei Panbao”); and (ii) additional revenue and profits being generated from the business of a newly acquired subsidiary, which is Hebei Panbao.

Even though the overall gross profit in 2015 was approximately 41.5% which is much higher than that of 2014, (2014: 5.6%). The improvement in results has been offset by (i) goodwill impairment due to withdrawal of Beibuwan Yuchai Energy Project; (ii) loss on disposal of subsidiaries; and (iii) increase in provision of allowance bad and doubtful debts.

### **BUSINESS REVIEW**

#### **Mining and production of zeolite business**

On 8 & 31 October 2014 the Group entered into agreements to acquire 55% equity interest in Hebei Panbao Zeolite Technology Co., Ltd. (河北攀寶沸石科技有限公司) (“Hebei Panbao”). The acquisition was completed on 11 February 2015.

The principal activities of Hebei Panbao are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. Hebei Panbao has obtained the mining license of zeolite from the Bureau of Land and Resources of Zhangjiakou Municipal for the period from 23 April 2014 to 23 February 2017 in a zeolite mine located in Chicheng County, Zhangjiakou City, Hebei Province, the PRC with a total area of approximately 0.135 square kilometers and mining depth ranged between 1,450 meters and 1,300 meters. The Group intends to restructure the capital funding of Hebei Panbao to increase Renminbi (“RMB”) 30,000,000 into the capital of Hebei Panbao, of which RMB15,000,000 is intended to be used for the expansion of the production plant and facilities and the remaining RMB15,000,000 is intended to be used for general working capital. Upon completion of the expansion, the production capacity of the mine is expected to reach or exceed 300,000 tons per annum.

#### **Oil and gas and mineral mining business**

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

In March 2015, the Group disposed Karl Thomson Energy Limited which holds the interest in oil and gas concession agreement in relation to West Esh El Mallaha area in Egypt (the “WEEM”). Given the continual unrest in Egypt, the Group has decided to pull out of the country and the Directors are of the view that this disposal is in the best interest of the Group.

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 have renewed during the year and the latest expiry dates are 14 April 2016 and 2 January 2016 respectively.

During the year, a wholly-owned subsidiary of the Group, entered into a contracting agreement for mining and stripping of copper and gold deposits with China Energy Guangxi Power Engineering Construction Co., Ltd. Pursuant to the Agreement, Guangxi Power Engineering shall be responsible for the engineering construction for mining and processing of Kenya Copper Mine 253 and Kenya Gold Mine 341, including the provision of management personnel, equipments and other facilities. The contracting fee shall be settled by cash, ordinary shares of the Company or convertible notes to be issued by the Company or any combination of the above.

### **Petrochemical Business**

The Group has completed the acquisition of 65% equity interest of Beibuwan Yuchai Energy Chemical Co., Limited with total considerations of RMB128,172,000 by payment of RMB97,672,200 in cash and RMB30,499,800 by issuing 19,426,624 consideration shares at a price of HK\$2 (approximately RMB1.57) in 2014. The Board was informed by Beibuwan Yuchai Energy that the environmental assessment of the Beibuwan Yuchai Energy Project which was then designed, planned and approved cannot satisfied the conditions of the current environmental regulations imposed by the relevant authority in the PRC and as a result, the relevant land requisition and land use permit in relation to the Beibuwan Yuchai Energy Project cannot be obtained. After careful discussions, the board of directors of Beibuwan Yuchai Energy has decided not to proceed the Beibuwan Yuchai Energy Project further. The Group therefore has recorded approximately total HK\$43.4 million loss for the year 31 December 2015. The management considered that the impairment loss has limited effect on the Group’s cashflow position as the Group is entitled to recover of cash obtained from the withdrawal of the investment of total RMB99,775,000.

### **Financial Business**

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio.

The performance for the financial division of the Group during the past year ended with marginal loss as the business environment turned negative drastically in the second half of the review year. Followed the second-half stock market collapse in the PRC, the Hang Seng Index slid to the year low of 18,280 with turnover falling to near HK\$50 billion daily and experienced short lived weak rebounds thereafter. As a result of the gloomy market conditions, the level of bad debts provision increased substantially and lead to the marginal loss of financial division of the Group.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's consolidated revenue for the year was approximately HK\$172 million (2014: HK\$313.1 million) representing a decrease of 45.1% as compared to the last year.

Although the revenue generated from financial business recorded a material increase from HK\$25,432,000 in 2014 to HK\$38,329,000 in 2015, which represents approximately 50.7% increase of this segment revenue compared with the prior year, the revenue of the Group dropped substantially mainly because the management of the Group had decided to suspend the trading business of sales of coal which had a lean profit margin due to the weak demand for products traded.

On 11 February 2015, the Group completed the acquisition to acquire 55% equity interest in Hebei Panbao. The principal activities of Hebei Panbao are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products.

This newly acquired business of Heibeii Panbao posted a much higher profit margin ratio and boosted the profitability of the Group even though the Group recorded a decrease in overall revenue due to the suspension of trading business of sales of coal.

### **Administration expenses**

Administration expenses, which represented approximately 37.8% (2014: 18.5%) of the Group's revenue, increased by approximately 12.3% to approximately HK\$65 million for the year ended 31 December 2015 from approximately HK\$58 million for the year ended 31 December 2014. The increase was mainly attributable to the increases in the rents of offices, as well as legal and professional fees on acquisitions during the financial year.

### **Other gains and losses**

During the financial year, the Group recorded other losses of approximately HK\$3.3 million (2014: other gains of approximately HK\$0.9 million), even there was a one-off gain on bargain purchase of approximately HK\$30.50 million resulted from the completion of the acquisition of 55% equity interest in Hebei Panbao during the year.

However, such gain was partially offset by (i) written off of other receivables of approximately HK\$11.23 million (2014: Nil) and disposal of fixed assets of approximately HK\$6.22 million which arising from withdrawal of the Beibuwan Yuchai Energy Project; (ii) fair value change on profit guarantee of approximately HK\$7.5 million because the net profit of Hebei Panbao Zeolite Technology Co., Ltd. (河北攀寶沸石科技有限公司) (“Hebei Panbao”) met the annual net profit of RMB20,000,000 as set out in the Agreement dated 8 October 2014; (iii) increase in provision of bad and doubtful debts of approximately HK\$6.3 million (2014: Reversal of allowance for bad and doubtful debts HK\$1.44 million) ;and (iv) loss on disposal of Karl Thomson Energy Limited in March 2015 for approximately HK\$5.9 million.

## **MAJOR ACQUISITION**

### **Oilfield Block 3112**

On 4 August 2015, the Group entered into an agreement to acquire the entire issued share capital of Oriental Bliss Holdings Limited (the “Target”), for a total consideration of HK\$750,000,000 which will be satisfied as to HK\$50,000,000 by payment of cash and HK\$700,000,000 by the issue of new share of the Company (“Consideration Shares”) at an issue price of HK\$1.2 per Consideration Share. The major assets of the Target are 5% equity interest in Madagascar Southern Petroleum Company Limited (“Madagascar Southern Petroleum”), a company which owns 100% interest of the exploration, exploitation and operation rights as well as the profit sharing rights of Oilfield Block 3112, an onshore block of land of approximately 9,290 square kilometers in the southwest part of Madagascar.

On 12 October 2006, Madagascar Southern Petroleum entered into a production sharing contract with OMNIS (a state-owned agency of Madagascar commissioned to manage and oversee the national petroleum and mineral resources of Madagascar) in respect of Oilfield Block 3112 (the “Production Sharing Contract”). Pursuant to the Production Sharing Contract, Madagascar Southern Petroleum is vested with the relevant rights to engage in oil and gas exploration for 8 years (with possible extensions of 2 years and 5 years for oil and gas respectively) and exploitation and operation of oil for 25 years (with possible extension of 5 years) and gas for 35 years (with possible extension of 10 years) at Oilfield Block 3112. Depending on the production volume of petroleum and gas production of Oilfield Block 3112, Madagascar Southern Petroleum will share the remaining petroleum and gas profit after government royalty and recovery of petroleum and gas exploitation costs according to the sharing ratios in the range of 40.0% to 72.5% as set out in the Production Sharing Contract.

Madagascar Southern Petroleum has completed the exploration work obligations required under the Production Sharing Contract. With the resources contributed by Madagascar Southern Petroleum to the exploration, development and operation of Oilfield Block 3112 for years, satisfactory oil and gas exploration results have been discovered and achieved and Oilfield Block 3112 is now ready to produce and supply oil and gas. Oilfield Block 3112 started its production in January 2015 and is currently supplying natural gas at a rate of 2,800 cubic meters per hour. The natural gas produced in Oilfield Block 3112 is currently supplied to the power plant built by Madagascar Southern Petroleum for power generation and other local customers.

The aforesaid transaction is still in the process of preparing the respective circular which is subject to the approval of The Stock Exchange of Hong Kong Limited.

## **New Praise**

On 10 April 2015, the Group entered into an agreement to acquire the entire equity interest in the New Praise International Limited (“New Praise”) at the consideration of HK\$150 million. The principal asset of New Praise is the 100% interest in the commercial and residential building comprising 68 rooms and located at Lot 472 ME, Mandrosoa Ivato — Antananarivo, Madagascar (the “Property”). The Property is an integrated commercial and residential property offering rooms for commercial and residential usage featuring 3-star hotel function. The Property is located in Antananarivo, the capital of Madagascar. The Property has total land area of approximately 4,200 square meters with a land use right of 99 years, of which approximately 1,834 square meters has been used for development, total gross floor area of approximately 6,500 square meters, comprising 5 floors and 1 basement level. The Property currently offers 68 rooms, including 4 deluxe rooms and 64 standard rooms. The Property is also equipped with various facilities, such as meeting room, fitness centre, restaurants, bar, shop, swimming pool and outdoor car-parking facilities. Remaining land area of approximately 2,366 square meters, currently used as an ancillary park, can be used for development. The acquisition was completed on 2 July 2015.

## **PROSPECT**

The global economy remains challenging and volatile. The Group will persist to focus the strategy of driving higher profit margin growth with continuing cost improvement. It has been the Company’s business strategy to make investments that have earning potentials for the Group to expand its existing operations and to diversify its business. Looking ahead, the Board is dedicated to bring the best return and to enhance the shareholders’ value in the long run. The group will continue to strive for advancement in both quantity and quality of earnings and expansion of business by all means, including merger, acquisition or establishment of business ventures.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 31 December 2015, the Group had shareholders’ funds of approximately HK\$520,406,000 (31 December 2014: HK\$365,148,000). The net current assets of the Group were HK\$280,311,000 (31 December 2014: HK\$143,158,000), which consisted of current assets of HK\$638,352,000 (31 December 2014: HK\$359,451,000) and current liabilities of HK\$358,041,000 (31 December 2014: HK\$216,293,000), representing a current ratio of approximately 1.78 (31 December 2014: 1.66).

The Group’s capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, financial institutions and equity financing. During the year, the Group obtained a short-term bank borrowing which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 31 December 2015, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK\$50,390,000 (31 December 2014: HK\$78,015,000).



## **EXCHANGE RATE RISK**

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

## **CONTINGENT LIABILITIES**

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2015, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2014: nil).

## **CHARGE ON ASSETS**

The Group held banking facilities from various banks as at 31 December 2015. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 31 December 2015, bank deposits amounting to approximately HK\$5,216,000 (31 December 2014: HK\$5,204,000) were pledged to secure banking facilities granted to a subsidiary.

## **HUMAN RESOURCES**

As at 31 December 2015, the Group employed a total of 212 staff (2014: 105) of which 40 were commission based (2014: 28) and the total related staff cost amounted to HK\$31,127,000 (2014: HK\$34,123,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

## **CAPITAL STRUCTURE**

As at 31 December 2015, the total number of issued ordinary shares of the Company was 1,650,238,601 of HK\$0.10 each (31 December 2014: 1,514,788,000 shares of HK\$0.10 each).

## SHARES PLACEMENT

Pursuant to a subscription agreement dated 6 February 2015 entered into between Mr. Zhu Yongwen (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at a price of HK\$1.23 per share. The issue price of HK\$1.23 per share represents (i) a premium of approximately 0.82% to the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 4.50% to the average closing price of HK\$1.288 per Share for the last five trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 3.61% to the average closing price of HK\$1.276 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 507.63% to the net asset value of approximately HK\$0.20 per Share. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. Details of the subscription have been disclosed in the announcement dated on 6 February 2015.

The gross proceeds from the Subscription will be HK\$36,900,000 or an equivalent amount in RMB and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$36,700,000, which is intended to be used for general working capital.

Pursuant to a subscription agreement dated 9 February 2015 entered into between Ms. Zhou Yang (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at a price of HK\$1.2 per share. The issue price of HK\$1.2 per share represents (i) no premium nor discount to the closing price of HK\$1.2 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 3.69% to the average closing price of HK\$1.246 per Share for the last five trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 7.12% to the average closing price of HK\$1.292 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 492.81% to the net asset value of approximately HK\$0.20 per Share, calculated based on the consolidated net asset attributable to owners of the Company of approximately HK\$310,645,000 as at 30 June 2014 and the total number of issued Shares of 1,534,602,601 as at the date of the Subscription Agreement. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. Details of the subscription have been disclosed in the announcement dated on 9 February 2015.

The gross proceeds from the Subscription will be HK\$36,000,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$35,800,000, which is intended to be used for general working capital.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the year ended 31 December 2015, the Company has repurchased 8,364,000 shares from the market at a share price range from HK\$0.90 to HK\$1.19 with total considerations amounted to HK\$8,802,000. The details of repurchase of the Company's shares have been disclosed in the note 16(e) of the consolidated financial statements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the financial year, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the financial year.

## **CORPORATE GOVERNANCE**

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

## **REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDIT COMMITTEE AND AUDITOR**

The Audit Committee has reviewed with the management of the Company and the Group's auditor, Elite Partners CPA Limited, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

## **FINAL DIVIDEND**

The Board does not recommend payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

## **PUBLICATION OF 2015 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The 2015 final results announcement is published on the website of the Company at [www.hoifuenergy.com](http://www.hoifuenergy.com) under the section “Announcement” of Corporate Information and Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) “Latest Listed Company Information”. The 2015 final report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board  
**Hoifu Energy Group Limited**  
**Dr. Hui Chi Ming, G.B.S., J.P.**  
*Chairman*

Hong Kong, 30 March 2016

*As at the date of this announcement, the Board comprises seven executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Lam Kwok Hing, Mr. Nam Kwok Lun, Mr. Hui Ngok Ka and Mr. Cao Yu; and three independent non-executive Directors, namely, Mr. Chen Wei-ming, Eric, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David.*