KAISUN ENERGY GROUP LIMITED

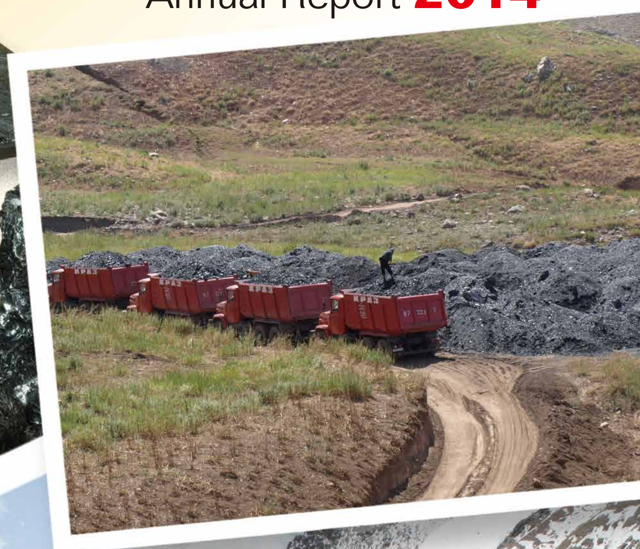
凱順能源集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

* For identification purpose only

Annual Report **2014**



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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Kaisun Energy Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Contents

The English text of this annual report shall prevail over the Chinese text in case of inconsistencies.

Corporate Information

Board of Directors

Executive Directors

Mr. Chan Nap Kee, Joseph
(Chairman and acting Chief Executive Officer)
Dr. Chow Pok Yu, Augustine
Mr. Yang Yongcheng

Independent Non-Executive Directors

Mr. Liew Swee Yean
Mr. Siu Siu Ling, Robert
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph

Company Secretary

Mr. Leung Lit For
Ms. Young Helen

Audit Committee

Mr. Liew Swee Yean *(Committee Chairman)*
Mr. Siu Siu Ling, Robert
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph

Remuneration Committee

Dr. Wong Yun Kuen *(Committee Chairman)*
Mr. Chan Nap Kee, Joseph
Mr. Anderson Brian Ralph

Nomination and Corporate Governance Committee

Mr. Siu Siu Ling, Robert *(Committee Chairman)*
Mr. Liew Swee Yuen
Mr. Chan Nap Kee, Joseph

Authorised Representatives

Mr. Chan Nap Kee, Joseph
Mr. Leung Lit For

Compliance Officer

Dr. Chow Pok Yu, Augustine

Auditors

RSM Nelson Wheeler

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Unit A, 13/F, Two Chinachem Plaza
68 Connaught Road Central, Central
Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Wing Hang Bank Limited
Bank of Communications Co., Limited

Website

www.kaisunenergy.com

Stock Code

8203

Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years/period is set out as below:

Results

	Year ended 31 December				Period ended 31 December
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**36,878**	266,188	583,154	62,680	59,619
Loss before tax	**(223,524)**	(200,837)	(177,356)	(1,059,773)	(24,784)
Income tax credit/(expense)	**3,715**	3,821	(828)	—	(3,454)
Less: Loss/(profit) attributable to non-controlling interests	**18,357**	29,080	3,983	12,062	(3,597)
Loss attributable to owners of the Company	**(201,452)**	(167,936)	(174,201)	(1,047,711)	(31,835)

Assets and Liabilities

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**317,706**	598,176	884,872	1,187,098	3,870,185
Total liabilities	**(56,528)**	(119,271)	(202,749)	(329,886)	(1,383,419)
Owners' funds	**279,186**	477,799	653,764	821,879	1,730,415

Chairman's Statement

Results

On behalf of the Board of Kaisun Energy Group Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present the audited consolidated results for the year ended 31 December 2014 (the "Year"). The Group's consolidated turnover for the Year amounted to HK$36.9 million and total comprehensive income for the Year attributable to owners of the Company amounted to HK$(199.2) million.

Business Review

For Kaisun Energy Group Limited, the fiscal year 2014 was challenging but also had its bright spots. The Group's coal mining business in Tajikistan encountered setbacks as Tajikistan was troubled by region instability and the depreciation of its local currency — the Tajikistan Somoni ("TJS"). Also, due to the global economic downturn and the demand for minerals did not improve during 2014, the Group's mineral supply chain service did not perform as well as the previous years. However, the Group's newly established machinery production business in Shandong progressed on schedule and successfully reached full production capacity in the fourth quarter of 2014. Last but not least, the Group entered a strategic cooperation framework agreement ("Cooperation Agreement") with China National Technical Import & Export Corporation ("CNTIC") — a wholly owned subsidiary to the US Fortune Global 500's China General Technology (Group) Holdings Ltd. Both of which were promising to the future development of the Group.

Tajikistan Coal Exploitation

The Group currently own mining rights and interests in two mines in Tajikistan, including the Kaftar-Hona anthracite deposit and the Zeddi coal deposit, and the mining lease with the right to mine the Eastern Zone of Fon Yagnob coal deposit in Tajikistan.

Similar to previous years, the first half of the year was devoted to preparation work prior to mining due to the extreme cold weather in the mountainous regions in Tajikistan. With years of experience under our belt, we were able to have preparation finish on time and we were ready to produce. However, the Group was presented with external factors that slowed down our operation and it was the rapid depreciation of the Tajikistan Somoni.

For the past few years, the decreasing demand in coal worldwide did not heavily affect the Group's coal exploitation business because Tajikistan was able to consume all of our production. Tajikistan was growing at a steady rate economically and our coal was always in demand. Therefore, the Group did not have to export and global coal prices was not much of a factor in regards to our operation. This is not to say that demand for coal was down in Tajikistan for the year of 2014. On the contrary, Tajikistan was most likely able to fully consume our coal even if the Group had decided to increase production. Yet, selling coal locally meant that our revenue stream was Somoni-denominated while most of our cost was RMB or USD-denominated. To put into perspective, on 1 Jan 2014, exchange rate for the Somoni against the RMB was 1.267 (TJS/RMB). It dropped by 7.7% (TJS/RMB = 1.17) by the end of 2014 and 14.1% by 20 March 2015 (TJS/RMB = 1.088). What this meant was that every tonne of coal the Group was to produce we had to take a substantial cut on our revenue just by converting it into RMB and HKD.

The depreciation of the Tajikistan Somoni is caused by the sanctions imposed by the western countries on Russia due to the conflict between Russia and Ukraine. Since Russia is one of the main trading partner with Tajikistan, this currency depreciation (or at the least, constant fluctuations) is likely to continue unless the conflict is resolved which the Group

Chairman's Statement

cannot foresee in the near future. Therefore, the Group has decided to take an even more conservative approach to the Tajikistan operation — both in the production and capital investment. This is also reflected in the mining right impairment of HK$18.9 million.

Shandong Mining and Metallurgical Machineries Production

Tengzhou Kaiyuan Industrial Co. Ltd ("Tengzhou Kaiyuan") is a joint venture of the Company's subsidiary (70% shareholder) and the local Government Owned Enterprise Tengzhou Liyuan Mining Company ("Tengzhou Liyuan") (30% shareholder). Tengzhou Kaiyuan has been a valuable addition and has started contributing to the Group since the 2nd quarter of 2014.

Tengzhou Kaiyuan business includes design and production of mining and metallurgical machineries, as well as the equipment installation. The leading products can be generally classified into four categories: overhead man-riding devices, hydraulic and pneumatic lever devices, valve devices and belt transmission devices.

The establishment and the development of the operation were quite smooth for year 2014. The operation went from trial production to full production capable, as well as obtaining all relevant licenses within a year. The growth for the last quarter of 2014 was strong to close out the year bringing in revenue HK$1.5 million to the Group compared to revenue HK$2.1 million for the whole year. Management of the Group believes that with a year of experience behind us, our machineries production business will continue to grow and positively contribute to the Group in the future.

Supply Chain Management Business

Due to the low worldwide demand in minerals and the current economic environment, the Group's supply chain management business did not perform as well as previous years, bringing in revenue of HK$16.2 million for the year of 2014.

Management of the Group decided to apply extra caution and to conduct extensive research before entering into business with our potential partners. Many of our potential deals in 2014 had margins that did not justify the risk the Group had to take on. Management of the Group decided it was best to be conservative than to make a decision it would later regret. However, the Group still maintains close contacts with its existing, previous and potential business partners and once there is a positive change in the economic climate, the Group expects supply chain management business to pick up its pace again in the future.

Strategic Cooperation Framework Agreement with CNTIC

The Group is especially thrilled about the prospect of this agreement with CNTIC — a wholly owned subsidiary to the US Fortune Global 500's China General Technology (Group) Holdings Ltd. In this framework, both parties will jointly explore opportunities in energy, electricity sectors, including infrastructure project and Engineering Procurement Construction (EPC) project located in countries along the Silk Road which includes Central Asia.

This agreement rides on the momentum of China's "One Belt, One Road" Strategy (Silk Road Economic Belt and 21st Century Maritime Silk Road) initiated by Chinese President Xi Jinping in 2013 and really picked up steam since late 2014. Through infrastructure construction, financial cooperation and capital investment from China and other participating countries, the "One Belt, One Road" strategy will help break the Chinese connectivity bottleneck as well as helping the economic growth of the partner countries along the Silk Road.

Chairman's Statement

The Group believes the explosive development of "One Belt, One Road" strategy solidifies our decision of entering Central Asia. An emphasis of the development strategy is the connectivity between Central Asia and China as part of the Silk Road Economic Belt. China understood the potential of Central Asia and is now a taking an active stance to promote the importance of developing Central Asia to the world. With that said, the Group believes our experience in Central Asia, combined with CNTIC's operating capabilities, will make a great team going forward.

Outlook and Prospects

Even though Tajikistan economy will continue to improve but it would be difficult for the Group and its coal exploitation business if its currency continues to fluctuate. It is quite difficult for anyone to predict when the Russia and Ukraine conflict will be resolved meaning it is difficult for the Group to predict when the constant fluctuation of the Tajikistan Somoni will come to an end. This will greatly affect our next mining season budgeting and ultimately our bottom line. Therefore, we will likely continue to take a conservative approach in terms of capital expenditure and production towards our mining operation in Tajikistan.

As for our machineries production business in Shandong, we will move onto the next stage of development which is to secure more contracts and business. However, much of that will still be at the mercy of when the mining industry will show signs of life once again. What the Group is capable of doing for the time being is to streamline cost further and be prepared for the future.

The same can be said for the Group's supply chain business. Until the mining industry once again improves we will need to take a more conservative approach entering into any contracts with potential partners. Nonetheless, the Group maintains a good relationship with all of our existing, previous, and potential partners.

Management of the Group realized that most of our operations are subject to the state of the mining industry which is very reactive. This is why we have decided to take a proactive stance in signing a Cooperation Agreement with CNTIC. With China's heavy push in the development of Central Asia through its "One Belt One Road" strategy, the Group knew it was the right time to expand our scope of business.

Management of the Group stands by its decision of entering Central Asia. We have witnessed its growth first hand and have shared its growing pains. The Group was aware of the potential of Central Asia but was not able to fully capitalize on it. However, we were able to develop a respectable business network and relationship with government officials. This is also why CNTIC was willing to partner with us moving forward and cooperate in larger scale infrastructure and energy projects in these up and coming regions. They have the operational proficiency but the Group is experienced in managing local relationships as well as harmonizing staff from various ethnic backgrounds which developing countries are much more sensitive to in today's business world. Developing countries welcome the capital investment but do not want overpowering influence from investors and Kaisun Energy is capable of bridging that gap. With that said, management of the Group hopes that by combining our experience and expertise, the Group and CNTIC can cooperate well together and build something that is profitable and long term.

Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with our financial statements together with the accompanying notes included in this annual report. The financial statements have been prepared in accordance with International Financial Report Standards ("IFRSs") issued by the International Accounting Standards Board.

Financial Review

Turnover of the Group for the Year amounted to approximately HK$36.9 million (for the year ended 31 December 2013: HK$266.2 million). Turnover arising from the provision of supply chain management services for mineral business, production and exploitation of coal in Tajikistan and Shangdong mining and metallurgical machineries production amounted to HK$16.2 million, HK$18.5 million and HK$2.1 million respectively.

Gross loss from the Group's operations for the Year was approximately HK$(18.0) million (for the year ended 31 December 2013: HK$(33.2) million). Gross loss arising from production and exploitation of coal in Tajikistan amounted to HK$(18.9) million, gross profit from provision of supply chain management services for mineral business is approximately HK$0.2 million and gross profit from Shangdong mining and metallurgical machineries production is approximately HK$0.7 million.

For the Year, the total administrative and other operating expenses from the Group's operations is approximately HK$214.4 million (for the year ended 31 December 2013: HK$135.2 million).

The Group recorded loss for the Year of approximately HK$(219.8) million (for the year ended 31 December 2013: HK$(197.0) million).

The total comprehensive income attributable to owners of the Company for the Year amounted to approximately HK$(199.2) million (for the year ended 31 December 2013: HK$(174.4) million).

Liquidity and Financial Resources

As at 31 December 2014, the Group has bank and cash balances of approximately HK$54.6 million (as at 31 December 2013: HK$74.6 million).

Final Dividend

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the Year (for the year ended 31 December 2013: HK$Nil).

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's total liabilities over the Group's total assets, was 0.18 as at 31 December 2014 (as at 31 December 2013: 0.20).

Capital Structure

During the Year, the Company have not issue any new share.

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Tajikistan Somoni ("TJS"), United States dollars and Renminbi ("RMB"). As at 31 December 2014, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Management Discussion and Analysis

Income Tax

Details of the Group's income tax credit for the Year are set out in note 9 to the financial statements.

Human Resources

As at 31 December 2014, the Group had 78 (as at 31 December 2013: 157) staff in Hong Kong, China and Tajikistan. The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the Year, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$19.0 million (for the year ended 31 December 2013: HK$26.0 million) for the Year.

Segment Report

The detailed segmental analysis are provided in note 35 to the financial statements.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014.

Litigation

As at 31 December 2014, the Group had no significant pending litigation.

Biography of Directors and Senior Management

Executive Directors

Mr. Chan Nap Kee, Joseph, aged 54, is the chairman and acting chief executive officer, member of remuneration committee and nomination and corporate governance committee of the Group. He was appointed as an executive director in September 2008. He received his master degree majoring in international marketing from the University of Strathclyde and a diploma in China Investment and Trade from Peking University.

Mr. Chan has 29 years of experience in commercial and investment banking, and asset management. From 1994 to now, Mr. Chan has been a founding partner of Oriental Patron Financial Group where he is also an executive director of Oriental Patron Asia Limited. Oriental Patron Asia Limited is the investment manager of OP Financial Investments Limited (Stock Code: 1140), a company listed on the Main Board of the Stock Exchange. Mr. Chan is also a non-executive director of Hainan Meilan International Airport Company Limited (Stock Code: 357), a company listed on the Main Board of the Stock Exchange. He was appointed non-executive director of North Asia Strategic Holdings Limited (Stock Code: 8080), a company listed on the Growth Enterprise Market of the Stock Exchange from February 2013.

He holds licenses respectively of Type 1 (dealing in securities), Type 6 (advising on corporate finance), and Type 9 (asset management) under the Securities and Futures Ordinance (cap. 571 of the Laws of Hong Kong).

Save as disclosed above, as at the date of this report, Mr. Chan did not have other major appointments and professional qualifications, did not hold any positions in the Group and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Chan did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Mr. Chan was interested in 66,941,760 shares, representing approximately 2.56% of the issued share capital of the Company. Save as disclosed above, as at the date of this report, Mr. Chan did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Dr. Chow Pok Yu, Augustine, aged 62, was appointed as an executive director in November 2008. He is a director of Harmony Asset Limited (Stock Code: 0428), a company listed on the Stock Exchange. He is chairman of Harmony Asset Management Limited which is the investment manager of Harmony Asset Limited. He is also director of two overseas listed companies namely Celsion Corporation (AMEX: CLSN) and Medifocus Inc. (TSX Venture: MFS) respectively.

Dr. Chow has vast experience in managing public listed companies that are involved in manufacturing, marketing and financial services, and specializes in mergers and acquisitions.

Dr. Chow holds a MSc from London Business School and PhD from University of South Australia. He also holds PhD and Engineering Doctorate from City University of Hong Kong.

Save as disclosed above, as at the date of this report, Dr. Chow did not have other major appointments and professional qualifications, did not hold any positions in the Group and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Dr. Chow did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Dr. Chow did not hold any share of the Company. Save as disclosed above, as at the date of this report, Dr. Chow did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Biography of Directors and Senior Management

Mr. Yang Yongcheng, aged 45. He was appointed as an executive director in February 2009. He graduated from the Yikezhao League School of Finance (伊盟財經學校) in Inner Mongolia of the PRC and the China Central Radio & TV University, majoring in financial accounting. He holds an EMBA from the Zhongnan University of Economics and Law.

Mr. Yang was appointed as the chief of the finance division of Inner Mongolia Hangjinqi Materials Company (內蒙古杭錦旗物資公司) in September 1989; a manager of Eqianqi Coke-oven Plant of Inner Mongolia Yimei Group (內蒙古伊煤集團鄂前旗焦化廠) in January 2001; a deputy general manager of Inner Mongolia Mengxi Building Materials Company (內蒙古蒙西建材公司) in July 2003; the chairman of Inner Mongolia Mengxi Kaolin Co., Ltd. in August 2005; and the chairman and general manager of Inner Mongolia Mengxi Coal Limited (內蒙古蒙西煤炭有限公司) in January 2008. He has been serving as a director of the joint venture Inner Mongolia Mengxi Minerals Co., Limited since the joint venture was established in September 2008.

Mr. Yang has been involved in senior positions for corporate management for a long period of time, has profound knowledge of the human and economic development environment in the Mengxi region of Inner Mongolia of the PRC, and possesses extensive experience in corporate investment, product and market development as well as operation of minerals enterprises.

Save as disclosed above, as at the date of this report, Mr. Yang did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Yang did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Mr. Yang was interested in 100,000 shares, representing approximately 0.00% of the issued share capital of the Company. Save as disclosed above, as at the date of this report, Mr. Yang did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Independent Non-Executive Directors

Mr. Liew Swee Yean, aged 51, is the chairman of audit committee and member of nomination and corporate governance committee of the Board.

Mr. Liew has over 20 years of experience in finance and general management and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Liew holds a Master of Business Administration (Executive) Degree from the City University of Hong Kong. He was an independent non-executive director of Siberian Mining Group Company Limited until 18 February 2014.

Save as disclosed above, as at the date of this report, Mr. Liew did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Liew did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Mr. Liew was interested in 540,000 shares, representing approximately 0.02% of the issued share capital of the Company. Save as disclosed above, as at the date of this report, Mr. Liew did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Biography of Directors and Senior Management

Mr. Siu Siu Ling, Robert, aged 62, is the chairman of nomination and corporate governance committee and member of audit committee. He is a sole proprietor of the firm Messrs. Robert Siu & Co., Solicitors. Mr. Siu is an independent non-executive director of Finet Group Limited (Stock Code: 8317) and China For You Group Company Limited (Stock Code: 572), all of which are listed on the Hong Kong Stock Exchange. Mr. Siu was appointed as a director of MBMI Resources Inc. (TSX-V: MBR), a company listed on Toronto Stock Exchange from December 2012. He was an independent non-executive director of Incutech Investments Limited until 29 July 2014.

Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His main legal practice is in the field of commercial and corporate finance.

Save as disclosed above, as at the date of this report, Mr. Siu did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Siu did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Mr. Siu was interested in 540,000 shares, representing approximately 0.02% of the issued share capital of the Company. Save as disclosed above, as at the date of this report, Mr. Siu did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Dr. Wong Yun Kuen, aged 57, is the chairman of remuneration committee and member of audit committee. He received two B.S. degrees in Geology and Mathematics from University of Wyoming, and Master and Ph.D. degree in Geophysics from Harvard University, and was "Distinguished Visiting Scholar" in finance at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is an Adjunct Professor of Syracuse University, USA, and a member of Hong Kong Securities Institute and a life member of American Geophysical Union.

He was independent non-executive director of Climax International Company Limited until 23 August, 2014, New Island Development Holdings Limited until 25 September 2014, Kong Sun Holdings Limited until 7 November 2014 and Harmony Asset Limited until 1 January 2015.

He is an executive director of UBA Investments Limited, and the independent non-executive director of Bauhaus International (Holdings) Limited, China Sandi Holdings Limited, Kingston Financial Group Limited, Guocang Group Limited, China Yunnan Tin Minerals Group Company Limited, Sincere Watch (Hong Kong) Limited and Far East Holdings International Limited.

Save as disclosed above, as at the date of this report, Dr. Wong did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Biography of Directors and Senior Management

Save as disclosed above, Dr. Wong did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Dr. Wong was interested in 2,000,000 shares, representing approximately 0.08% of the issued share capital of the Company. Save as disclosed above, as at the date of this report, Dr. Wong did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Anderson Brian Ralph, aged 72, is member of audit committee and remuneration committee. He holds a Bachelor of Science Degree in Metaliferous Mining Engineering from the Camborne School of Mines, the University of Exeter and a Master of Science Degree in Petroleum Reservoir Engineering from the University of London.

Mr. Anderson has more than 50 years of global experience (of which 32 years with Shell International) in the mining and energy resources industries.

During his tenure as a Chairman of Royal Dutch/Shell Group of Companies ("Shell") in North East Asia, he was responsible for developing Shell's future business, in particular through the formation of important strategic alliances with two of the major state-owned Chinese petroleum corporations, which have since led to multi-billion dollar investment commitments in the petroleum and petrochemicals sectors in China, including important new business opportunities in coal gasification.

Mr. Anderson's China experience also includes a 6-year involvement with the prestigious China Council for International Co-operation on the Environment and Development and which includes Ministerial and Vice-Ministerial level appointees from within the PRC government, and top-level international members from government and global multilateral organization and businesses. He represented the Shell's group of companies as a council member for 4 years, and has participated as a member of two taskforces involved with energy and sustainable development policy for China.

Mr. Anderson is a founding member and a director of Acura Limited, an energy marketing and consulting firm, founding member and Chairman of CleanCoalGas Limited, a firm focusing on clean coal project development, both registered in Hong Kong, and is the chairman and managing director of Anderson Energy (Hong Kong) Limited, an energy consulting firm advising corporate clients globally.

Save as disclosed above, as at the date of this report, Mr. Anderson Brian Ralph did not have other major appointments and professional qualifications and did not have any directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, Mr. Anderson did not have any relationship with any directors, senior management, management shareholders or substantial or controlling shareholders of the Company as at the date of this report. As at the date of this report, Mr. Anderson did not hold any share of the Company. Save as disclosed above, as at the date of this report, Mr. Anderson did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Senior Management

All the executive directors of the Company are respectively responsible for various aspects of the business and operation of the Group. All executive Directors are regarded as members of the senior management team of the Group.

Report of the Directors

The board ("Board") of directors ("Directors") of the Company is pleased to submit its report together with the audited consolidated financial statements ("Financial Statements") of the Company and its subsidiaries (collectively as "the Group") for the year ended 31 December 2014.

Principal Activities and Segment Analysis of Operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 30 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 December 2014 by segments is set out in note 35 to the Financial Statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 35.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014.

Reserves

Movements in the reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income and consolidated statement of changes in equity of the Group.

Donations

Charitable and other donations made by the Group during the year ended 31 December 2014 amounted to HK$Nil (for the year ended 31 December 2013: HK$Nil).

Fixed Assets

Details of the movements in fixed assets of the Group are set out in note 15 to the Financial Statements.

Share Capital

Particulars of the share capital of the Company are set out in note 26 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2014 amounted to HK$253,630,658 (as at 31 December 2013: HK$452,832,873). Under Section 34 of the Companies Law of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company (the "Articles") and no distribution shall be paid to shareholders of the Company ("Shareholders") out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

Five Years/Period Financial Summary

A summary of the published results and the assets and liabilities of the Group for each of the last five financial years/period is set out on page 4.

Report of the Directors

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 5,410,000 Shares of the Company at a total consideration of about HK$570,094.

Pension Scheme

According to the legislation of Hong Kong relating to the Mandatory Provident Fund ("MPF"), with effect from 1 December 2000, the Group is required to participate in the MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contributions is limited to HK$1,500 for each eligible employee) as calculated under the MPF legislation.

The detailed information of the Group's pension scheme are set out in note 14 to the Financial Statements.

Shared-based Compensation Scheme

The Company operates a share award scheme (the "Share Award Scheme") for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Company's directors (including independent non-executive directors) and other employees of the Group.

Share Award Scheme

The Company adopted the Share Award Scheme on 10 May 2013 (the "Adoption Date"). The purpose of the Scheme is to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Unless terminated earlier by the Board, the Share Award Scheme operates for three years commencing on the Adoption Date. The Committee shall not make any further award of Awarded Shares which will result in the aggregate nominal value of the Shares awarded under the Scheme exceeding ten per cent of the issued share capital of the Company at the time of such Award.

Please refer to the announcement of the Company dated 10 May 2013 for details of the Share Award Scheme.

During the year ended 31 December 2014, based on the Company's instructions, the trustee of the Share Award Scheme had purchased a total of 5,410,000 shares of the Company on the Stock Exchange at a total consideration of about HK$570,094.

On 22 January 2014, 9,000,000 shares were award to three employees of the Company under the Share Award Scheme.

Report of the Directors

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Chan Nap Kee, Joseph *(Chairman and Acting Chief Executive Officer)*
Dr. Chow Pok Yu, Augustine
Mr. Yang Yongcheng

Independent Non-Executive Directors

Mr. Liew Swee Yean
Mr. Siu Siu Ling, Robert
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph

According to Article 86 of the articles of association of the Company ("the Articles"), the directors shall have the power from time to time and at any time to appoint any person as a director to fill a casual vacancy on the Board or, as an addition to the existing Board provided that the number of directors so appointed by the Board shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company ("AGM") (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

During the year, in accordance with Article 86 of the Articles, no director will retire from office and shall then be eligible for re-election at that meeting.

According to Article 87 of the Articles, one-third of the directors for the time being (or, if the number of directors is not three (3) or a multiple of three (3), the number nearest to but not less than one-third), shall retire at each AGM by rotation, provided that every director shall be subject to retirement by rotation at least once every three (3) years. The retiring directors shall then be eligible for re-election at the AGM.

In accordance with Article 87 of the Articles, Mr. Chan Nap Kee, Dr. Chow Pok Yu, Augustine and Mr. Anderson Brian Ralph will retire from offices by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election at the forthcoming AGM.

According to Code provisions A.4.3 of Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

As Mr. Liew Swee Yuen served for more than 9 years in year 2015, accordingly, his further appointment in 2015 should be subject to a separate resolution to be approved by shareholders, which will be attained by way of re-election at the AGM. Mr. Liew Swee Yuen offer himself for re-election at the AGM.

Report of the Directors

The Company has received from each of Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, being the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers each of the independent non-executive directors to be independent.

Directors' Service Contracts

The term of office for each of Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, being the independent non-executive directors, is for a term of one year and may be extended for such period as agreed in writing by the directors concerned and the Company. Currently, Mr. Liew Swee Yean has been appointed as an independent non-executive director up to 7 November 2015, Mr. Siu Siu Ling Robert has been appointed as an independent non-executive director up to 31 December 2015, Dr. Wong Yun Kuen has been appointed as an independent non-executive director up to 29 September 2015, while Mr. Anderson Brian Ralph has been appointed as an independent non-executive director up to 22 January 2016. Save as disclosed above, none of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Details of the directors' emoluments are set out in note 11 to the Financial Statements.

Directors' Remuneration

It is proposed that the Board be authorised to fix the directors' remuneration at the forthcoming AGM. The remuneration, including any bonus payments, housing allowance and share options, to be paid to the directors, are recommended by the remuneration committee of the Board ("Remuneration Committee") with reference to the directors' duties, responsibilities and performance and the results of the Group.

Directors' Interests in Contracts

There were no contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director had a material interest, whether directly or indirectly, subsisting as at the end of the year or at any time during the year under review.

Report of the Directors

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporations

As at 31 December 2014, the interests and short positions of the directors and the chief executives in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors are as follows:

Long position in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares	Number of Underlying Shares	Approximate percentage of the total issued Shares as at 31 December 2014
Chan Nap Kee, Joseph	Beneficial owner	66,941,760	—	2.56%
Yang Yongcheng	Beneficial owner	100,000	—	0.00%
Liew Swee Yean	Beneficial owner	540,000	—	0.02%
Siu Siu Ling, Robert	Beneficial owner	540,000	—	0.02%
Wong Yun Kuen	Beneficial owner	2,000,000	—	0.08%

Save as disclosed above, as at 31 December 2014, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Report of the Directors

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

(a) As at 31 December 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interest disclosed above in respect of the directors, the following shareholders had notified the Company of relevant interests and short positions in the Shares and underlying Shares:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Number underlying Shares	Total Interest	Approximate percentage of the total issued Shares as of at 31 December 2014
Substantial shareholders					
Zhang Zhi Ping	Interest of a controlled corporation	218,490,000	—	218,490,000 *(Note 1)*	8.35%
Zhang Gaobo	Interest of a controlled corporation	218,490,000	—	218,490,000 *(Note 1)*	8.35%
Oriental Patron Financial Group Limited ("OPFGL")	Interest of a controlled corporation	218,490,000	—	218,490,000 *(Note 1)*	8.35%
Ottness Investments Limited ("OIL")	Interest of a controlled corporation	132,110,000	—	132,110,000 *(Note 1)*	5.05%
OP Financial Investments Limited ("OPFIL")	Interest of a controlled corporation	132,110,000	—	132,110,000 *(Note 1)*	5.05%
Profit Raider Investments Limited ("PRIL")	Beneficial owner	132,110,000	—	132,110,000 *(Note 1)*	5.05%

Report of the Directors

Notes:

1. OPFGL holds 218,490,000 Shares. OPFGL is 51% owned by Zhang Zhi Ping and is 49% owned by Zhang Gaobo.

   Of these 218,490,000 Shares, 86,380,000 Shares are held by Pacific Top Holding Limited ("PTHL"). PTHL is wholly owned by Oriental Patron Financial Services Group Limited ("OPFSGL"), OPFSGL is 95% held by OPFGL. Zhang Zhi Ping, Zhang Gaobo, OPFGL and OPFSGL are deemed to be interested in the interests held by PTHL under the SFO.

   Of these 218,490,000 Shares, 132,110,000 Shares are held by PRIL. PRIL is wholly owned by OPFIL, OPFIL is 35.05% held by OIL. Zhang Zhi Ping, Zhang Gaobo, OPFGL, OIL and OPFIL are deemed to be interested in the interests held by PRIL under the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 December 2014, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

Major Customers and Suppliers

The percentages of cost of sales and sales for the year attributable to the Group's major suppliers and customers are as follows:

Cost of sales	
— the largest supplier	45.97%
— five largest suppliers combined	49.15%
Sales	
— the largest customer	43.97%
— five largest customers combined	31.16%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

Compliance with the Code on Corporate Governance Practices

The Company has complied with most of the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2014. Details of compliance and deviation are set out in the Corporate Governance Report on pages 22 to 32.

Directors' Interest in Competing Business

None of the directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

Report of the Directors

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws in the Cayman Islands.

Subsidiaries

Particulars of the Company's subsidiaries are set out in note 30 to the Financial Statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float in accordance with the GEM Listing Rules.

Events after the Reporting Period

Subsequent to the end of the reporting period, the Group does not have any significant subsequent events.

Auditors

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be proposed at the forthcoming AGM.

There is no change of auditors of the Company since its incorporation.

For and on behalf of the Board

Chan Nap Kee, Joseph
Chairman
Hong Kong, 25 March 2015

Corporate Governance Report

Code on Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance. The Board believes that sound and reasonable corporate practices are essential for the growth of the Group and for safeguarding and maximizing Shareholders interest.

The Company has adopted the code provisions ("Code Provision") set out in the Corporate Governance Code (the "CG code") contained in Appendix 15 to the GEM Listing Rules. The Company has complied with all applicable code provisions in the CG code throughout the financial year 2014, except for the following deviations:

The Code Provision A2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Since 2 November 2010 to the date of this report, Mr. Chan Nap Kee Joseph, chairman, took up the role of acting chief executive officer as well, which deviates from Code Provision A2.1. As the Company is developing its business in energy and resources sector and has recently acquired coal mining assets outside China, the Remuneration Committee is searching for the right person to take up the role of Chief Executive Officer to carry out the strategic plans and policies as established by the board of directors. In the meantime, Mr. Chan Nap Kee Joseph, our Chairman, took up the role of Acting Chief Executive Officer until the suitable person is selected. The Company will publish announcement on appointment of Chief Executive Officer when appropriate.

The Code Provision A.5.6 stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Nomination and Corporate Governance Committee of the Company (the "Nomination Committee") would review the board composition from time to time and it considered that the board diversity is in place and therefore written policy is not required. Due to the amendment of the Listing Rules effective 1 September 2013, a board diversity policy (the "Board Diversity Policy") has been adopted in December 2013. The Board Diversity would be considered from a number of aspects, including but not limited to skills, experience, knowledge, expertise, culture, independence, age and gender.

Under Code Provision A6.7, independent non-executive directors and other non-executive directors should attend general meetings. Due to other commitment, Mr. Anderson Brian Ralph was unable to attend the annual general meeting of the Company held on 19 May 2014.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors ("Directors") of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

Corporate Governance Report

The Board of Directors

Composition of the Board of Directors (the "Board")

As at 31 December 2014, the Board comprised seven directors, including three executive directors, namely Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine and Mr. Yang Yongcheng and four independent non-executive directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph. Mr. Chan Nap Kee Joseph is the chairman and the acting chief executive officer of the Board. One of the independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the directors are set out on pages 10 to 13 of this annual report.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of one year, which may be extended for such period as agreed in writing between the director concerned and the Company.

There is no financial, business, family or other material or relevant relationship among the directors.

Independent Non-Executive Directors

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the independent non-executive directors meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and still considers that they are independent.

Role and Function of the Board

The principal role of the Board is to formulate the operational strategies and establish an internal control system together with a high standard of corporate governance to ensure proper management of the Group. The daily operational matters of the Group are delegated by the Board to the management.

Board Meetings

Six regular Board meetings were held during the year ended 31 December 2014. The Board meetings involved the active participation of the directors either in person or through other electronic means of communication.

At least 14 days notice has been given to all directors of each of the Board meetings.

Corporate Governance Report

Attendance of each of the directors at Board meetings during the year ended 31 December 2014 is set out as follows:

Number of Board Meetings	**6**	
Executive Directors:		
Mr. Chan Nap Kee, Joseph *(Chairman and Acting Chief Executive Officer)*	6/6	100%
Dr. Chow Pok Yu, Augustine	5/6	83.33%
Mr. Yang Yongcheng	5/6	83.33%
Independent Non-Executive Directors:		
Mr. Liew Swee Yean	6/6	100%
Mr. Siu Siu Ling, Robert	6/6	100%
Dr. Wong Yun Kuen	6/6	100%
Mr. Anderson Brian Ralph	4/6	66.67%
Average attendance rate	90.48%	

Internal Control

The Board has overall responsibilities for maintaining and reviewing the effectiveness of the system of internal control of the Group. The internal control system is to safeguard the assets of the Group and the shareholders' investment and to ensure the reliability of financial reporting as well as compliance with the relevant requirements of the GEM Listing Rules. During the year ended 31 December 2014, the Board had reviewed the effectiveness of the system of internal control of the Group. The review had covered all material aspects of internal control including financial, operational and compliance controls and risk management functions of the Group. The board also consider the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programme and budget.

Company Secretaries

All Directors have access to the advice and services to the Joint Company Secretaries, Mr. Leung Lit For and Miss Young Helen, both full time employees of the Company. Both Mr. Leung and Miss Young have confirmed that they have taken no less than 15 hours of the relevant professional training for the year ended 31 December 2014 in compliance with Rule 5.15 of the GEM Listing Rules.

Chairman and Chief Executive Officer

The Code Provision A2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

From 2 November 2010 to the date of this report, Mr. Chan Nap Kee Joseph, chairman, took up the role of acting chief executive officer as well, which deviates from Code Provision A2.1.

Corporate Governance Report

Remuneration Committee

Composition of the Remuneration Committee

The Company established the Remuneration Committee in March 2006. On 30 March 2012, for more effective functioning of the board, there was a redesignation of Director's role and function in order to comply with the amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited effective on 1 April 2012.

The current Remuneration Committee comprised one executive director and two independent non-executive directors, namely Mr. Chan Nap Kee Joseph, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph. Dr. Wong Yun Kuen is the chairman of the Remuneration Committee.

Role and Function of the Remuneration Committee

In order to comply with amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, on 30 March 2012, new terms of reference that supersedes previous terms of reference of the Remuneration Committee were adopted. The new written terms of reference which describes its authorities and duties is available on the Company's website www.kaisunenergy.com under "Investor Relations" section with heading of "Corporate Governance".

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

Remuneration Policy

The formulation of the Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. As a long-term incentive plan and with the aim at motivating directors and employees in the continued pursuit of the Company's goal and objectives, the Company has adopted a share award scheme under which the Company may award Company's shares purchased to the directors/employees of the Company as award.

Remuneration Committee Meetings

The Remuneration Committee has held one meeting during the year ended 31 December 2014. During the meeting, the Remuneration Committee had reviewed and approved the increment in salary, housing allowance, bonus payment and share options for the executive directors and the senior management by way of resolutions passed by all committee members. However, the executive directors did not participate in determining their own remuneration.

Corporate Governance Report

During the year under review, the Remuneration Committee had undertaken the following duties:

(i) approved the salary, housing allowance and bonus payment for an executive director and the senior management of the Company; and

(ii) administered the share award scheme of the Company.

Attendance of each of the directors at the Remuneration Committee meetings for the year ended 31 December 2014 is set out as follows:

Number of Remuneration Committee Meetings	**1**	
Dr. Wong Yun Kuen *(Committee Chairman)*	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Mr. Anderson Brian Ralph	1/1	100%
Average attendance rate	100%	

Nomination and Corporate Governance Committee

On 30 March 2012, the Company established a Nomination and Corporate Governance Committee ("NC") with written terms of reference which deals clearly with its authorities and duties. The NC comprises three members, namely Mr. Siu Siu Ling (chairman of NC), Mr. Liew Swee Yean and Mr. Chan Nap Kee, Joseph.

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group's policies and practices on corporate governance and to make recommendations to the Board.

Written terms of reference were adopted in compliance with the GEM Listing Rules, and is available on the Company's website www.kaisunenergy.com under "Investor Relations" section with heading of "Corporate Governance".

Below is the summary of the Board Diversity Policy:

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. It will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Corporate Governance Report

Attendance of each of the directors at the Nomination and Corporate Governance Committee meeting for the year ended 31 December 2014 is set out as follows:

Number of Nomination and Corporate Governance Committee Meetings	**1**	
Mr. Siu Siu Ling, Robert *(Committee Chairman)*	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Mr. Liew Swee Yean	1/1	100%
Average attendance rate	100%	

Auditors' Remuneration

For the year ended 31 December 2014, the fee paid or payable to external auditors in respect of audit and non-audit services amounted to HK$2,650,000 and HK$21,000 respectively.

Preparation of Accounts

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs of the results and cash flows for the year under review. In preparing the accounts for the year ended 31 December 2014, the directors have approved adoption of all the applicable standards and interpretations of International Financial Reporting Standards ("IFRSs").

The quarterly, interim and annual results of the Company are announced in a timely manner after the end of the relevant periods.

Audit Committee

Composition of the Audit Committee

The Company established the audit committee ("Audit Committee") on 9 December 2003.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee comprises four independent non-executive directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, and Mr. Liew Swee Yean is the chairman of the Audit Committee.

During the year under review, the audit committee held four meetings to review and supervise the financial reporting process. The results for the year have been reviewed by the Audit Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made.

Role and Function of the Audit Committee

In order to comply with amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, on 30 March 2012, new terms of reference that supersedes previous terms of reference of the Audit Committee were adopted. The new written terms of reference which describes its authorities and duties is available on the Company's website www.kaisunenergy.com under "Investor Relations" section with heading of "Corporate Governance".

Corporate Governance Report

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide an important link between the Board and the Company's auditors on those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The Audit Committee is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The Audit Committee is accountable to the Board.

Audit Committee Meetings

During the year ended 31 December 2014, the Audit Committee has held four meetings to review and supervise the financial reporting process and Audit Committee has reviewed the quarterly, interim and annual results and system of internal controls. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee also carried out and discharged its other duties as set out in the CG Code.

Attendance of each of the independent non-executive directors at the Audit Committee meetings during the year ended 31 December 2014 is set out as follows:

Number of Audit Committee Meetings	**4**	
Mr. Liew Swee Yean *(Committee Chairman)*	4/4	100%
Mr. Siu Siu Ling, Robert	4/4	100%
Dr. Wong Yun Kuen	4/4	100%
Mr. Anderson Brian Ralph	3/4	75%
Average attendance rate	93.75%	

During the year under review, the Audit Committee had undertaken the following duties:

(i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the "Auditors") and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;

(ii) reviewed the quarterly, interim and annual financial statements prior to recommending them to the Board for approval;

(iii) reviewed the Auditors' management letter and the management's response thereto, and to ensure that recommendations made by the Auditors are carried out;

(iv) reviewed the operation and effectiveness of the Company's financial control, internal control and risk management systems;

(v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and

(vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

Corporate Governance Report

During the year under review, the Board, through the Audit Committee, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the Audit Committee made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The Audit Committee concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct noncompliance.

The Board, through the review of the Audit Committee, is satisfied that the Group has fully complied with the Code Provisions on internal controls as set forth in the CG Code for the year ended 31 December 2014.

The Group's financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

Continuous Professional Development for Directors, Senior Management and Staff

The Directors, senior management and staff are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors, senior management and staff to enroll in a wide range of professional development courses and seminars organised by professional bodies in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

Corporate Governance Report

According to the records maintained by the Company, the current Directors received the following training during the year ended 31 December 2014:

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
Mr. Chan Nap Kee Joseph, Chairman and Acting Chief Executive Officer	Recent changes for overseas companies listing in Hong Kong (10 January 2014)	Dorsey & Whitney LLP	1 hour
	Pivotal States: Key countries facing defining moments in 2014 (4 March 2014)	Webinar by Business Monitor International	0.75 hour
	Essential Things a Director should know about the New Companies Ordinance (18 March 2014)	Deacons	1.5 hour
	Shanghai-Hong Kong Stock Connect Investor Education Seminar (8 October 2014)	The Investor Education Centre and The Hong Kong Exchanges and Clearing Limited	2 hours
	The New Silk Road Leads you to Resources (20 October 2014)	Dragon Global Group	3 hours
	China cross border investment after launch of Stock Connect (26 November 2014)	China Exchanges Services Company Limited	1.5 hour
	The State of Insurance in Asia 2014 (27 November 2014)	Chambers and Partners	2 hours
	"Growth & Income" — Investment opportunities with new ETFs (27 November 2014)	The Stock Exchange of Hong Kong Limited's	1.5 hour
	Rule amendments relating to connected transactions, Review of the implementation of inside information regime and continuing obligations under the Listing Rules (19 December 2014)	The Stock Exchange of Hong Kong Limited's webcasts	2 hours
	Total		**15.25 hours**
Dr. Chow Pok Yu Augustine, Executive Director	Risk and Diversification (15 May 2014)	Harmony Asset Limited	2.5 hours
	Risk and Diversification — Part 2 (15 August 2014)		2 hours
	Foreign Exchange (14 November 2014)		2.5 hours
	Innovation (Part 1, Part 2) (28 March 2014)	Act as Lecturer for Harmony Asset Limited	3 hours
	Innovation (28 July 2014)		3 hours
	Strategic Planning (12 November, 2014)	Act as Lecturer for Harmony Asset Management Limited	4 hours
	Radical Changes of the Foreseeable Future (8 December 2014)		1 hour
	Management of Change (23 December 2014)		2 hours
	Total		**20 hours**
Mr. Yang Yongcheng, Executive Director	Fraud and Corruption — What Company Executives Should Know (26 March 2014)	Hong Kong Institute of Chartered Secretaries	3 hours
	Credit Management: Balance Sheet Protection and Trade Risk Mitigation (7 August 2014)	Hong Kong Institute of Certified Public Accountants	3 hours
	Total		**6 hours**

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
Mr. Liew Swee Yean, Independent Non-Executive Director	All change — the new Companies Ordinance and why you need to be aware of the principal provisions of this important new legislation (9 January 2014)	Stephenson Harwood	1 hour
	Spoilt for choice — the London Stock Exchange's Market (17 July 2014)		2 hour
	Angel Falls Expedition (5 November 2014)		1 hour
	Anti-Money Laundering/Counter-Terrorist Financing (27 August 2014)	TG Securities Limited	1 hour
	What is Bitcoin? And Why do we care? (10 October 2014)	Hong Kong Institute of Certified Public Accountants	1 hour
	Corporate Governance Code update and environmental social and governance factors for listed companies in Hong Kong (14 October 2014)		1.5 hours
	Preparation for a successful Hong Kong listing (18 October 2014)		3 hours
	Considerations for Group Reorganization in IPO (13 November 2014)		3 hours
	IT Conference 2014: Enabling finance transformation through today's technologies (15 November 2014)		3.5 hours
	Valuation for Business Combinations (17 November 2014)		3 hours
	Valuation of Intangible Assets (18 November 2014)		3 hours
	Total		**23 hours**
Mr. Siu Siu Ling Robert, Independent Non-Executive Director	Common Entrance Examination (28 January 2014)	The Law Society of Hong Kong	1.5 hours
	New Companies Ordinance (6 March 2014)		3 hours
	Seminar on Rent Review Clauses and Independent Valuation Experts (9 June 2014)		1.5 hours
	Victim — Offender Mediation (25 June 2014)		1.5 hours
	Conflicts of Interest & Confidentiality (14 October 2014)		4 hours
	Financial Dispute Resolution (23 October 2014)		1.5 hours
	Solicitors' Accounts Rule (23 October 2014)		2.5 hours
	Total		**15.5 hours**
Dr. Wong Yun Kuen, Independent Non-Executive Director	Company Ordinance and Updates on Listing Rules (31 October 2014)	Sidney Austin LLP	2 hours
	Responsibility of INED (1 December 2014)	King & Wood Mallesons	2 hours
	Risk and Diversification (15 May 2014)	Act as trainer for Harmony Asset Limited	2.5 hours
	Risk and Diversification — Part 2 (15 August 2014)		2 hours
	Foreign Exchange (14 November 2014)		2.5 hours
	Total		**11 hours**
Mr. Anderson Brian Ralph, Independent Non-Executive Director	Executive Programme for Accountants II — INEDs — Role and Fulfillment (8 November 2014)	Hong Kong Institute of Certified Public Accountants	3 hours
	Total		**3 hours**

Corporate Governance Report

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

The statement by the Auditors of the Company about their reporting responsibilities is set out on page 33 of this report.

Independent Auditor's Report

RSM
Audit • Tax • Advisory

TO THE SHAREHOLDERS OF KAISUN ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kaisun Energy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 84, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong

25 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Note	2014 HK$	2013 HK$
Turnover	6	**36,878,233**	266,187,630
Cost of goods sold		**(54,886,091)**	(299,402,403)
Gross loss		**(18,007,858)**	(33,214,773)
Other income	7	**27,729,042**	44,923,570
Administrative and other operating expenses		**(214,365,392)**	(135,212,427)
Loss from operations		**(204,644,208)**	(123,503,630)
Finance costs	8	**—**	(3,885,965)
Impairment loss on intangible assets	17	**(18,879,916)**	(73,447,274)
Loss before tax		**(223,524,124)**	(200,836,869)
Income tax credit	9	**3,715,072**	3,821,050
Loss for the year	10	**(219,809,052)**	(197,015,819)
Attributable to:			
Owners of the Company		**(201,452,358)**	(167,935,709)
Non-controlling interests		**(18,356,694)**	(29,080,110)
		(219,809,052)	(197,015,819)
Loss per share (cents)			
Basic	13	**(7.71)**	(6.42)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 HK$	2013 HK$
Loss for the year	**(219,809,052)**	(197,015,819)
Other comprehensive income for the year, net of tax		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**1,492,668**	(6,450,719)
Total comprehensive income for the year	**(218,316,384)**	(203,466,538)
Attributable to:		
Owners of the Company	**(199,202,216)**	(174,396,941)
Non-controlling interests	**(19,114,168)**	(29,069,597)
	(218,316,384)	(203,466,538)

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK$	2013 HK$
Non-current assets			
Fixed assets	15	17,032,319	36,881,924
Goodwill	16	—	—
Intangible assets	17	17,010,275	59,170,432
Available-for-sale financial assets	18	—	70,814
		34,042,594	96,123,170
Current assets			
Inventories	19	2,763,237	2,750,581
Trade and bills receivables	20	36,409,244	74,894,114
Deposits, prepayments and other receivables	21	189,860,858	349,808,353
Bank and cash balances	22	54,629,721	74,600,238
		283,663,060	502,053,286
Current liabilities			
Trade payables	23	7,973,597	16,560,429
Other payables and accruals	24	17,108,430	67,305,436
Current tax liabilities		1,857,198	1,143,975
		26,939,225	85,009,840
Net current assets		256,723,835	417,043,446
Total assets less current liabilities		290,766,429	513,166,616
Non-current liabilities			
Deferred tax liabilities	25	29,588,607	34,261,182
		29,588,607	34,261,182
NET ASSETS		261,177,822	478,905,434

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK$	2013 HK$
Capital and reserves			
Share capital	26	**26,170,057**	26,170,057
Reserves	28	**253,015,762**	451,629,206
Equity attributable to owners of the Company		**279,185,819**	477,799,263
Non-controlling interests		**(18,007,997)**	1,106,171
TOTAL EQUITY		**261,177,822**	478,905,434

Approved by the Board of Directors on 25 March 2015.

Chan Nap Kee, Joseph
Director

Dr. Chow Pok Yu, Augustine
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital	**Shares held under share award scheme**	**Share premium** *(note 28(c)(i))*	**Foreign currency translation reserve** *(note 28(c)(ii))*	**Share-based payment reserve** *(note 28(c)(iii))*	**Convertible bonds reserve** *(note 3(l))*	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 January 2013	26,170,057	—	1,176,818,023	(1,954,751)	24,953,536	101,256,434	(673,479,325)	653,763,974	28,358,825	682,122,799
Total comprehensive income for the year	—	—	—	(6,461,232)	—	—	(167,935,709)	(174,396,941)	(29,069,597)	(203,466,538)
Capital injection in a subsidiary	—	—	—	—	—	—	—	—	1,816,943	1,816,943
Share options forfeited and lapsed	—	—	—	—	(24,953,536)	—	24,953,536	—	—	—
Redemption of replacement convertible bonds	—	—	—	—	—	(364,103)	—	(364,103)	—	(364,103)
Purchase of shares held under the share award scheme *(note 29)*	—	(1,203,667)	—	—	—	—	—	(1,203,667)	—	(1,203,667)
Transfer	—	—	—	—	—	(100,892,331)	100,892,331	—	—	—
Changes in equity for the year	—	(1,203,667)	—	(6,461,232)	(24,953,536)	(101,256,434)	(42,089,842)	(175,964,711)	(27,252,654)	(203,217,365)
At 31 December 2013 and 1 January 2014	26,170,057	(1,203,667)	1,176,818,023	(8,415,983)	—	—	(715,569,167)	477,799,263	1,106,171	478,905,434
Total comprehensive income for the year	—	—	—	2,250,142	—	—	(201,452,358)	(199,202,216)	(19,114,168)	(218,316,384)
Purchase of shares held under the share award scheme *(note 29)*	—	(570,094)	—		—	—	—	(570,094)	—	(570,094)
Award of shares held under share award scheme *(note 29)*	—	1,158,866	—		—	—	—	1,158,866	—	1,158,866
Changes in equity for the year	—	588,772	—	2,250,142	—	—	(201,452,358)	(198,613,444)	(19,114,168)	(217,727,612)
At 31 December 2014	26,170,057	(614,895)	1,176,818,023	(6,165,841)	—	—	(917,021,525)	279,185,819	(18,007,997)	261,177,822

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK$	2013 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(223,524,124)	(200,836,869)
Adjustments for:		
Depreciation	8,231,279	11,885,131
Amortisation of intangible assets	20,141,276	13,435,236
Award of shares held under share award scheme	1,158,866	—
Allowance for trade receivables	—	1,534,806
Allowance for deposits paid	98,321,696	39,000,000
Bad debts written off	39,961,665	6,700,000
Impairment loss on intangible assets	18,879,916	73,447,274
Fair value loss on financial assets at fair value through profit or loss	—	447,735
Loss on disposal of financial assets at fair value through profit or loss	—	41,326
Loss on disposal of subsidiaries *(note 31)*	313,351	—
Loss on disposal of fixed assets	—	4,094,081
Write off of prepayments and other receivables	2,923,443	—
Write off of available-for-sale financial assets	70,814	—
Write off of obsolete inventories	—	123,436
Write off of fixed assets	10,452,217	6,288,207
Waiver of other payables	(6,866,220)	—
Finance costs	—	3,885,965
Interest income	(637,778)	(2,030,150)
Operating loss before working capital changes	(30,573,599)	(41,983,822)
(Increase)/decrease in inventories	(12,656)	641,172
Decrease/(increase) in trade and bills receivables	19,323,205	(15,275,386)
Decrease in deposits, prepayments and other receivables	37,692,740	13,295,481
Decrease in trade payables	(8,586,832)	(6,453,968)
(Decrease)/increase in other payables and accruals	(43,176,978)	47,270,668
Cash used in operations	(25,334,120)	(2,505,855)
Income tax paid	(607,024)	(555,688)
Net cash used in operating activities	(25,941,144)	(3,061,543)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK$	2013 HK$
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	637,778	2,030,150
Purchases of fixed assets	(659,084)	(3,099,850)
Proceeds from disposal of fixed assets	—	1,261,509
Net proceeds from disposal of financial assets at fair value through profit or loss	—	7,400,600
Net proceeds from disposal of subsidiaries *(note 31)*	(1,552)	—
Net cash (used in)/generated from investing activities	(22,858)	7,592,409
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on redemption of replacement convertible bonds	—	(124,165,318)
Capital injection by non-controlling interests to a subsidiary	—	1,816,943
Payment on share award scheme	(570,094)	(1,203,667)
Net cash used in financing activities	(570,094)	(123,552,042)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,534,096)	(119,021,176)
Effect of foreign exchange rate changes	6,563,579	(6,828,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	74,600,238	200,449,448
CASH AND CASH EQUIVALENTS AT END OF YEAR	54,629,721	74,600,238
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	54,629,721	74,600,238

Notes to the Financial Statements

For the year ended 31 December 2014

1. GENERAL INFORMATION

Kaisun Energy Group Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit A, 13/F, Two Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30 to the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

(a) Application of new and revised IFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

Amendment to IAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the Group is not currently subjected to significant levies.

Amendments to IFRS 2 (Annual Improvements to IFRSs 2010–2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

Amendments to IFRS 3 (Annual Improvements to IFRSs 2010–2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to IFRS 13 (Annual Improvements to IFRSs 2010–2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group has assessed, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

List of New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]

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

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable IFRSs and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by the other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Translation on consolidation (Continued)

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Fixed assets

Fixed assets including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	2%–4.5%
Leasehold improvements	20%–30%
Plant and machinery	9%–20%
Office equipment	15%–25%
Furniture and fixtures	10%–20%
Motor vehicles	10%–30%

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Investments *(Continued)*

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as trade and other receivables or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(j) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Subcontracting income is recognised in according with the term of the contract to operate the coal mine, on a straight-line basis.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(o) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, deferred tax assets, investments, inventories and receivables of which the impairment policies are set out in notes 3(b), 3(q), 3(i), 3(g), and 3(j) respectively, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Notes to the Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fixed assets and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of fixed assets as at 31 December 2014 was HK$17,032,319 (2013: HK$36,881,924).

Impairment of intangible assets

The Group assesses whether there are any indicators of impairment for intangible assets at the end of each reporting period. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intangible assets at the end of the reporting period was HK$17,010,275 after impairment losses of HK$18,879,916 was recognised during 2014. Details of the impairment losses calculation are provided in note 17 to financial statements.

Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 31 December 2014, impairment loss for bad and doubtful debts amounted to HK$Nil (2013: HK$1,560,625).

Notes to the Financial Statements

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollars ("US$"), Renminbi ("RMB") and Tajikistan Somoni ("TJS"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2014, if the HK$ had weakened 0.5 per cent against the US$ with all other variables held constant, consolidated loss after tax for the year would have been HK$5,492 (2013: HK$244,743) lower, arising mainly as a result of the foreign exchange gain on other receivables denominated in US$. If the HK$ had strengthened 0.5 per cent against the US$ with all other variables held constant, consolidated loss after tax for the year would have been HK$5,492 (2013: HK$244,743) higher, arising mainly as a result of the foreign exchange loss on other receivables denominated in US$.

At 31 December 2014, if the HK$ had weakened 0.5 per cent against the RMB with all other variables held constant, consolidated loss after tax for the year would have been HK$594,117 (2013: HK$656,819) lower, arising mainly as a result of the foreign exchange gain on bank and cash balances and other receivables denominated in RMB. If the HK$ had strengthened 0.5 per cent against the RMB with all other variables held constant, consolidated loss after tax for the year would have been HK$594,117 (2013: HK$656,819) higher, arising mainly as a result of the foreign exchange loss on bank and cash balances and other receivables denominated in RMB.

(b) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables and deposits placed with suppliers included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 December 2014, the Group's largest trade receivables represent approximately 61% (2013: 50%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

Notes to the Financial Statements

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Over 5 years HK$
At 31 December 2014				
Trade payables	**7,937,597**	—	—	—
Other payables and accruals	**17,108,430**	—	—	—
At 31 December 2013				
Trade payables	16,560,429	—	—	—
Other payables and accruals	17,974,336	—	—	—

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2014, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been HK$66,106 (2013: HK$123,298) higher, arising mainly as a result of lower interest income on bank deposits. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been HK$330,531 (2013: HK$616,489) lower, arising mainly as a result of higher interest income on bank deposits.

Notes to the Financial Statements

For the year ended 31 December 2014

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments at 31 December 2014

	2014 HK$	2013 HK$
Financial assets		
Available-for-sale financial assets	—	70,814
Loans and receivables (including cash and cash equivalents)	278,234,045	499,302,705
Financial liabilities		
Financial liabilities at amortised cost	25,082,027	34,534,765

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. TURNOVER

	2014 HK$	2013 HK$
Sales of goods		
— Production and exploitation of coal	18,528,522	30,969,363
— Provision of supply chain management services for mineral business	16,216,459	235,218,267
— Mining and metallurgical machineries production	2,133,252	—
	36,878,233	266,187,630

Notes to the Financial Statements

For the year ended 31 December 2014

7. OTHER INCOME

	2014 HK$	2013 HK$
Interest income on deposits in banks and a security broker	637,778	2,030,150
Net exchange gain	—	23,695,342
Compensation received	6,693,121	19,101,575
Waiver of other payables	6,866,220	—
Subcontracting income	13,260,000	—
Sundry income	271,923	96,503
	27,729,042	44,923,570

8. FINANCE COSTS

	2014 HK$	2013 HK$
Interest on convertible bonds	—	3,885,965

9. INCOME TAX CREDIT

	2014 HK$	2013 HK$
Current tax — Hong Kong profits tax		
Underprovision for prior year	—	9,093
Tax reduction	—	(10,000)
Current tax — Overseas		
Provision for the year	697,316	872,605
Underprovision for prior years	622,931	—
Deferred tax (note 25)	(5,035,319)	(4,692,748)
	(3,715,072)	(3,821,050)

Notes to the Financial Statements

For the year ended 31 December 2014

9. INCOME TAX CREDIT *(Continued)*

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 December 2014 and 2013.

PRC Enterprise Income tax has been provided at a rate of 25% (2013: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2014 **HK$**	2013 HK$
Loss before tax	**(223,524,124)**	(200,836,869)
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**(36,881,480)**	(33,138,083)
Tax effect of income that is not taxable	**(6,566,587)**	(2,897,942)
Tax effect of expenses that are not deductible	**19,463,554**	28,145,053
Tax effect of tax loss not recognised	**24,457,415**	8,087,661
Temporary difference not recognised	**25,596**	24,401
Under/(over)provision for current year	**3,803**	(73,197)
Tax reduction	**—**	(10,000)
Tax effect of utilisation of tax loss not previously recognised	**—**	(35,443)
Under provision for prior year	**622,931**	9,093
Effect of different tax rates of subsidiaries operating in other jurisdiction	**195,015**	760,155
Deferred tax	**(5,035,319)**	(4,692,748)
Income tax credit	**(3,715,072)**	(3,821,050)

Notes to the Financial Statements

For the year ended 31 December 2014

10. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2014 HK$	2013 HK$
Auditor's remuneration		
Current	**2,500,000**	2,504,793
Under-provision for prior year	**150,000**	90,000
	2,650,000	2,594,793
Cost of inventories sold of supply chain management services for mineral business	**15,970,911**	221,322,501
Depreciation	**8,231,279**	11,885,131
Allowance of trade and bills receivables	**—**	1,534,806
Allowance for deposits paid	**98,321,696**	39,000,000
Bad debts written off		
— trade receivables	**19,161,665**	1,700,000
— other receivables	**20,800,000**	5,000,000
Amortisation of intangible assets	**20,141,276**	13,435,236
Fair value loss on financial assets at fair value through profit or loss (designated upon initial recognition)	**—**	447,735
Write off of fixed assets	**10,452,217**	6,288,207
Write off of obsolete inventories	**—**	123,436
Write off of prepayments and other receivables	**2,923,443**	—
Write off of available-for-sale financial assets	**70,814**	—
Waiver of other payables	**(6,866,220)**	—
Impairment loss on intangible assets	**18,879,916**	73,447,274
Loss on disposal of financial assets at fair value through profit or loss	**—**	41,326
Loss on disposal of fixed assets	**—**	4,094,081
Operating lease rentals in respect of land and buildings	**2,164,313**	2,642,423
Staff costs (including directors' emoluments *(note 11)*		
Basic salaries, bonuses, allowances and benefits in kind	**18,816,581**	25,748,299
Retirement benefits scheme contributions	**247,476**	216,644
Net exchange loss/(gain)	**12,873,555**	(23,695,342)

Notes to the Financial Statements

For the year ended 31 December 2014

11. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

Name of director	Fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonus HK$	Retirement benefits scheme contributions HK$	Total emoluments HK$
Executive directors					
CHAN Nap Kee, Joseph	—	2,619,907	—	16,750	2,636,657
Dr. CHOW Pok Yu, Augustine	—	1,400,000	—	16,750	1,416,750
YANG Yongcheng	—	817,662	—	—	817,662
Independent non-executive directors					
LIEW Swee Yean	114,000	—	—	—	114,000
SIU Siu Ling, Robert	114,000	—	—	—	114,000
Dr. WONG Yun Kuen	114,000	—	—	—	114,000
ANDERSON Brian Ralph	114,000	—	—	—	114,000
Total for the year ended 31 December 2014	456,000	4,837,569	—	33,500	5,327,069

Name of director	Fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonus HK$	Retirement benefits scheme contributions HK$	Total emoluments HK$
Executive directors					
CHAN Nap Kee, Joseph	—	2,620,551	1,500,000	15,000	4,135,551
Dr. CHOW Pok Yu, Augustine	—	1,400,000	1,500,000	15,000	2,915,000
YANG Yongcheng	—	820,383	—	—	820,383
Independent non-executive directors					
LIEW Swee Yean	108,000	—	—	—	108,000
SIU Siu Ling, Robert	108,000	—	—	—	108,000
Dr. WONG Yun Kuen	108,000	—	—	—	108,000
ANDERSON Brian Ralph	108,000	—	—	—	108,000
Total for the year ended 31 December 2013	432,000	4,840,934	3,000,000	30,000	8,302,934

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2013: HK$Nil).

Notes to the Financial Statements

For the year ended 31 December 2014

11. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2013: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2013: three) individuals are set out below:

	2014 **HK$**	2013 HK$
Basic salaries, bonuses, allowances and benefits in kind	**3,983,061**	4,555,000
Retirement benefits scheme contributions	**16,750**	30,000
	3,999,811	4,585,000

The emoluments of five highest paid individuals (including directors) fell within the following bands:

	2014	2013
Nil to HK$1,000,000	**2**	—
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**—**	1
HK$2,000,001 to HK$2,500,000	**1**	—
HK$2,500,001 to HK$3,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**—**	1
	5	5

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: HK$Nil).

12. DIVIDEND

No dividend has been paid or declared by the Company during the year (2013: HK$Nil).

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For the year ended 31 December 2014

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2014 HK$	2013 HK$
Loss for the purpose of calculating basic loss per share	(201,452,358)	(167,935,709)

	2014	2013
Number of shares		
Issued ordinary shares at beginning of the year	2,617,005,700	2,617,005,700
Effect of shares held for share award scheme	(3,379,096)	(1,525,205)
Weighted average number of ordinary shares in issue less share held for share award scheme for the purpose of calculating basic loss per share	2,613,626,604	2,615,480,495

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2014.

14. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 (before 1 June 2014: HK$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

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15. FIXED ASSETS

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Furniture and fixtures	Motor vehicles	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost							
At 1 January 2013	21,163,264	605,060	45,926,356	2,779,721	19,660	5,095,881	75,589,942
Additions	657,187	298,869	974,298	334,738	7,329	827,429	3,099,850
Disposals	—	—	(5,586,256)	—	—	(2,042,485)	(7,628,741)
Written off	(33,359)	—	(10,852,942)	(1,375,580)	—	—	(12,261,881)
Exchange differences	173,702	4,600	1,164	3,911	(15)	17,662	201,024
At 31 December 2013 and 1 January 2014	21,960,794	908,529	30,462,620	1,742,790	26,974	3,898,487	59,000,194
Additions	—	244,058	103,129	93,895	17,082	200,920	659,084
Disposals	—	—	—	(84,919)	—	—	(84,919)
Written off	(15,249,038)	—	(12,222,340)	(1,165,567)	(7,089)	(2,291,042)	(30,935,076)
Exchange differences	(494,388)	(9,157)	(2,110,890)	(27,434)	(343)	(89,408)	(2,731,620)
At 31 December 2014	6,217,368	1,143,430	16,232,519	558,765	36,624	1,718,957	25,907,663
Accumulated depreciation and impairment losses							
At 1 January 2013	3,701,676	170,446	13,390,248	629,786	17,754	580,890	18,490,800
Charges for the year	2,894,965	154,412	7,119,222	596,691	—	1,119,841	11,885,131
Disposals	—	—	(1,724,318)	—	—	(548,833)	(2,273,151)
Written off	(9,007)	—	(5,510,010)	(454,657)	—	—	(5,973,674)
Exchange differences	14,276	129	(36,729)	7,561	2,658	1,269	(10,836)
At 31 December 2013 and 1 January 2014	6,601,910	324,987	13,238,413	779,381	20,412	1,153,167	22,118,270
Charges for the year	2,834,882	203,553	4,094,160	234,278	5,913	858,493	8,231,279
Disposals	—	—	—	(13,776)	—	—	(13,776)
Written off	(6,803,026)	—	(12,132,004)	(653,845)	(2,363)	(891,621)	(20,482,859)
Exchange differences	(203,731)	(620)	(752,516)	(12,401)	(62)	(8,240)	(977,570)
At 31 December 2014	2,430,035	527,920	4,448,053	333,637	23,900	1,111,799	8,875,344
Carrying amount							
At 31 December 2014	3,787,333	615,510	11,784,466	225,128	12,724	607,158	17,032,319
At 31 December 2013	15,358,884	583,542	17,224,207	963,409	6,562	2,745,320	36,881,924

Notes to the Financial Statements

For the year ended 31 December 2014

16. GOODWILL

	HK$
Cost	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	115,955,924
Accumulated impairment losses	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	115,955,924
Carrying amount	
At 31 December 2014	—
At 31 December 2013	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2014 HK$
Production and exploitation of coal and coal processing in the Republic of Tajikistan ("Tajikistan"): Saddleback Mining Limited	115,955,924

The recoverable amounts of the CGUs are determined from their value in use discount cash flow method. The key assumptions for the discount cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

Notes to the Financial Statements

For the year ended 31 December 2014

17. INTANGIBLE ASSETS

	Mining rights HK$
Cost	
At 1 January 2013	197,898,701
Exchange differences	(32,339)
At 31 December 2013 and 1 January 2014	197,866,362
Exchange differences	(19,897,007)
At 31 December 2014	177,969,355
Accumulated amortisation and impairment losses	
At 1 January 2013	52,008,049
Amortisation for the year	13,435,236
Impairment for the year	73,447,274
Exchange differences	(194,629)
At 31 December 2013 and 1 January 2014	138,695,930
Amortisation for the year	20,141,276
Impairment for the year	18,879,916
Exchange differences	(16,758,042)
At 31 December 2014	160,959,080
Carrying amount	
At 31 December 2014	17,010,275
At 31 December 2013	59,170,432

At 31 December 2014 and 2013, the Group's mining rights are the rights obtained by the Group for production and exploitation of three coal mines located in Tajikistan (31 December 2013: three). The major content of the coal mine is anthracite and bituminous coal. The terms of the mining rights of these coal mines are from August 1997 to September 2018. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.

The Group carried out reviews of the recoverable amount of its mining rights in 2014, having regard to the change in market condition. These assets are used in the Group's Exploitation of coal and coal processing segment. The review led to the recognition of an impairment loss of HK$18,879,916 for mining rights that have been recognised in profit or loss. The recoverable amount of the mining rights has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 22.4%. The discount rate used when the recoverable amount of these assets was previously estimated in 2013 was 21.7% to 23.3%.

Notes to the Financial Statements

For the year ended 31 December 2014

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK$	2013 HK$
Unlisted equity securities, at cost	70,814	70,814
Written off	(70,814)	—
	—	70,814

19. INVENTORIES

	2014 HK$	2013 HK$
Raw materials, consumable goods and spare parts	2,219,338	2,307,263
Work in progress	543,899	217,910
Coal	—	225,408
	2,763,237	2,750,581

20. TRADE AND BILLS RECEIVABLES

	2014 HK$	2013 HK$
Trade receivables	36,347,521	76,454,739
Bills receivables	61,723	—
Allowance for doubtful debts	—	(1,560,625)
	36,409,244	74,894,114

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

Notes to the Financial Statements

For the year ended 31 December 2014

20. TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2014 HK$	2013 HK$
0–30 days	1,053,000	23,842,094
31–60 days	2,170,933	14,241,373
61–90 days	977,569	6,790,942
Over 90 days	32,207,742	30,019,705
	36,409,244	74,894,114

As at 31 December 2014, no allowance was made for estimated irrecoverable trade receivables (2013: HK$1,560,625).

Reconciliation of allowance of trade receivables:

	2014 HK$	2013 HK$
At 1 January	1,560,625	208,824
Allowance for the year	—	1,534,806
Written off	(1,403,692)	(180,031)
Exchange differences	(156,933)	(2,974)
At 31 December	—	1,560,625

As of 31 December 2014, trade receivables of HK$22,559,291 (2013: HK$30,558,218) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of these trade receivables is as follows:

	2014 HK$	2013 HK$
Up to 3 months	303,903	960,154
Over 3 months	22,255,388	29,598,064
	22,559,291	30,558,218

Notes to the Financial Statements

For the year ended 31 December 2014

20. TRADE AND BILLS RECEIVABLES *(Continued)*

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2014 HK$	2013 HK$
HK$	22,255,388	28,680,388
RMB	11,043,090	37,111,511
TJS	3,110,766	9,102,215
	36,409,244	74,894,114

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2014 HK$	2013 HK$
Deposits placed with a securities broker	54,460,817	53,922,347
Deposits placed with suppliers	107,022,625	269,629,627
Utilities and other deposits	622,636	324,013
Prepayments	2,665,778	1,461,543
Transportation fee receivables	18,871,821	19,635,210
Other receivables	6,217,181	4,835,613
	189,860,858	349,808,353

22. BANK AND CASH BALANCES

As at 31 December 2014, the bank and cash balances of the Group denominated in RMB amounted to HK$1,237,013 (2013: HK$1,818,373).

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Financial Statements

For the year ended 31 December 2014

23. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2014 HK$	2013 HK$
0–30 days	422,847	14,612,672
31–60 days	58,406	1,935,442
61–90 days	8,604	—
91–180 days	228,655	—
181–365 days	—	12,315
Over 365 days	7,255,085	—
	7,973,597	16,560,429

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2014 HK$	2013 HK$
RMB	7,553,467	12,901,503
TJS	420,130	3,658,926
	7,973,597	16,560,429

24. OTHER PAYABLES AND ACCRUALS

	2014 HK$	2013 HK$
Accruals	7,089,765	10,845,614
Other payables	10,018,665	7,128,722
Deposit received for potential disposal of subsidiaries	—	49,331,100
	17,108,430	67,305,436

Notes to the Financial Statements

For the year ended 31 December 2014

25. DEFERRED TAX

The following are the deferred tax (liabilities) and assets recognised by the Group.

	Fair value adjustment of mining rights	**Fair value adjustment of fixed assets**	**Total**
	HK$	HK$	HK$
At 1 January 2013	(39,506,949)	549,831	(38,957,118)
Credit to profit or loss for the year *(note 9)*	4,692,748	—	4,692,748
Exchange differences	3,368	(180)	3,188
At 31 December 2013 and 1 January 2014	(34,810,833)	549,651	(34,261,182)
Credit to profit or loss for the year *(note 9)*	5,035,319	—	5,035,319
Exchange differences	(418,015)	55,271	(362,744)
At 31 December 2014	(30,193,529)	604,922	(29,588,607)

At the end of the reporting period the Group has unused tax losses of HK$27,075,954 (2013: HK$32,371,607) available for offset against future profits. No deferred tax asset has been recognised in respect of the HK$27,075,954 (2013: HK$32,371,607) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$19,417,220, HK$4,449,598 and HK$3,209,136 that will expire in 2015, 2016 and 2017 (2013: HK$5,835,937, HK$21,588,506 and HK$4,947,164 that will expire in 2014, 2015 and 2016) respectively. Other tax losses may be carried forward indefinitely.

26. SHARE CAPITAL

	Number of shares	**Amount**
		HK$
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	10,000,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	2,617,005,700	26,170,057

Notes to the Financial Statements

For the year ended 31 December 2014

26. SHARE CAPITAL *(Continued)*

Note:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises borrowings (except for bank overdrafts), loan from government, convertible notes and obligations under finance leases. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves) except for non-controlling interests.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the Shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2014, 89.0% (2013: 89.0%) of the shares were in public hands.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 HK$	2013 HK$
Fixed assets	—	1,483
Investments in subsidiaries	850	866
Prepayments and other receivables	54,995,210	55,139,907
Amounts due from subsidiaries	231,721,480	429,936,046
Bank and cash balances	477,650	584,422
Accruals	(3,210,631)	(2,506,169)
Amounts due to subsidiaries	(4,798,739)	(5,357,292)
NET ASSETS	279,185,820	477,799,263
Share capital	26,170,057	26,170,057
Reserves *(note 28(b))*	253,015,763	451,629,206
TOTAL EQUITY	279,185,820	477,799,263

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28. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium *(note c(i))* HK$	Shares held under share award scheme HK$	Share-based payment reserve *(note c(iii))* HK$	Convertible bonds reserve *(note 3(l))* HK$	Accumulated losses HK$	Total HK$
At 1 January 2013	1,176,818,023	—	24,953,536	101,256,434	(675,434,076)	627,593,917
Loss for the year	—	—	—	—	(174,396,941)	(174,396,941)
Share options forfeited and lapsed	—	—	(24,953,536)	—	24,953,536	—
Redemption of Replacement Bonds	—	—	—	(364,103)	—	(364,103)
Purchase of shares held under the share award scheme	—	(1,203,667)	—	—	—	(1,203,667)
Transfer	—	—	—	(100,892,331)	100,892,331	—
At 31 December 2013 and 1 January 2014	1,176,818,023	(1,203,667)	—	—	(723,985,150)	451,629,206
Loss for the year	—	—	—	—	(199,202,215)	(199,202,215)
Purchase of shares held under the share award scheme	—	(570,094)	—	—	—	(570,094)
Award of shares held under share award scheme	—	1,158,866	—	—	—	1,158,866
At 31 December 2014	1,176,818,023	(614,895)	—	—	(923,187,365)	253,015,763

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(c) to the financial statements.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(o) to the financial statements.

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29. SHARE-BASED PAYMENTS

Share award scheme

On 10 May 2013, the Company adopted a share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including without limitation any directors) of any members of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The purpose of the Share Award Scheme are (i) to recognise the contributions by certain employees of any members of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 3 years from that date.

The remuneration committee of the Company for the time being, or any other sub-committee of the board of directors of the Company delegated with the power and authority to administer the Share Award Scheme ("the Committee") may from time to time cause to be paid cash or made available to the trustee of the Share Award Scheme (the "Trustee") by way of settlement or otherwise contributed by the Group to the Trust as determined by the Committee from time to time for purchase of the shares of the Company and other purposes set out in the Share Award Scheme and the trust deed entered into between the Company and the Trustee (the "Trust Deed"). The Committee from time to time instruct the Trustee in writing to purchase the shares of the Company on the Stock Exchange. Once purchased, the shares of the Company are to be held by the Trustee for the benefit of the employees under the Trust on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed.

The grant of Award Shares (the "Award") to any Selected Employee is at no consideration. Where the Award is proposed to be made to any Selected Employee who is a director of the Company (including an independent non-executive director of the Company), such grant must first be approved by all members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee of the Company, by all of the other members of the remuneration committee of the Company.

Upon the Award grant to any Selected Employee, a notice will be sent to such Selected Employee (the "Grant Notice") with a copy thereof to the Trustee, setting out the number of the Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Employee constitute the definitive number of Awarded Shares being granted to him. Upon receipt the Grant Notice, the Selected Employee shall confirm acceptance of the Awarded Shares being granted to him by signing and returning the acceptance form attached to the Grant Notice, together with the certified copies of the identity verification documents of the Selected Employees, within 10 business days after the date of the Grant Notice (the "Acceptance Period").

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29. SHARE-BASED PAYMENTS *(Continued)*

Share award scheme *(Continued)*

The Awarded Shares shall only be vested on the Selected Employee at the end of the vesting period (if any) and on the proposed date on which the Awarded Shares are transferred by the Trustee to the Selected Employee (the "Vesting Date"). Subject to the terms and conditions of the Share Award Scheme, including the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Employee as specified in the Grant Notice (if any) and the receipt of the acceptance form attached to the Grant Notice and the certified copies of the identity verification documents of the Selected Employee before the expiry of the Acceptance Period and not later than 15 business days before the proposed Vesting Date, the Company shall procure the Trustee to cause the Awarded Shares to be transferred to and such rights on the Awarded Shares be vested in such Selected Employee on the Vesting Date. The Selected Employee shall not have any interest or rights (including the right receive dividends) in the Awarded Shares prior the Vesting Date.

No further award of Awarded Shares will make which will result in the aggregate nominal value of the shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company at the time of such award. The maximum aggregate nominal value of Awarded Shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed 2% of the issued share capital of the Company as at the time of such award.

9,000,000 Awarded Shares awarded during the year ended 31 December 2014 (2013: Nil).

Movements of shares held under the Share Award Scheme during the year are as follows:

	2014		2013	
	Number of share	**Amount HK$**	Number of share	Amount HK$
At 1 January	**9,270,000**	**1,203,667**	—	—
Purchased during the year	**5,410,000**	**570,094**	9,270,000	1,203,667
Award during the year	**(9,000,000)**	**(1,158,866)**	—	—
At 31 December	**5,680,000**	**614,895**	9,270,000	1,203,667

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30. SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2014 are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up capital/ chartered fund	Attributable equity interest	Principal activities
Directly held				
Kaisun Energy Corporation	British West Indies	US$1 Ordinary	100%	Investment holding
Kaisun Energy Management Ltd	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Main Logic International Ltd	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Better Business International Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
First Progressive Asia Limited	British Virgin Islands	US$100 Ordinary	100%	Investment holding
Alpha Vision Energy Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Kingdom Expo Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Bigrich Development Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Longfield Development Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
First Concept Development Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
West Concept Holdings Limited	British Virgin Islands	US$1 Ordinary	100%	Not yet commence business
Indirectly held				
West Glory Development Limited*	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Saddleback Mining Limited*	United Kingdom	GBP100 Ordinary	100%	Investment holding
Kaisun Mining Corporation LLC *	Tajikistan	TJS70,000	100%	Investment holding and exploitation of coal and coal processing
Kaisun Energy Trading Limited	Hong Kong	HK$10,000 Ordinary	100%	Provision of supply chain management
Wealth Platinum Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding

Notes to the Financial Statements

For the year ended 31 December 2014

30. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid up capital/ chartered fund	Attributable equity interest	Principal activities
Indirectly held *(Continued)*				
Essential Win Limited*	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Sangghalt LLC	Tajikistan	TJS109,800	95.63%	Production and exploitation of coal and coal processing
Kamarob LLC*	Tajikistan	TJS4,500,000 (TJS2,000,000 paid-up)	52%	Production and exploitation of coal and coal processing
Rovat LLC	Tajikistan	TJS1,600	100%	Production and exploitation of coal
Gold Fortress Group Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Anway Enterprises Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
Goodstar Development Limited	British Virgin Islands	US$1 Ordinary	100%	Investment holding
喀什凱順國際貿易有限公司	PRC	Paid up capital RMB2,000,000	100%	Not yet commence business
新疆凱運國際貿易有限公司	PRC	Paid up capital RMB10,000,000	100%	Provision of supply chain management services
深圳凱順鴻欣貿易有限公司	PRC	Paid up capital RMB500,000	100%	Provision of supply chain management services
滕州凱源實業有限公司	PRC	Registered capital HK$20,000,000 Paid up capital HK$10,216,943	70%	Manufacturing of mining and metallurgical machineries
Kingdom Equipment LLC	Tajikistan	TJS50,000	100%	Leasing of equipment
Kaisun Energy Logistic Limited	Hong Kong	HK$10,000	100%	Not yet commence business
Kaisun Energy Equipment Limited	Hong Kong	HK$10,000	100%	Investment holding
Kaisun Energy Kaiyun Limited	Hong Kong	HK$12,000,000	100%	Not yet commence business

* On 19 December 2012, the Group entered into a conditional sale and purchase agreement ("Conditional Agreement") with an independent third party ("Buyer") to sale the entire equity interests of a group of subsidiaries. According to the Conditional Agreement, the completion of the Conditional Agreement shall be conditional upon fulfillment of the certain terms and conditions. If the conditions precedent have not been fulfilled or waived on or before 5 p.m. on 31 December 2013 ("Long Stop Date"), the Agreement shall automatically terminate. On 18 October 2013, the Group and the Buyer entered a supplementary letter to extend the Long Stop Date from 31 December 2013 to 30 June 2015 or such later date as the Group and the Buyer may agree in writing due to additional time is required for the fulfillment of certain conditions precedent under the Conditional Agreement. On 18 July 2014, the Group and the Buyer jointly announced that due to current uncertainties in the region, both parties agreed to terminate this proposed transaction. Further details please refer to the Company's announcement on 18 July 2014.

Notes to the Financial Statements

For the year ended 31 December 2014

30. SUBSIDIARIES *(Continued)*

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**Kamarob LLC**	
Principal place of business/country of incorporation	**Tajikistan/Tajikistan**	
	2014	2013
% of ownership interests/voting rights held by NCI	**48%**	48%
	HK$	HK$
At 31 December:		
Non-current assets	**—**	8,476,074
Current assets	**—**	1,467,252
Non-current liabilities	**—**	—
Current liabilities	**(20,081,912)**	(22,275,765)
Net liabilities	**(20,081,912)**	(12,332,439)
Accumulated NCI	**(13,879,580)**	(611,283)
Year ended 31 December:		
Revenue	**—**	2,294,409
Loss	**(9,681,481)**	(5,547,487)
Total comprehensive income	**(9,681,481)**	(5,499,487)
Loss allocated to NCI	**(14,364,589)**	(28,587,451)
Dividends paid to NCI	**—**	—
Net cash used in from operating activities	**(41,067)**	(3,648,916)
Net cash generated from financing activities	**—**	—
Net decrease in cash and cash equivalents	**(41,067)**	(3,648,916)

As at 31 December 2014, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to HK$1,234,192 (2013: HK$1,267,820). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Financial Statements

For the year ended 31 December 2014

31. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of subsidiaries

On 1 September 2014 the Group disposed its subsidiaries, Active Million Limited, Vuromun LLC, Union Peace Limited and Union Management LLC.

Net assets at the date of disposal were as follows:

	HK$
Fixed assets	71,143
Deposits, prepayment and other receivables	209,615
Bank and cash balances	1,568
Other payables and accruals	(153,809)
Net assets disposed of	128,517
Release of foreign currency translation reserve	184,850
Loss on disposal of subsidiaries	(313,351)
Total consideration	16
Consideration satisfied by	
Cash	16
Net cash inflow arising on disposal:	
Cash consideration received	16
Cash and cash equivalents disposed of	(1,568)
	(1,552)

32. CONTINGENT LIABILITIES

At 31 December 2014, the Group did not have any significant contingent liabilities (2013: Nil).

Notes to the Financial Statements

For the year ended 31 December 2014

33. LEASE COMMITMENTS

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK$	2013 HK$
Within one year	1,472,306	817,141
In the second to fifth years inclusive	832,315	384,241
	2,304,621	1,201,382

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for an average term of one to two years and rentals are fixed over the lease terms and do not include contingent rentals.

34. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year.

	2014 HK$	2013 HK$
Interest on Replacement Bonds charged by Pacific Top Holding Limited and Profit Raider Investments Limited	—	3,885,965

Pacific Top Holding Limited and Profit Raider Investments Limited are shareholders of the Company and are beneficially owned by ZHANG Gaobo and ZHANG Zhi Ping.

35. SEGMENT INFORMATION

The Group has three reportable segments which are production and exploitation of coal in Tajikistan, provision of supply chain management services for mineral business and mining and metallurgical machineries production in Shandong for the year.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include dividend income and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include convertible bonds and derivative instruments. Segment non-current assets do not include financial instruments and deferred tax assets.

Notes to the Financial Statements

For the year ended 31 December 2014

35. SEGMENT INFORMATION *(Continued)*

Information about reportable segment profit or loss, assets and liabilities:

	Provision of supply chain management services for mineral business HK$	Production and exploitation of coal in Tajikistan HK$	Mining and metallurgical machineries production in Shandong HK$	Total HK$
Year ended 31 December 2014				
Revenue from external customers	16,216,459	18,528,522	2,133,252	36,878,233
Segment loss	(124,015,673)	(52,603,986)	(2,115,027)	(178,734,686)
Interest revenue	—	—	2,034	2,034
Depreciation and amortisation	192,248	40,447,503	148,752	40,788,503
Income tax expense	—	622,931	3,803	626,734
Additions to segment non-current assets	—	96,344	889,572	985,916
As at 31 December 2014				
Segment assets	142,509,622	25,341,244	7,556,430	175,407,296
Segment liabilities	1,727,965	12,811,068	541,095	15,080,128

	Provision of supply chain management services for mineral business HK$	Production and exploitation of coal in Tajikistan HK$	Total HK$
Year ended 31 December 2013			
Revenue from external customers	235,218,267	30,969,363	266,187,630
Segment loss	(33,113,567)	(58,374,945)	(91,488,512)
Interest revenue	50,168	—	50,168
Depreciation and amortisation	1,495,864	23,608,909	25,104,773
Income tax expense	580,654	291,044	871,698
Additions to segment non-current assets	9,000	1,375,356	1,384,356
As at 31 December 2013			
Segment assets	374,224,482	168,148,413	542,372,895
Segment liabilities	14,278,204	11,362,569	25,640,773

Notes to the Financial Statements

For the year ended 31 December 2014

35. SEGMENT INFORMATION *(Continued)*

Reconciliations of segment revenue and profit or loss from continuing operations:

	2014 HK$	2013 HK$
Revenue		
Total revenue of reportable segments	36,878,233	266,187,630
Consolidated revenue from continuing operations	36,878,233	266,187,630
Profit or loss		
Total profit or loss of reportable segments	(178,734,686)	(91,488,512)
Impairment loss on intangible assets	(18,879,916)	(73,447,274)
Deferred tax	5,035,319	4,692,748
Unallocated corporate income	17,658,842	21,582,584
Unallocated corporate expense	(44,888,611)	(58,355,365)
Consolidated loss for the year	(219,809,052)	(197,015,819)

Reconciliations of segment assets and liabilities:

	2014 HK$	2013 HK$
Assets		
Total assets of reportable segments	175,407,296	542,372,895
Available-for-sale financial assets	—	70,814
Unallocated corporate assets	142,298,358	55,732,747
Consolidated total assets	317,705,654	598,176,456
Liabilities		
Total liabilities of reportable segments	15,080,128	25,640,773
Deferred tax liabilities	29,588,607	34,261,182
Unallocated corporate liabilities	11,859,097	59,369,067
Consolidated total liabilities	56,527,832	119,271,022

Notes to the Financial Statements

For the year ended 31 December 2014

35. SEGMENT INFORMATION *(Continued)*

Geographical information:

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

Revenue

	2014 HK$	2013 HK$
Tajikistan	18,528,522	30,969,363
The PRC except Hong Kong	18,349,711	162,345,790
Brunei	—	72,872,477
Consolidated total	36,878,233	266,187,630

Non-current assets

	2014 HK$	2013 HK$
Hong Kong	195,623	389,353
Tajikistan	27,895,053	88,726,813
The PRC except Hong Kong	5,951,918	7,007,004
Consolidated total	34,042,594	96,123,170

Revenue from major customers:

	2014 HK$	2013 HK$
Provision of supply chain management services for mineral business		
Customer a	—	50,904,060
Customer b	—	91,799,184
Customer c	—	39,308,160
Customer d	16,216,459	—

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2015.