联合能源

年　報
Annual Report
2014

聯合能源集團有限公司
UNITED ENERGY GROUP LIMITED

(於開曼群島註冊成立及於百慕達存續之有限公司)

(Incorporated in the Cayman Islands and
continued in Bermuda with limited liability)

(股份代號 Stock Code : 0467)

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors

Zhang Hong Wei *(Chairman)*
Zhu Jun
Zhang Meiying

Independent Non-Executive Directors

San Fung
Chau Siu Wai
Zhu Chengwu

Company Secretary

Hung Lap Kay

Principal Place of Business

Suite 2505, 25th Floor
Two Pacific Place
88 Queensway
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Bankers

China Development Bank, Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Ltd.
Bank of Communications Company Limited,
Hong Kong Branch
Hong Kong and Shanghai Banking Corporation Ltd.

Legal Adviser in Hong Kong

Baker Botts LLP
Simmons & Simmons
Angela Ho & Associates in association
with Lang Michener LLP

Auditors

RSM Nelson Wheeler
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton HM 11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre,
183 Queen's Road East
Hong Kong

Website

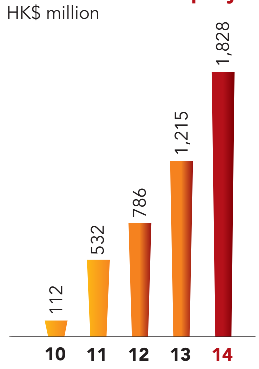
http://www.uegl.com.hk

KEY FINANCIAL AND OPERATION SUMMARY

Financial Summary

	2014 HK$'000	2013 HK$'000	**Change**
Results			
Turnover	**6,120,229**	4,787,556	+27.8%
Gross profit	**3,290,782**	2,300,391	+43.1%
EBITDA(note 1)	**4,307,602**	3,357,104	+28.3%
Profit for the year	**1,814,446**	1,173,190	+54.7%
Profit attributable to owners of the Company	**1,827,887**	1,215,211	+50.4%
Basic earnings per share	**14.00 HK cents**	9.32 HK cents	+50.2%
Key items in consolidated statement of financial position			
Equity attributable to owners of the Company	**9,778,958**	7,930,771	+23.3%
Total assets	**18,594,865**	16,756,548	+11.0%
Net assets	**9,817,372**	7,982,931	+23.0%

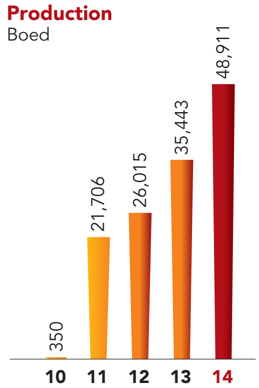
Profit attributable to owners of the Company
HK$ million



Operation Summary

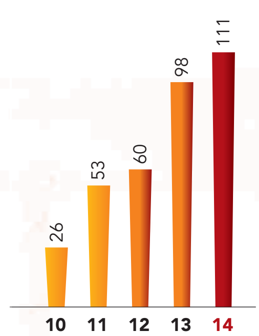
Pakistan Assets	**2014**	2013	**Change**
Production			
Average Daily Net Production (boed)	**47,091**	33,809	+39.3%
Oil & Liquids Ratio(Note 2)	**32.2%**	34.7%	–2.5%
Reserve			
Net 1P Reserve at the year end (mmboe)	**84.1**	70.0	+20.1%
Net 1P Reserve Replacement Ratio	**183%**	394%	–211.0%
Exploration & Development Activity			
Rig Workovers	**10**	39	–74.4%
Exploration wells	**23**	28	–17.9%
Development wells	**15**	29	–48.3%
3D Seismic Data Acquired (Km²)			
Onshore	**1,442**	3,236	–55.4%
Offshore	**–**	843	–100.0%

Production
Boed



Liaohe EOR Project, China	**2014**	2013	**Change**
Production			
Average Daily Net Production Rate (bbld)	**1,820**	1,634	+11.4%
Oil & Liquids Ratio(Note 2)	**100%**	100.0%	–
Reserve			
Net 1P Reserve at the year end (mmbbl)	**27.1**	28.3	–4.2%
Development Activity			
Coverage of Fireflood Application at the year end	**44%**	41%	+3.0%
Rig Workovers	**20**	21	–4.8%
Development wells	**–**	8	–100.0%
Fireflood producer added	**7**	25	–72.0%

Net 1P Reserves
MMBoe



Notes:

1. EBITDA represents the profit before finance costs, income tax expense, depreciation and amortisation and impairment loss on intangible assets.

2. Oil & Liquids including Crude Oil, Condensate & LPG.

CHAIRMAN'S STATEMENT


NO SMOKING

CHAIRMAN'S STATEMENT

In 2014, United Energy Group Limited (the "Company") and its subsidiaries (the "Group") continued to execute the "reliable operation + rapid growth" business strategy and enjoyed fruitful results. The Group has benefited from the unique characteristics of its oil and gas operations to consolidate its position as a major oil and gas exploration and production company. The Group has made leaping enhancements in its reserves, production levels, profitability and competitiveness and rapid growth in turnover in four consecutive years. After recorded profit in 2010 financial year, it was the fifth year of positive growth in net profit, recording a compound annual growth rate of 101%.

For the year ended 31 December 2014 ("the reporting period"), the Group's Turnover was approximately HK$6,120,229,000, representing 27.8% increase from 2013. Profit attributable to owners of the Company was approximately HK$1,827,887,000 increased by 50.4% as compared to 2013. As at 31 December 2014, net proved reserves reached 111.2 million barrels of oil equivalent ("boe"), representing 13.1% increase from 2013. By the consistent delivery of such exemplary results, the Board and the management of the Group has fulfilled its promise of delivering to the shareholders and investors sustainable returns.

Significant production ramp-up and increase in profitability in Pakistan Assets

In 2014, through the efforts of our management and staff, the Pakistan Assets has successfully implemented an intensive exploration and development programme and achieved good results. The profitability has significantly improved with expanded operation and increased productivity. During the reporting period, the Pakistan Assets achieved an average daily net production of approximately 47,091 boed, representing an approximately 39.3% increase compared to the full year of 2013.

As at 31 December 2014, the net proved reserve was approximately 84.1 million boe, within which net proved reserve adds from exploration and development activities was about 31.3 million boe representing a net proved reserve replacement ratio of 182%.

During 2014, the Group remains as one of the most-active oil and gas upstream operator in Pakistan, completed 23 exploration wells and 15 development wells and acquired 1,442km^2 of 3D seismic data in the MKK Blocks and the DSS Blocks. Furthermore, the Group has made 20 new oil and gas discoveries in Badin and MKK Blocks and spudded its first exploration well in the DSS Blocks after the completion of acquisition of the Pakistan Assets from British Petroleum in September 2011. In addition, in June 2014, United Energy Pakistan Limited ("UEPL"), a wholly owned subsidiary of the Company, delivers their first export shipment to the international oil market. For the reporting period, UEPL has successfully exported approximately 1,560,000 boe of oil and condensate to the international oil market. This marked another milestone and allows the Group to diversify its sales channel outside of Pakistan.

Notably, after the installation of an additional 160 mmcfd skid-mounted gas processing plant, average daily net production in the MKK Blocks ramped up significantly in the second half of financial year of 2014 and reached approximately 31,030 boed, representing an approximately 235.3% and 72.9% increase compared to the second half of financial year of 2013 and the first half of financial year 2014, respectively. The Group will continue its strategic focus on exploration and development activities in the enormously potential-rich MKK Blocks and we expect the MKK blocks to become a major source of future organic growth. It would facilitate the implementation of the Group's business plan in respect of the MKK Concessions which will be beneficial to the business of the Group.

Pakistan has faced a severe energy shortage starting from 2010. Oil and gas accounted for over 80% of Pakistan's energy supply market. Current local production of oil and gas is far failed to meet the demand. In this connection, the government has a variety of incentives to encourage investment in oil and gas resources industry and has to devote substantial resources in the energy infrastructure sector. The Group, as one of the largest foreign energy companies in Pakistan, has a solid and reputed brand in the country. In view of the macro-economic development in the country, it is believed that the Group is in a good position to benefit from the opportunities for oil and gas companies in Pakistan. The Group continues to search for quality projects and opportunities to fully make use of its advantage in the sector.

China Liaohe EOR Project achieve stable growth rate

As a result of the Group's increased investment in the patented fireflood technology, the Group has demonstrated its effectiveness and the Liaohe EOR Project has recorded continuous steady growth. The production volumes recorded progressive growth every years since the project entered into production stage. In the reporting period, the average daily net production volume reached 1,820 bbld, representing 11.4% increase as compared to the corresponding period in last year. Our aim is to further ramp up production level, reduce the operation costs, increase the profitability and enhance the coverage of fireflood application.

Positive growth from Oilfield Support Service Business

As the numerous large oilfields in China mature, the Group's fireflood technology will assist them in increasing production volume and prolong their life of production. We are now in negotiations with a number of major oilfields in China in relation to co-operation opportunities. Our target is to expand the Group's oilfield services in China.

Oil exploration technology and R&D

In 2014, United Energy has started a comprehensive Hydraulic Fracing campaign in addition to installing a number of Electrical Submersible Pumps (ESPs). This made its Pakistan Assets to be the first company that has successfully deployed ESPs in Pakistan. In terms of R&D, the Group is studying a number of possible Gas Well Deliquification technologies and the Pakistan Assets has had success in applying Capillary Soap Injection (CSI) combined with Gas Lift to improve hydrocarbon recoveries. In terms of exploration, the Group's Pakistan Assets is undertaking some advanced processing and interpretation of its extensive 3D seismic data, which will enable the Group to target stratigraphic traps in addition to conventional faulted traps.

Health, Safety and Environment (HSE)

The Group is deeply commitment to health, safety and environmental performance and conducts its business activities in a safe, efficient manner with care of everyone involved or impacted by its activities. In 2014, the Group ensures compliance with all applicable health safety and environmental laws and has achieved all the HSE targets. The Group strives to continually improve its HSE performance by working with local regulators and industry partners to develop standards of HSE.

Corporate Social Responsibility

As an oil and gas exploration and production group, we take corporate social responsibility seriously and strive to optimise the delivery of economic benefits while maintaining a sustainable and socially responsible operations. While the Group's business achieves rapid growth, the Group aims to provide sustainable, safe, stable and clean energy for the society.

In the past year, the Group has again contributed to the communities. As the largest foreign oil and gas supplier in Pakistan, the Group's production consists mainly of natural gas (70%). Natural gas is a clean and efficient fossil fuel. It has provided energy for the rapidly growing Pakistan economy while protecting the environment and reducing carbon emission at the same time.

The Group strives to contribute to the local community. In this regard, the Group has set up social responsibility fund to provide community support to the local residents. In 2014, the Group continued to devote resources in Pakistan for community development purposes, including education, medical facilities and many other natural disaster assistance and support service. United Energy will continue to mobilise its own Community Support Team, screen the best community investment services for sustainable development, and actively invest in local community development affairs.

Liaohe oilfield has installed a tail-gas processing facility. The facility processes and recycles its tail-gas thereby reducing production cost, reducing gas emission and its impact on the local environment.

Outlook

As one of the major upstream oil and gas corporations listed on the Hong Kong Stock Exchange, the Group continues to search for opportunities to acquire and expand in the global oil and gas market. This, together with aggressive exploration and development of existing assets, will maximize returns for the shareholders. The Company will closely monitor the global M&A opportunities. The Group's existing sustainable exploration and development assets and strong and stable cashflow with net operation cash inflow of approximately HK$3,450,345,000 and cash on hand of approximately HK$2,494,348,000 will provide us with a solid foundation for outbound acquisitions. In October 2012, the Group refreshed the co-operation agreement with China Development Bank Hong Kong Branch for 5 years and for a renewed US$5 billion. In October 2014, the Group also established the S$1,000,000,000 multi-currency medium term note programme. The Group can make use of this strong financial support to expand its asset base and operations, thereby achieving the best returns for shareholders.

The Group expects the price of oil will remain low in financial year 2015, which will create certain challenge to our Pakistan Assets and Liaohe EOR Project operations. However, the Group will continue the cost savings strategy to ensure high production quality. The Group will also engage more Chinese equipment suppliers together with its excellent production team in order to further reduce the production cost and thereby reducing the impact of low oil prices on the Group. On the other hand, the recent sharp fall in oil price may also provide another favorable opportunity for the Group to re-activate its acquisitions activities.

In the operation guidance for 2015, the Group has established in accordance with the Group's exploration and development work plan to achieve the goal of the annual average daily net production to 63,800 boed to 67,000 boed, which will represent another milestone of United Energy. We will not be satisfied with the development achievement in the past, and has started to prepare for the future production growth. The MKK areas will be a major source of future growth, and the existing natural gas processing capacity will operate at maximum capacity in 2015. Thus, following the completion and commencement of production of a new natural gas processing facilities in the MKK areas in 2015, it will ensure that the Group has sufficient capability to exploit existing reserves, to further optimize its exploration, development and production activities in order to sustain high future production growth targets.

Stepping into 2015, the Group continues to implement its strategy of "Win-win cooperation to achieve quantum leap growth". We plan to work closely with state-owned as well as international oil companies to explore the potential of the existing assets and to ramp-up the reserve and production of the Pakistan assets, while reducing the cost of production and enhancing profitability. These are the solid foundation for competing as a large international exploration and production company. In the meantime, the Group will enhance its corporate development model and competitiveness in China by continuing to scale up the production and profitability of the Liaohe project and conduct research in fireflood technology.

Our management team has vast experience and ability which is demonstrated in the successful completion of acquisition of the Pakistan Assets and its subsequent success in managing the assets. Although the global economy remains unsettled, this we believe has provided us with good opportunities and motivations. With the recovery of the global economy, stronger demand for energy and the further expansion of the Chinese economy, United Energy possesses the plan and the human resources to continue its rapid growth in production, reserves and profitability and quantum leap developments. I, on behalf of the Board, would like to thank all the shareholders and investors for their continued support and all the employees for their contribution to the Group. We will try our best to achieve better returns for shareholders.

Zhang Hong Wei
Chairman
19 March 2015

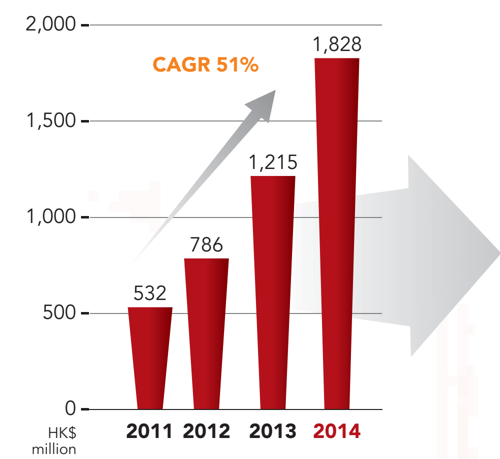
MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

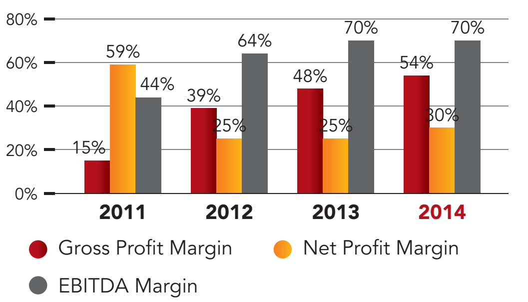
Financial Review

The Group continued a strong growth in earnings for the year ended 31 December 2014 (the "reporting period"). The profit attributable to the owners of the Company was approximately HK$1,827,887,000 (2013: HK$1,215,211,000), representing 50.4% growth from the year ended 31 December 2013 ("Last Year"). The increase in net profit was due to the continuously growth in Pakistan Assets. Profit from Pakistan Assets grew by 41.9% to HK$2,242,308,000 (2013: HK$1,580,348,000). This was contributed by the ramping up of production as a result of our new discoveries in MKK following the completion of gas processing facility upgrade during the year.

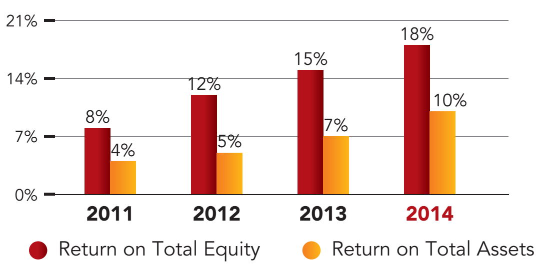
UEG 2014 FY– Profit Attributable to Owners of the Company



Profitability



Return on capital



Notes:

1. EBITDA represents the profit before finance cost, income tax, depreciation and amortization, gain on bargain purchase, impairment loss on intangible assets, reversal of impairment losses on intangible assets and loss on dissolution of a subsidiary.

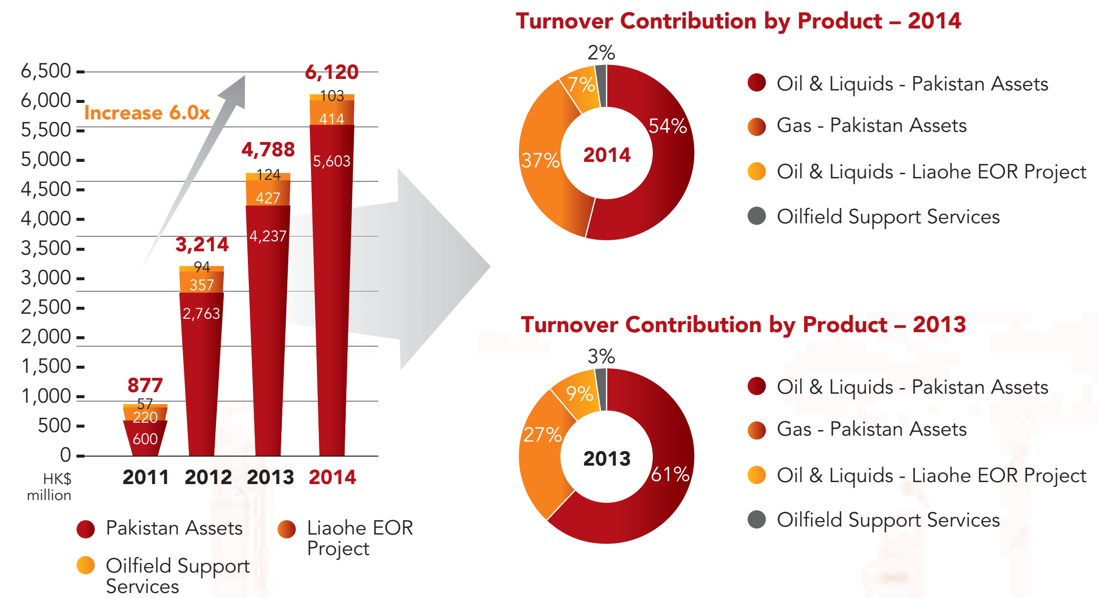
2. One-off gain on bargain purchase from acquisition of Pakistan Assets (completed on 16th Sep. 2011), which drive up the Net Profit in 2011.

Turnover

The Group's turnover for the reporting period was approximately HK$6,120,229,000, representing an increase of 27.8% as compared with the turnover of HK$4,787,556,000 for Last Year. The increase in turnover was mainly contributed by the increase of production in Pakistan Assets from 33,809 barrels of oil equivalent ("boe") per day ("boed") to 47,091 boed.

During the reporting period, the Group received provisional 2012 Petroleum Policy price notification from Pakistan Authority of new gas sales price for our fields in MKK areas. The average gas price was increased significantly from US$3.98/Mcf in 2013 to US$5.03/Mcf in this year.

UEG 2014 FY – Turnover



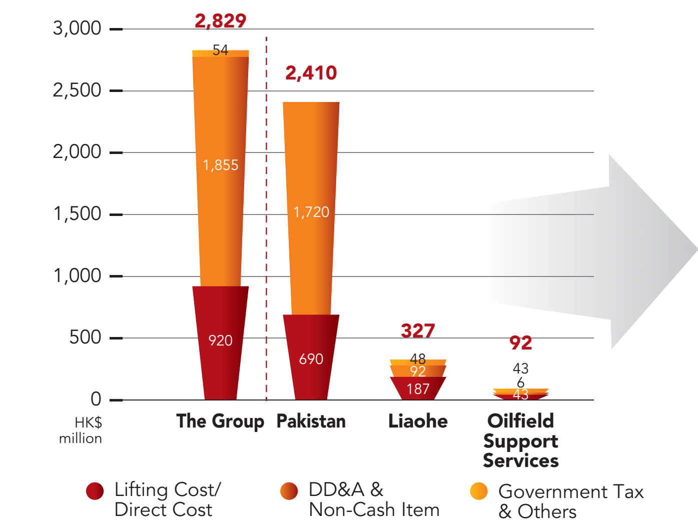
Note:

1. Turnover represent sales after government take.

Cost of sales and services rendered

The Group's cost of sales and services rendered increased from approximately HK$2,487,165,000 for the year ended 31 December 2013 to approximately HK$2,829,447,000 for this reporting period. This was in line with higher production and sale achieved in the year. The cost of sales and services rendered included depreciation and amortisation of approximately HK$1,855,078,000 (2013: HK$1,686,469,000). The average unit depreciation and amortisation for upstream oil operation was HK$102 per boe (2013: HK$126 per boe). The decrease was mainly due to lower of unit of production rate as a result of higher oil reserves at the end of year 2014 achieved by new discoveries in Pakistan Assets in 2014 and the effort of cost control in the exploration and development activities.

UEG 2014 FY – Cost of Sales & Services Rendered

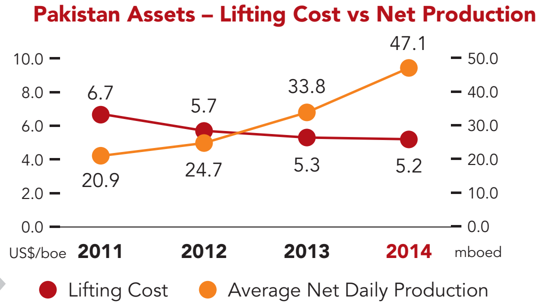


Notes:

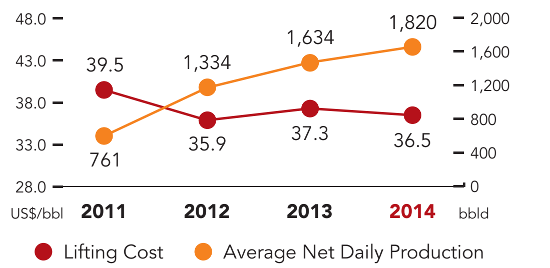
1. Lifting Cost represent Cost of Sales & Services Rendered excluding depreciation and amortization and government tax.

2. 2011 Figure represent UEG operation on between 16 Sep 2011–31 Dec 2011.

Pakistan Assets – Lifting Cost vs Net Production



Liaohe EOR Project – Lifting Cost vs Net Production



Gross profit

The Group's gross profit for the reporting period was approximately HK$3,290,782,000 (gross profit ratio 53.8%) which represented an increase of 43.1% as compared with gross profit for 2013 of approximately HK$2,300,391,000 (gross profit ratio 48.0%).

Exploration expenses

The Group's exploration expenses for the reporting period was approximately HK$272,085,000 (2013: HK$331,784,000) which was incurred mainly for the 3D seismic data acquisition, processing and studies performed in Pakistan Assets.

Administrative expenses

The Group's administrative expenses for the reporting period was approximately HK$481,109,000 (2013: HK$368,184,000), representing 7.9% (2013: 7.7%) of turnover.

Finance costs

The Group's finance costs for the reporting period was approximately HK$238,506,000, representing 3.9% decrease as compared with the finance costs of approximately HK$248,147,000 for Last Year. The decrease in finance costs was mainly due to lower interest rate in the year. The average interest rate of borrowings for the year was 4.54% (2013: 4.79%).

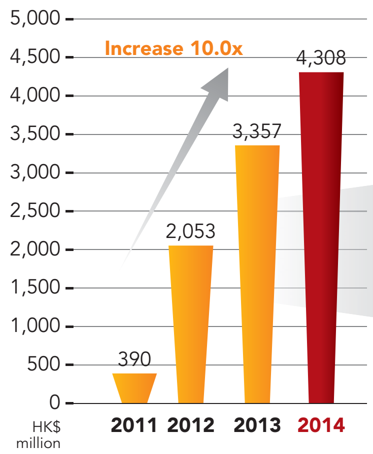
Income tax expense

The Group's income tax expense for the reporting period was approximately HK$304,011,000 (2013: HK$27,128,000). The increase in income tax expense was mainly due to the initial recognition of deferred tax assets arise from finance cost in 2013.

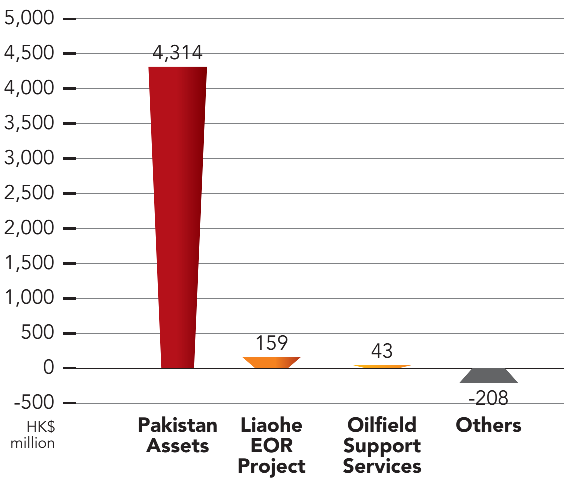
EBITDA

EBITDA represents the profit before finance costs, income tax expense, impairment losses on intangible assets and depreciation and amortisation. It shall be noted that EBITDA is not a measure of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies. The EBITDA for the year was HK$4,307,602,000, increased by 28.3% from 2013 of approximately HK$3,357,104,000.

UEG 2014 FY – EBITDA



UEG 2014 FY – EBITDA by Assets



Notes:

1. EBITDA represents the profit before finance cost, income tax, depreciation and amortization, gain on bargain purchase, impairment loss on intangible assets, reversal of impairment losses on intangible assets and loss on dissolution of a subsidiary.

2. Others represents corporate and administrative expenses.

The Group continues to see considerable opportunity for organic and inorganic expansion. Due to the projected expansion, and, as such, the Board has not recommended the payment of final dividend for the reporting period.

The Group's Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2014. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, as well as internal control and financial reporting matters, and found them to be satisfactory.

Business Review

The Group is one of the largest listed upstream oil and gas corporations in Hong Kong, with business now extended to South Asia. The Group is focused on the investment and operation of oil, natural gas and other energy related businesses. Under the implementation of "reliable operation + rapid expansion" business strategy, the performance and operations of the Group's assets in Pakistan has shown significant growth and enhancement. In the reporting period, the Group has recorded 27.8% growth in turnover and 54.7% growth in net profit compared with Last Year. The significant increase is a proof that the Group thereby is fulfilling its promises to deliver to the shareholders and investors on sustainable returns and growth.

In October 2014, the Group established the S$1,000,000,000 multi-currency medium term note programme (the "Programme") and successfully completed the inaugural issuance of S$100,000,000 medium term notes. The Group considers that the Programme makes available a platform to enhance its liquidity, flexibility and efficiency for future funding for capital expenditures related to the Group's development and future acquisitions.

For the year ended 31 December 2014, the Group's Pakistan Assets and Liaohe Enhanced Oil Recovery ("EOR") Project in China ("Liaohe EOR Project") recorded satisfactory growth in production and financial performance. In this reporting period, the Group delivered an average daily net production of approximately 48,911 boed, representing 38.0% increase from Last Year. The Pakistan Assets delivered an average daily net production of approximately 47,091 boed, of which 32.2% was oil and liquids, representing 39.3% increase from Last Year. The Liaohe EOR Project delivered an average daily net production of approximately 1,820 bbld, of which 100.0% was oil and liquids, representing 11.4% increase from Last Year. In terms of the net production level, the Group is ranked as one of the largest independent upstream oil and gas operator listed on the Hong Kong Stock Exchange.

During the reporting period, lifting costs and direct costs incurred and recognised in cost of sales and services rendered by the Group is approximately HK$2,829,447,000 (Pakistan Assets: approximately HK$2,409,894,000, Liaohe EOR Project: approximately HK$327,270,000, Oilfield Support Services: approximately HK$92,283,000), and the Group invested approximately HK$2,543,638,000 of capital expenditure in oil exploration, development and production activities (Pakistan Assets: approximately HK$2,457,820,000, Liaohe EOR Project: approximately HK$85,818,000). The Group has drilled 38 new wells in Pakistan Assets, 20 side-track wells in Liaohe EOR Project, and acquired 1,442 km^2 of 3D seismic data in onshore area of Pakistan Assets. Follow on data processing and interpretation work was in progress.

Pakistan Assets:

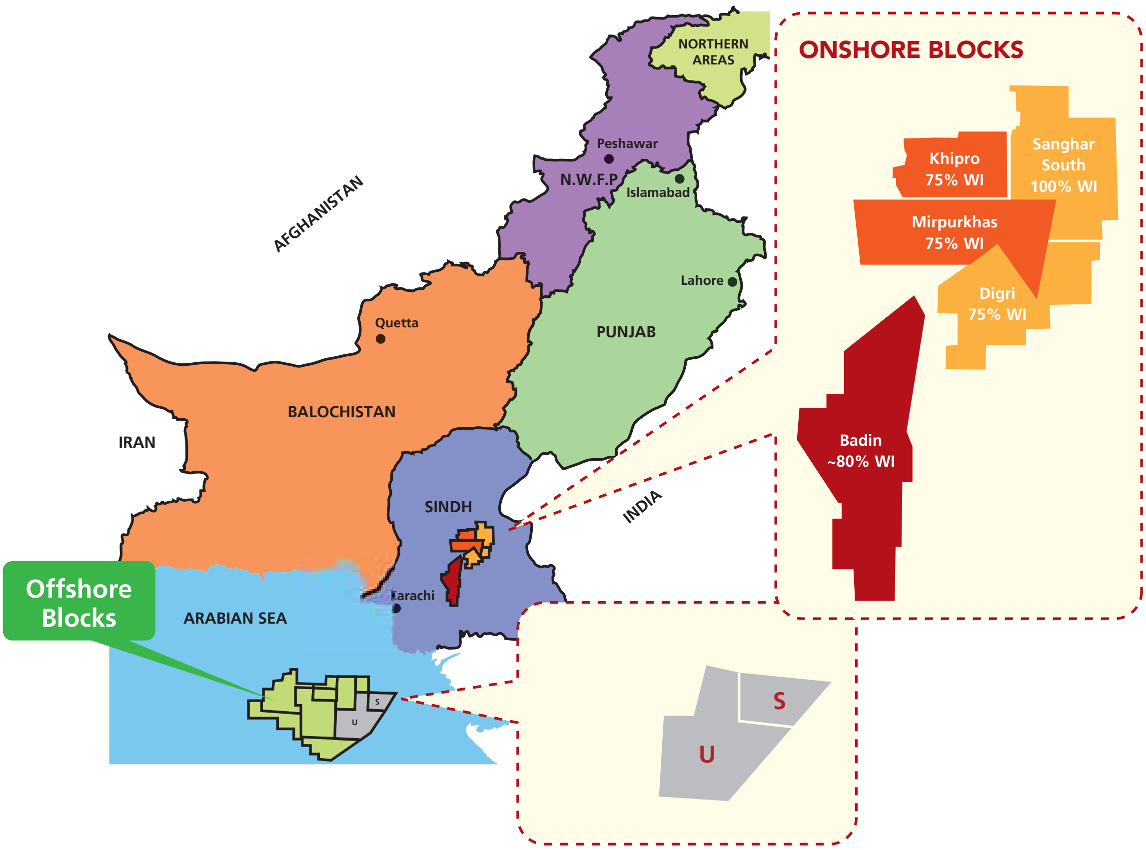
For the year ended 31 December 2014, the Pakistan Assets achieved an average daily net production of approximately 47,091 boed, of which 32.2% was oil and liquids, representing an approximately 39.3% increase compared to Last Year. Composite Average Sales Price Before Government Take amounted to US$48.5 per boe, representing an approximately 2.4% decrease compared to Last Year.

During the reporting period, the Group remains as one of the most-active oil and gas upstream operator in Pakistan, completed 23 exploration wells and 15 development wells and acquired 1,442km^2 of 3D seismic data in the MKK Blocks and the DSS Blocks. Furthermore, the Group has made 20 new oil and gas discoveries in Badin and MKK Blocks and spudded its first exploration well in the DSS Blocks after the completion of acquisition of the Pakistan Assets from British Petroleum in September 2011. In addition, in June 2014, United Energy Pakistan Limited ("UEPL"), a wholly owned subsidiary of the Company, delivers their first export shipment to the international oil market. For the reporting period, UEPL has successfully exported approximately 1,560,000 boe of oil and condensate to the international oil market. This marked another milestone and allows the Group to diversify its sales channel outside of Pakistan.

In 2014, United Energy has started a comprehensive Hydraulic Fracing campaign in addition to installing a number of Electrical Submersible Pumps (ESPs). This made its Pakistan Assets to be the first company that has successfully deployed ESPs in Pakistan. In terms of R&D, the Group is studying a number of possible Gas Well Deliquification technologies and the Pakistan Assets has had success in applying Capillary Soap Injection (CSI) combined with Gas Lift to improve hydrocarbon recoveries. In terms of exploration, the Group's Pakistan Assets is undertaking some advanced processing and interpretation of its extensive 3D seismic data, which will enable the Group to target stratigraphic traps in addition to conventional faulted traps.

Notably, after the installation of an additional 160 mmcfd skid-mounted gas processing plant, average daily net production in the MKK Blocks ramped up significantly in the second half of financial year of 2014 and reached approximately 31,030 boed, representing an approximately 235.3% and 72.9% increase compared to the second half of financial year of 2013 and the first half of financial year 2014, respectively. The Group will continue its strategic focus on exploration and development activities in the enormously potential-rich MKK Blocks and we expect the MKK blocks to become a major source of future organic growth. It would facilitate the implementation of the Group's business plan in respect of the MKK Concessions which will be beneficial to the business of the Group.

Pakistan Assets Location Map



Liaohe EOR Project, China:

The Group's Liaohe EOR Project is one of the largest commercial application of fireflood technology in enhance oil recovery projects in China. The Liaohe EOR Project was approved by National Development and Reform Commission to enter into development stage in July 2010 and the project entered into production stage in February 2011.

Since Liaohe EOR Project entered into development and production stages and recorded satisfactory production growth. For the year ended 31 December 2014, Liaohe EOR Project achieved an average daily net production of approximately 1,820 bbld, representing an approximately 11.4% increase compared with Last Year. Average Sales Price Before Government Take amounted to US$84.9 per bbl, representing an approximately 8.9% decrease compared with Last Year. As at 31 December 2014, a total 264 of the 606 oil producers (representing ~44.0% of production wells) have been converted into fireflood producers.

Oilfield Support Services:

As a leading fireflood technology company in China, the Group plans to maintain its leadership by conducting research in fireflood technology. Through providing patented technology support services to oilfields, the Group will contribute to enhancing the residual values of abolished or retiring oilfields through increasing their ultimate recovery ratios and thereby creating greater economic values.

The Group's successful application of fireflood technology can help promoting the technology to elsewhere in the region. This will in turn create a great business potential. Since the Chinese oilfields are aging gradually, the Group has the patented fireflood technology to explore the opportunity of "secondary development" which will enhance the production volume and life of the maturing oilfields. The Group is currently in negotiations with a number of corporations and actively exploring business opportunities.

Business and market outlook

The Group expects the price of oil will remain low in financial year 2015, which will create certain challenge to our Pakistan Assets and Liaohe EOR Project operations. However, the recent sharp fall in oil price may also provide another favorable opportunity for the Group to re-activate its acquisitions activities. Refer to our 2015 operation guidance ("2015 Guidance") released on 16 February 2015, the Group's average daily net production is forecasted to be in the range of 63,800 to 67,000 boed, representing at least 30.4% increase compared with 2014.

In 2012, the Group has planned to further increase its average daily net production in Pakistan to above 60,000 boed on or before 2017. The management of the Group expects that this target will be achieved in 2015, 2 years ahead of our original plan. Benefit from the significant growth in production level, the Group expects our free cashflow will remain strong and positive in year 2015 and able to fund the capital expenditure using its internal funding.

To deliver our strategy of "Win-win cooperation to achieve quantum leap growth", our Group actively explores opportunities for acquiring quality projects together with aggressive exploration and development of existing assets, thereby enhancing the scale of the Group's upstream operations. The Group signed a project cooperation agreement with China Development Bank at US$5 billion for five years on 26 October 2012 and established the S$1,000,000,000 multi-currency medium term note programme on 8 October 2014, signifying the Group's continued ability to enjoy the preferential financial support in acquisitions. This enhances the Group's financial power in bidding for quality assets. The Group can make use of this strong support to search for quality assets or co-operation opportunities thereby expanding the portfolio of assets and operations. This creates the best environment to achieve shareholding value maximization.

Pakistan Assets:

Notably, the country has faced a severe energy shortage starting from 2010. Pakistan, one of the most populated developing countries in Asia, has strong demand for energy. The Group, as one of the largest foreign energy companies in Pakistan, has a solid and reputed brand in the country. In view of the macro-economic development in the country, it is believed that the Group is in a good position to benefit from the opportunities for oil and gas companies in Pakistan. The Group continues to search for quality projects and opportunities to fully make use of its advantage in the sector.

Following the major discovery at Naimat West, the Group carried out a major maintenance and upgrade of its oil & gas processing facility and optimising the gas gathering system located in the MKK area. The construction of the 160 mmcfd gas processing plant ("Naimat Phase 5") in MKK is in progress and expected to go on stream in 2015. The project consists of 2 phases:

Phase 5A: 60 mmcfd skid-mounted gas processing plant (expected first gas by April 2015)
Phase 5B: 100 mmcfd gas processing plant (expected first gas by July 2015)

After the completion of the project, the Group is expected to add approximately 110 mmcfd of sales gas from the MKK Blocks. This is an important step for the Group to further ramp up the production in the year 2015.

Subsequent to the notification received on 21 January 2014, the Group received another provisional gas price notification on 17 July 2014 from Oil and Gas Regulatory ("OGRA") for all the fields attracting a 2012 petroleum policy price. The Group is currently working on the supplemental agreements with Government of Pakistan ("GoP") for fully implementation. The Company expects that the full implementation of the 2012 Petroleum Policy in MKK and DSS concession will provide a positive financial impact on our results.

Liaohe EOR Project, China:

Since the Liaohe EOR Project entered into development and production stages, the project has recorded double digit growth on net production for three consecutive years. The Group will continue its capital investment to increase the net average daily production and the coverage of fireflood application of Liahoe EOR Project.

Conclusion

As one of the largest listed upstream oil companies in Hong Kong, the Group will keep looking for opportunities to expand its business in China and other regions to maximize the returns for shareholders. The Group is implementing the development strategy of "Win-win cooperation to achieve quantum leap growth". The Group will work closely with Chinese oil companies and other oil companies in search for the values creation. The Group targets at achieving enhancing oil and gas production in Pakistan, lowering the lifting cost and improvement in profit margins and it will also enhance the exploration scale, increasing the reserves ratio to build a solid base as a large-scale oil and gas operator.

Material Acquisition and Disposal

The Company does not have material acquisition and disposal during the year ended 31 December 2014.

Segment Information

Particulars of the Group's segment information are set out in note 10 to this report.

Liquidity and Financial Resources

The Group maintained its strong financial position for the reporting period, with cash and cash equivalents amounting to approximately HK$2,494,348,000 as at 31 December 2014 (2013: approximately HK$1,709,644,000).

As at 31 December 2014, the outstanding balance of the bank loan from China Development Bank Corporation Hong Kong Branch for acquisition of the Pakistan upstream oilfield assets from British Petroleum in September 2011 was US$560,000,000, approximately equivalent to HK$4,368,000,000 (2013: US$620,000,000, approximately equivalent to HK$4,836,000,000).

On 26 June 2014, United Petroleum & Natural Gas (Panjin) Limited ("United Petroleum (Panjin)") and United Energy International Finance Limited ("UEIFL"), both are wholly-owned subsidiaries of the Company, entered into facility agreements with Industrial Bank Company Limited Shenyang Branch and Hong Kong Branch respectively. On the same day, United Petroleum (Panjin) deposited cash of RMB120,000,000 (approximately equivalent to HK$151,284,000) in Industrial Bank Company Limited Shenyang Branch as pledge for issue a financing guarantee to Industrial Bank Company Limited Hong Kong Branch. As such, Industrial Bank Company Limited Hong Kong Branch granted UEIFL a one-year loan facility with limit of US$20,000,000 (approximately equivalent to HK$156,000,000) at interest rate of 3-month HIBOR+2.5659% per annum. The purpose of this loan facility was for settlement of account payables of the Group. On 27 June 2014, UEIFL has drawdown the loan in the amount of US$18,501,240 (approximately equivalent to HK$144,310,000) for settlement of account payables of the Group with same value. As at 31 December 2014, the outstanding amount of the loan from Industrial Bank Company Limited was US$18,501,240 (approximately equivalent to HK$144,310,000).

On 8 October 2014, United Energy Financing (Bermuda) Limited ("UEFBL" or the "Issuer"), a wholly-owned subsidiary of the Company, has established the S$1,000,000,000 multicurrency medium term note programme (the "Programme") under which it may issue the medium term notes (the "Notes") to institutional investors and/or professional investors, as applicable, in series of aggregate principal amount of up to S$1,000,000,000 (or its equivalent in other currencies). The Notes are expected to be issued by the Issuer and guaranteed by the Company. The Issuer has appointed CIMB Bank Berhad as arranger and dealer under the Programme. On 17 October 2014, the issue of the S$100,000,000, 6.85% per annum Notes due 17 October 2016 under the Programme (the "First Drawdown Notes") was completed. The First Drawdown Notes were admitted to the Official List of the Singapore Exchange Securities Trading Limited with effect on 20 October 2014. The net proceeds from the issue of the First Drawdown Notes under the Programme, after deducting the costs and expenses relating to the issue of the First Drawdown Notes, will be used for general corporate purposes of the Group. As at 31 December 2014, the outstanding amount of the First Drawdown Notes was S$100,000,000 (approximately equivalent to HK$573,593,000).

As at 31 December 2014, the gearing ratio was approximately 27.4% (2013: approximately 30.0%), based on borrowings under current liabilities and non-current liabilities of approximately HK$768,310,000 (2013: approximately HK$664,587,000) and HK$4,317,593,000 (2013: approximately HK$4,368,000,000) respectively and total assets of approximately HK$18,594,865,000 (2013: approximately HK$16,756,548,000). As at 31 December 2014, the current ratio was approximately 1.69 times (2013: approximately 1.21 times), based on current assets of approximately HK$4,806,446,000 (2013: approximately HK$3,502,365,000) and current liabilities of approximately HK$2,839,581,000 (2013: approximately HK$2,895,381,000).

As at 31 December 2014, the Group's total borrowings amounted to HK$5,085,903,000 (2013: HK$5,032,587,000), including secured bank loans of HK$4,512,310,000 (2013: HK$5,032,587,000) and medium term notes of HK$573,593,000 (2013: Nil). The carrying value of the secured bank loans are denominated in United States dollars and the carrying value of the medium term notes is denominated in Singapore dollars. The secured bank loans are arranged at floating interest rates as at 31 December 2014 and the average interest rate of the secured bank loans as at 31 December 2014 was 4.61% (2013: 4.79%). The medium term notes are at fixed interest rate of 6.85% per annum.

Capital Structure

During the reporting period, the changes of the share capital structure of the Company are as follows:

On 27 June 2014, the Company issued and allotted 9,113,299 ordinary shares to employees under the Deferred Annual Bonus Scheme, the Executive Performance Share Scheme and the Performance Share Scheme adopted by the Company on 31 January 2013.

On 31 October 2014, the Company resolved to award 5,796,864 new shares as the scheme shares to 629 Pakistan employees under the Share Match Scheme approved and adopted by the Company for Pakistan employees on 16 September 2011. The objectives of the Share Match Scheme were to provide Pakistan employees with incentives in order to retain them for the continual operation and development of the newly acquired Pakistan business and to attract suitable personnel for the growth and further development of the Group. The allotment of the 5,796,864 scheme shares was completed on 6 November 2014.

During the reporting period, 8,000,000 units of share options granted and vested under the Company's Share Option Schemes adopted on 11 May 2006 were forfeited. As at 31 December 2014, the outstanding balance of the outstanding share options granted under the Company's Share Option Schemes adopted on 11 May 2006 was 20,000,000 units of share options.

After completion of the above allotment of shares during the reporting period, the total number of issued shares of the Company was increased from 13,053,218,339 shares as at 1 January 2014 to 13,068,128,502 shares as at 31 December 2014.

Employees

As at 31 December 2014, the Group employed a total of 1,183 full time employees, located in Hong Kong, the PRC and Pakistan. Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include base salaries, year-end bonuses, medical benefits and a contributory provident fund.

Contingent Liabilities

As at 31 December 2014 and 31 December 2013, the Company issued various unlimited corporate guarantees in favour of the President of the Islamic Republic of Pakistan and certain joint venturers of the Group, as guarantee to provide UEPL with all necessary financial and other means to enable UEPL to fully perform its obligations as stipulated in the concession agreements.

At the end of the reporting period, the Company has issued an unlimited cross guarantee to China Development Bank Corporation Hong Kong Branch in respect of a banking facility granted to a subsidiary of the Company, United Energy Group (Hong Kong) Limited. At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under the above guarantee. The maximum liability of the Company at the end of the reporting period is the amount of bank loans drawn under the cross guarantee at that date of approximately HK$4,368,000,000 (2013: HK$4,836,000,000).

As at 31 December 2014, the Company has issued a guarantee to the First Drawdown Notes issued by UEFBL under the Programme. At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under the above guarantee. The maximum liability of the Company at the end of the reporting period is the amount of the First Drawdown Notes drawn under the guarantee at that date of HK$573,593,000 (2013: Nil).

For the years ended 31 December 2014 and 2013, the Group had issued corporate guarantees granted to the collector of customs of Pakistan in case of any dispute arising on claim of exemptions of levies including custom duties and sales tax on import of machinery, equipment, materials, specialized vehicles, spares, chemicals and consumables under the petroleum concession agreement amounting to HK$15,215,000 (2013: HK$5,442,000).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets and transactions are mainly denominated in Hong Kong dollars, United States dollars, Singapore dollars, Renminbi and Pakistan Rupee. As the exchange rates of United States dollars and Renminbi against Hong Kong dollars were relatively stable, the exchange rate risk of Singapore dollars and Pakistan Rupee for the Group is relatively insignificant and the Pakistan sales and purchase transactions are mainly settled in United States dollars, the Group did not use financial instruments for hedging purposes during the reporting period but the Group will keep closely monitoring on the effect on the fluctuation of the exchange rate of Singapore dollars and Pakistan Rupee and apply appropriate action to prevent any impact to the Group.

Major Customers and Suppliers

In 2014, the Group's five largest customers represented 85.6% of total turnover (2013: 95.0%) and the Group's five largest suppliers represented 34.3% of total cost of sales and services rendered (2013: 41.1%).

SUPPLEMENTARY INFORMATION ON OIL AND GAS EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

This section provides supplemental information on oil and gas activities in accordance with the Chapter 18 of Listing Rules of the Stock Exchange of Hong Kong Limited.

A. INFORMATION ON CRUDE OIL AND NATURAL GAS RESERVES

The Group has adopted the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("SPE-PRMS") in reserves estimation. Reserves are determined through analysis of geological and engineering data which appear, with reasonable certainty, to be economically producible in the future from known and discovered oil and natural gas reservoirs under existing economic and operating conditions. Both deterministic and probabilistic methods are used in reserves estimation. When probabilistic method is used, there should be at least a 90% probability (for Proved Reserve or "1P") that the quantities actually recovered will equal or exceed the estimate. The estimation of reserves is based on the estimation of production for future years from existing wells and new development wells. The estimation is subject to economic limit test to satisfy the commerciality requirements of SPE-PRMS. The selling prices for oil, condensate and LPG used in the economic limit test are based on the forecast of market Brent oil price in future years, subject to discount or premium derived from historical realized price in reporting period applicable to the particular fields. The gas prices in Pakistan Assets are regulated by Government Authority. The selling prices for gas used in the economic limit test are projected based on the historical realized gas price of each field in reporting period.

For the year ended 31 December 2014, the Group engaged an independent third party consulting firm ("Consulting Firm") to perform audit and review on the reserves estimates. The Consulting Firm has audited 25 major fields in Pakistan assets and the Group's oil field in Liaohe Enhance Oil Recovery ("EOR") Project, China, in total representing over 84% of the Group's total reserves. The Consulting Firm also completed a high level review of the reasonableness of the process used by the Group on the remaining 90 fields in Pakistan assets and its opinion stated that the estimates are reasonable.

The following table set out the estimates of Group's net interest reserves.

	Pakistan Assets			**Liaohe EOR Project**
Net proved reserves	**Oil, Condensate and LPG** (MMbbl)	**Sales Gas** (Bcf)	**Total** (MMboe)	**Oil** (MMbbl)
As at 31 December 2013	19.9	290.5	70.0	28.3
Production	(5.5)	(67.6)	(17.2)	(0.7)
Discoveries & revisions	5.8	148.1	31.3	(0.5)
As at 31 December 2014	20.2	371.0	84.1	27.1

Notes:

1. Boe is calculated using a conversion ratio of 5,800 Scf/Boe.

2. The forecast of Brent oil price used in the estimation is provided in following table:

	Brent Market Crude (US$/Bbl)
2015	61.73
2016	68.85
2017	76.57
2018	84.29
2019	92.01
Thereafter	Escalated at 2% p.a.

3. The Group's net interest reserves represent the Group's net entitlement under fiscal and contractual terms in various Concession Agreements in Pakistan and the Enhanced Oil Recovery Agreement in China.

B. MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

The following table summarized the major exploration, development and production activities during the reporting period:

	Pakistan Assets	**Liaohe EOR Project**
Exploration activities:	• 1,442 km^2 onshore of 3D seismic data acquired. • 23 Exploration wells	Nil
Development activities:	• 15 Development wells • 10 Rig workovers	• 20 Rig workovers/Side-Track Wells
Production activities:	• Average daily net production of 47,091 boed	• Average daily net production of 1,820 bbld

C. GROUP'S SHARE OF COSTS INCURRED ON EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

The following table summarized the Group's share of costs incurred on exploration, development and production activities for the year ended 2014:

	Pakistan Assets (HK$'000)	**Liaohe EOR Project** (HK$'000)	**Total** (HK$'000)
Exploration costs	1,770,389	–	1,770,389
Development costs	1,164,418	85,818	1,250,236
Production costs(Note)	718,235	172,523	890,758

Note: Production costs recognized in cost of sales excluding depreciation & amortization and government tax & selling expenses.

CORPORATE GOVERNANCE REPORT

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency, open and accountable to our shareholders. This Corporate Government Report is prepared in material compliance of the reporting requirements as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Corporate Governance Practices

For the year ended 31 December 2014, the Company has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, save for the deviations which are explained below.

1. The Code A.2.1 – the Company has the post of chief executive officer but it was still vacant;

2. The Code A.4.1 – the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws; and

Although the Company has separated the duties between the chairman and chief executive officer, the post of the chief executive officer is still vacant. In this connection, the executive function of the Company is performed by the executive directors and management of the Company. Thus, significant decision of the Company is made by the Board. The Board considers that such structure will not affect the balance of power and authority between the chairman and the executive directors.

Code provision A.4.1 of the Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors and non-executive Director has entered into any service contracts with the Company or its subsidiaries. In view of the fact that the independent non-executive Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that the quality of good corporate governance will not be impaired.

Model Code for Securities Transactions by Directors

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix 10 of the Listing Rules (the "Model Code").

Having made specific enquiry with all Directors, each of whom has confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2014.

Directors and Officers Insurance

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Board of Directors

Composition

The Board of Directors (the "Board") of the Company comprises six members and Mr. Zhang Hong Wei acts as the Chairman of the Board. The other executive Directors are Mr. Zhu Jun and Ms. Zhang Meiying. The Company has three independent non-executive Directors, Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu, one of whom namely, Mr. Zhu Chengwu has appropriate professional accounting experience and expertise.

Board Members	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. Zhang Hong Wei	C			
Mr. Zhu Jun	M			
Ms. Zhang Meiying	M		M	M
Independent Non-executive Directors				
Mr. Chau Siu Wai	M	M	M	M
Mr. San Fung	M	C	C	C
Mr. Zhu Chengwu	M	M		

Notes:

C – Chairman of the Board or relevant Board committees

M – Member of the Board or relevant Board committees

All directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on page 37 of this annual report.

During the year ended 31 December 2014, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise.

Each independent non-executive Director has pursuant to the Rule 3.13 of the Listing Rules, confirmed that he is independent of the Company and the Company also considers that they are independent.

Save as the family relationship between Mr. Zhang Hong Wei, chairman of the Board, and Ms. Zhang Meiying, executive director and daughter of the chairman, there are no relationships among members of the board. Except for the above, the Board considers that all directors are free from any relationship that interfere the exercise of individual independent judgment.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group's development and business strategies, key operational proposals, financial control procedures, material acquisition and disposal of investments, major funding decisions, financial announcements, interim report, annual reports, share issuance/repurchase, nomination of directors, appointment of key management personnel, related party transactions, remuneration to directors and key management, ensures appropriate human and financial resources are appropriately applied and the performance for the achievement of results is evaluated periodically and other significant transactions in accordance with the rules governing the meeting of the Board, Bye-laws and rules governing the meeting of shareholders.

The executive Directors are responsible for day-to-day management of the Company's operations. These executive Directors conduct regular meetings with the senior management of the Company, its subsidiaries and associated companies, at which operational issues and financial performance are evaluated.

The Bye-laws of the Company contain description of responsibilities and operation procedures of the Board. The Board holds regular meeting to discuss and consider significant matters relating to existing operations and proposals of new operations and projects. Board meetings formally hold at least 4 times a year.

The Chairman ensures that board meetings are being held whenever necessary. Though the Chairman is responsible to set the board meeting agenda, all board members are encouraged to participate to include matters in the agenda. The Board conducts meeting on a regular basis and extra meetings are convened when circumstances require. The Bye-Laws of the Company allow a board meeting to be conducted by way of a tele-conference.

There are 9 meetings being held during the financial year for the year ended 31 December 2014 and the attendance of individual Directors is as follows:

	Board Meetings
Zhang Hong Wei	9/9
Zhu Jun	8/9
Zhang Meiying	9/9
Chau Siu Wai	8/9
San Fung	8/9
Zhu Chengwu	8/9

The attendance record of individual Directors of the Annual General Meeting held on 27 May 2014 ("AGM") is set out below:

	AGM
Zhang Hong Wei	1/1
Zhu Jun	1/1
Zhang Meiying	1/1
Chau Siu Wai	1/1
San Fung	1/1
Zhu Chengwu	1/1

Training and Support for Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key business sites and/or meetings with the senior management of the Company.

Under code provision A.6.5, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2014, the Company provided reading materials on corporate governance, Directors' duties and responsibilities and regulatory update on the Listing Rules amendments to all the Directors for their reference and studying. Besides, all Directors attended other seminars and training sessions arranged by other professional firms/institutions. All Directors had provided the Company their training records for the reporting period. The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Responsibilities

In the course of discharging their duties, the directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (1) regular board meetings focusing on business strategy, operational issues and financial performance; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (3) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director's Responsibilities for the Financial Statement

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements of the Group and ensure that the financial statements are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group. In preparing the accounts for the year ended 31 December 2014, the Directors have, among other things:

- Selected suitable accounting policies and applied them consistently;
- Approved adoption of all Hong Kong Financial Reporting Standards ("HKFRSs") which are in conformity with the International Financial Reporting Standards ("IFRSs"); and
- Made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Delegation by the Board

The Board has established Board committees, namely Audit Committee, Remuneration Committee and Nomination Committee to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Company, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to the management with divisional heads responsible for different aspects of the business.

Audit Committee

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of the all independent non-executive Directors, namely Messrs. Chau Siu Wai, San Fung and Zhu Chengwu. It is chaired by Mr. San Fung.

The Audit Committee reports directly to the Board and reviews the matters relating to the work of the external auditor, financial statements and internal controls. The Audit Committee meets with the Company's external auditor to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company.

During the financial year for the year ended 31 December 2014, there are 2 audit committee meetings being held and the external auditor of the Company has attended 2 audit committee meetings. The individual attendance of each member is as follows:

	Audit Committee Meetings
Chau Siu Wai	2/2
San Fung	2/2
Zhu Chengwu	2/2

The members of Audit Committee have full access to and co-operation from the management and they have full discretion to invite any director or executive to attend the meeting. The Audit Committee has performed the following function during the financial year for the year ended 31 December 2014: (1) reviewed the annual audit plan of external auditors, their audit reports and matters incidental thereto; (2) the appointment of external auditors including the terms of engagement; (3) discussed the internal control issues; (4) examined the application of funds; (5) reviewed the interested party transactions; and (6) reviewed the periodic financial statements of the Company and made commendation to the Board for approval and evaluated the performance and independent of the external auditors.

Remuneration Committee

With effect from 17 July 2006, a remuneration committee has been set up with written terms of reference to review the remuneration package, performance-based remuneration and termination compensation of directors and senior management of the Group. The Remuneration Committee comprises Mr. San Fung, Mr. Chau Siu Wai and Ms. Zhang Meiying. It is chaired by Mr. San Fung.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of Directors and senior management, to determine remuneration packages of all executive Directors and senior management including benefits in kind, pension rights and compensation payments. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management.

The Remuneration Committee held 1 meeting in 2014 at which all committee members were present. At the meeting, the Remuneration Committee reviewed and discussed the remuneration policy, the remuneration package and bonus arrangements.

Nomination Committee

With effective from 30 March 2012, a nomination committee, comprising Mr. San Fung, independent non-executive Director of the Company, as its Chairman with Mr. Chau Siu Wai, independent non-executive Director of the Company, and Ms Zhang Meiying, executive Director of the Company, as its members, has been set up with written terms of reference in accordance with the requirements of the Listing Rules. The Nomination Committee is responsible for nomination of Directors, structure of the Board, number of Directors, the composition of the Board and review the Board Diversity Policy of the Company. The nominations of Directors were made in accordance with the Nomination Policy and the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity under the Board Diversity Policy of the Company. According to the Board Diversity Policy of the Company, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee held 1 meeting in 2014 at which all committee members were present. At the meeting, the Nomination Committee: (1) reviewed the structure, size and composition of the Board; (2) reviewed the Company's board diversity policy; (3) discussed the causal vacancies for the resigned directors during the year; and (4) assessed the independent of independent non-executive Directors.

Responsibilities and Remuneration of External Auditors

The statement of the external auditors of the Company, Messrs. RSM Nelson Wheeler, about their reporting responsibilities on the financial statements of the Group is set out in the Report of Auditors on pages 39 to 40.

During the year, remuneration paid to the Company's auditors, Messrs. RSM Nelson Wheeler and other RSM network firms, is as follows:

Services rendered:	HK$
– audit services	2,056,000
– non-audit services	573,000

Internal Control

The Board is responsible for maintaining an adequate system of internal controls within the Group and for reviewing their effectiveness. The system of internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize risks of failure in operation systems. The Company committed to implement a stricter and more regulated internal control procedures in the new financial year.

In the future, the Group will conduct regular review of the Group's internal control system and its effectiveness to ensure the interest of shareholders is safeguarded.

Company Secretary

Mr. Hung Lap Kay is the company secretary of the Company since March 2010. During the year ended 31 December 2014, Mr. Hung has taken no less than 15 hours of relevant professional trainings to update his skill and knowledge.

Communication with Shareholders

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meeting, annual report, various notices, announcements, circulars and via the Company's website to provide an electronic means of communication. The poll voting procedures and the rights of shareholders to demand a poll were included in all circulars accompanying notice convening general meeting and the details procedures for conducting a poll has been read out by the chairman at general meeting.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman, Directors, Board Committees' Chairman/Members and external auditor, where appropriate, are available to answer questions at the meeting.

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Articles of Association, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: Suite 2505, 25/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong (For the attention of the General Manager of the Investor Relations Department)
Fax: 852–2522 6938
Email: ir@uegl.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the reporting period, the Company has not made any changes to its Articles of Association. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uegl.com.hk) immediately after the relevant general meetings.

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal Activities

The Company acts as an investment holding company. The principal activity of its subsidiary is set out in note 39 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the financial statements on pages 41 to 109 of the annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company and the Group during the reporting period are set out in note 32 to the financial statements.

Segment Information

The segment information of the Group for the year ended 31 December 2014 is set out in note 10 to the financial statements.

Financial Summary

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 110. This summary is for information only and does not form part of the audited financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the period are set out in note 17 to the financial statements.

Directors and Directors' Service Contracts

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

Executive directors:

Zhang Hong Wei – *Chairman*
Zhu Jun
Zhang Meiying

Independent non-executive directors:

Chau Siu Wai
San Fung
Zhu Chengwu

Pursuant to Bye-laws 87(1) and 87(2) of the Bye-laws, Mr. Zhang Hong Wei and Mr. Chau Siu Wai shall retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting to be held in 2015. Mr. Zhu Chengwu has being serving as an independent non-executive Director for more than nine year. In compliance with Code A.4.3 of the Code on Corporate Governance, Mr. Zhu Chengwu offered himself for re-election at the Annual General Meeting to be held in 2015.

There is no service contract entered into between the Company and the non-executive director and independent non-executive directors and they are not appointed for a specific term. However, all directors are subject to retirement by rotation at least once every three years pursuant to the Bye-laws of the Company.

Share Option Scheme

Under the share option scheme adopted by the Company on 11 May 2006 (the "Scheme"), the Directors may, at their discretion, invite any eligible participants to take up options to subscribe for shares in the capital of the Company. The Scheme is effective for the period from 11 May 2006 to 10 May 2016. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue from time to time.

During the reporting period, 5,000,000 units and 3,000,000 units of share options granted and vested under the Company's Share Option Schemes adopted on 11 May 2006 were cancelled and lapsed respectively. As at 31 December 2014, the outstanding balance of the share options granted under the Company's Share Option Schemes adopted on 11 May 2006 was 20,000,000 units of share options.

Details of share options granted under the scheme are as follows:

				Number of Share Options					
Grant Date	Exercise Price HK$	Vesting Period	Exercisable Period	As at 1.1.2014	Granted	Exercised	Lapsed	Cancelled	As at 31.12.2014
Employees									
03.11.2010	0.90	03.11.2010 to 02.11.2011	03.11.2011 to 02.11.2015	1,000,000	–	–	(1,000,000)	–	–
03.11.2010	0.90	03.11.2010 to 02.11.2012	03.11.2012 to 02.11.2015	2,000,000	–	–	(2,000,000)	–	–
03.11.2010	0.90	03.11.2010 to 02.11.2013	03.11.2013 to 02.11.2015	2,000,000	–	–	–	(2,000,000)	–
03.11.2010	0.90	03.11.2010 to 02.11.2014	03.11.2014 to 02.11.2015	3,000,000	–	–	–	(3,000,000)	–
31.12.2010	1.55	31.12.2010 to 30.12.2011	31.12.2011 to 30.12.2015	600,000	–	–	–	–	600,000
31.12.2010	1.55	31.12.2010 to 30.12.2012	31.12.2012 to 30.12.2015	400,000	–	–	–	–	400,000
31.12.2010	1.55	31.12.2010 to 30.12.2013	31.12.2013 to 30.12.2015	400,000	–	–	–	–	400,000
31.12.2010	1.55	31.12.2010 to 30.12.2014	31.12.2014 to 30.12.2015	600,000	–	–	–	–	600,000
29.8.2012	1.20	29.8.2012 to 28.8.2013	29.8.2013 to 28.8.2022	5,400,000	–	–	–	–	5,400,000
29.8.2012	1.20	29.8.2012 to 28.8.2014	29.8.2014 to 28.8.2022	3,600,000	–	–	–	–	3,600,000
29.8.2012	1.20	29.8.2012 to 28.8.2015	29.8.2015 to 28.8.2022	3,600,000	–	–	–	–	3,600,000
29.8.2012	1.20	29.8.2012 to 28.8.2016	29.8.2016 to 28.8.2022	5,400,000	–	–	–	–	5,400,000
Total				28,000,000	–	–	(3,000,000)	(5,000,000)	20,000,000

Disclosure of Interests

Directors' Interests in Shares and Underlying Shares of the Company

As at 31 December 2014, the Directors and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

			Number of Shares		
Name of Director	Name of Company	Nature of interest	Long Position	Short Position	Approximate % shareholding
Zhang Hong Wei	The Company	Attributable interest of controlled corporation	9,377,150,115	–	71.76 (Note 1)
Zhu Jun	The Company	Beneficial owner	1,443,000	–	0.01

Note:

1. Out of the 9,377,150,115 shares, 5,328,879,125 shares were beneficially held by He Fu International Limited, 2,223,726,708 shares were beneficially held by United Petroleum & Natural Gas Holdings Limited, and 1,824,544,282 shares were beneficially held by United Energy Holdings Limited. He Fu International Limited, United Petroleum & Natural Gas Holdings Limited and United Energy Holdings Limited are companies wholly-owned by Mr. Zhang Hong Wei. Therefore, Mr. Zhang Hong Wei is deemed to be interested in those 9,377,150,115 shares.

Save as disclosed above, none of the directors, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2014.

Substantial Shareholders

As at 31 December 2014, the following persons or corporations, other than the Directors or chief executives of the Company as disclosed above, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Name of Company	Capacity and nature of interest	Number of Shares	Approximate % shareholding
He Fu International Limited (Note)	The Company	Beneficial owner	5,328,879,125	40.78
United Petroleum & Natural Gas Holdings Limited (Note)	The Company	Beneficial owner	2,223,726,708	17.02
United Energy Holdings Limited (Note)	The Company	Beneficial owner	1,824,544,282	13.96

Note: These companies are wholly-owned by Mr. Zhang Hong Wei.

All the interests stated above represent long positions. As at 31 December 2014, no short position were recorded in the register kept by the Company under Section 336 of the SFO.

Save as disclosed in this report, the Company has not been notified by any persons or corporations, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2014.

Share Capital

Particulars of the Company's share capital are set out in note 30 to the financial statements.

Arrangements to Purchase Shares or Debentures

At no time during the period was the Company, its subsidiary or holding company, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company, its subsidiaries or holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period of at any time during the period, except as announced.

Emolument Policy

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the board, having regard to the Company's operating results, individual performance and comparable market statistics.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Appointment of Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independent pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive Directors are independent.

Compliance with the Model Code of the Listing Rules

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the financial year for the year ended 31 December 2014.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

Corporate Governance

In the opinion of the Directors, the Company has complied throughout the financial year for the year ended 31 December 2014 with the Code on Corporate Governance Practices, except for code provisions A.2.1 and A.4.1 as set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules. Please refer to the Corporate Governance Report on pages 25 to 31 for details.

Details of the audit committee, remuneration committee and nomination committee are set out in the Corporate Governance Report.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the financial year ended for the year ended 31 December 2014.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares nor any or its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2014.

Events After Reporting Period

On 16 March 2015, United Energy Pakistan Limited ("UEPL"), a wholly-owned subsidiary of the Company, entered into the short-term loan agreement with UEP Wind Power (PVT.) Limited (the "Borrower") for short-term financing the wind power project in Pakistan to be operated by the Borrower. The maximum loan amount is approximately HK$62,400,000 (equivalent to US$8,000,000), bearing interest rate of 6.85% per annum and repayable on 31 December 2015. Mr. Zhang Hong Wei, the chairman and executive director of the Company, has substantial influence over the Borrower and the Borrower is considered as a related party of the Company. Details are set out in the Company's announcement dated 16 March 2015.

Except as disclosed in this report, since 31 December 2014, being the end of the reporting period, no other important events have occurred affecting the Company.

Auditors

A resolution will be submitted to the annual general meeting of the Company to re-appoint the auditors, Messrs. RSM Nelson Wheeler as auditors of the Company.

By Order of the Board
United Energy Group Limited

Zhang Hong Wei
Chairman
Hong Kong, 19 March 2015

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Zhang Hong Wei, aged 60, joined the Company on 27 February 1998. Mr. Zhang is the Chairman of the Group. Mr. Zhang is also the chairman and president of Orient Group Inc. Mr. Zhang is also the Deputy Chairman of China Minsheng Banking Corporation Ltd., a joint-stock bank listed on the Shanghai Exchange and on the Stock Exchange of Hong Kong Limited. He has 30 more years of experience in management in the PRC. As at the date of this report, Mr. Zhang is beneficially interested in 9,377,150,115 shares of the Company, representing approximately 71.76% of the existing issued share capital of the Company, and is the controlling shareholder of the Company. Mr. Zhang is the father of Ms. Zhang Meiying, an executive director appointed on 19 June 2006.

Mr. Zhu Jun, aged 49, joined the Company on 20 October 2005 as an executive Director. He is currently an executive director of China Infrastructure Holdings Limited, the shares of which are listed on The Singapore Exchange Securities Trading Limited. After graduation from the Peking University with a bachelor degree and a master degree in economics, Mr. Zhu Jun has had over 21 years of experience in corporate finance, investment and management. As at the date of this report, Mr. Zhu Jun directly holds 1,443,000 shares of the Company, representing approximately 0.01% of the existing issued share capital of the Company.

Ms. Zhang Meiying, aged 36, joined the Company on 19 June 2006 as an executive Director. Ms. Zhang previously worked in Citigroup Investment Banking Division (Hong Kong), China Minsheng Banking Corporation Limited and America Orient Group, Inc. and has over 11 years of experience in banking and financial management. Ms. Zhang Meiying holds a BBA degree in Finance and International Business from the George Washington University, USA. Ms. Zhang has not held any directorship with other listed companies in the last 3 years. Ms. Zhang is the daughter of Mr. Zhang Hong Wei, the Chairman, executive Director and controlling shareholder of the Company.

Independent Non-executive Directors

Mr. San Fung, aged 50, joined the Company on 9 November 2004 as an independent non-executive Director. Mr. San Fung is a qualified accountant with China Construction Company Limited specialized in financial analysis in infrastructure project. He completed a course in Master of Business Administration from the International East-western University of the United States and has over 17 years of experience in accounting. Mr. San is currently the chairman of New Century Investment and Development Company.

Mr. Chau Siu Wai, aged 45, joined the Company on 9 November 2004 as an independent non-executive Director. Mr. Chau is a university graduate with a bachelor degree in law. He further obtained a master degree in business administration from Murdoch University in Australia. Mr. Chau has over 11 years of experience in financial reporting and investment analysis and is now a duty president of an investment company.

Mr. Zhu Chengwu, aged 45, joined the Company on 5 December 2005 is an independent non-executive Director. He is currently the chief financial officer of the Shanghai head office of Everbright Securities Company Limited. After graduation from the Lanzhou Commercial College with a bachelor degree in finance, Mr. Zhu Chengwu had held senior financial positions in several PRC companies including Shenzhen Techo Telecom Co., Ltd. ("Shenzhen Techo"), a PRC company whose shares are listed on the Shenzhen Stock Exchange. Mr. Zhu Chengwu was the director and had assumed the role of the chief financial officer of Shenzhen Techo. Through his past experience, in particular, as the director of Shenzhen Techo, Mr. Zhu Chengwu has gained much experience in (a) preparing and conducting review and internal audit of financial statements and reports; and (b) internal control and procedures for financial reporting in respect of public companies and possesses such knowledge, experience and expertise of an independent non-executive director as required under Rule 3.10(2) of the Listing Rules. Mr. Zhu Chengwu acquired the intermediate-level accountant certificate jointly issued by the Ministry of Finance and the Ministry of Personnel of the People's Republic of China on 30 May 2000. Mr. Zhu Chengwu is considered to be an independent non-executive director under Rule 3.13 of the Listing Rules.

Senior Management

Mr. Song Yu, aged 39, joined the Company in October 2009 as Investment Controller and promoted as Chief Operation Officer of the Company in October 2011. Before joining the Company, Mr. Song previously worked in different subsidiaries of Sinopec Group during the period from July 2004 to October 2009. He worked in Winfield Euro Asia Oil Service Company (Russia), a wholly-owned subsidiary of Sinopec Group in Moscow, as General Director and focused on oil trading, procurement and technical services in relation to petroleum exploration and production in Euro-Asia. Mr. Song also worked in Sinopec International Petroleum E&P Corporation ("SIPC") in Beijing and SIPC Russia and Central Asia Regional Company as In House Legal Consultant and Head of Legal respectively. Mr. Song graduated from the Tsinghua University and obtained a bachelor degree of Physics and master degree of Law in International Economic Law.

INDEPENDENT AUDITOR'S REPORT

RSM
Audit • Tax • Advisory

TO THE SHAREHOLDERS OF
UNITED ENERGY GROUP LIMITED
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of United Energy Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 109, 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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, in accordance with section 90 of the Companies Act 1981 of Bermuda 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.

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 Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

19 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	**2014 HK$'000**	2013 HK$'000
Turnover	7	**6,120,229**	4,787,556
Cost of sales and services rendered		**(2,829,447)**	(2,487,165)
Gross profit		**3,290,782**	2,300,391
Investment and other income	8	**34,890**	35,580
Other gains and losses	9	**(54,560)**	(63,976)
Exploration expenses		**(272,085)**	(331,784)
Administrative expenses		**(481,109)**	(368,184)
Other operating expenses		**(160,955)**	(123,562)
Profit from operations		**2,356,963**	1,448,465
Finance costs	11	**(238,506)**	(248,147)
Profit before tax		**2,118,457**	1,200,318
Income tax expense	13	**(304,011)**	(27,128)
Profit for the year	12	**1,814,446**	1,173,190
Attributable to:			
Owners of the Company		**1,827,887**	1,215,211
Non-controlling interests		**(13,441)**	(42,021)
		1,814,446	1,173,190
Earnings per share	15		
Basic (cents per share)		**14.00 cents**	9.32 cents
Diluted (cents per share)		**14.00 cents**	9.31 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**1,814,446**	1,173,190
Other comprehensive income after tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(635)**	9,244
Exchange differences reclassified to profit or loss on disposal of a subsidiary	**–**	(3)
Other comprehensive income for the year, net of tax	**(635)**	9,241
Total comprehensive income for the year	**1,813,811**	1,182,431
Attributable to:		
Owners of the Company	**1,827,557**	1,221,949
Non-controlling interests	**(13,746)**	(39,518)
	1,813,811	1,182,431

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**6,165,932**	4,943,857
Intangible assets	18	**7,330,911**	7,909,298
Advances, deposits and prepayments	19	**79,516**	76,451
Deferred tax assets	29	**212,060**	324,577
		13,788,419	13,254,183
Current assets			
Inventories	20	**305,605**	299,830
Trade and other receivables	21	**1,593,617**	1,476,095
Held-to-maturity investments	22	**151,284**	–
Financial assets at fair value through profit or loss	23	**3,145**	3,576
Current tax assets		**251,403**	8,790
Pledged bank deposits	24	**7,044**	4,430
Bank and cash balances	24	**2,494,348**	1,709,644
		4,806,446	3,502,365
Current liabilities			
Trade and other payables	25	**2,050,962**	2,109,696
Due to directors	26	**7,593**	7,857
Borrowings	27	**768,310**	664,587
Current tax liabilities		**12,716**	113,241
		2,839,581	2,895,381
Net current assets		**1,966,865**	606,984
Total assets less current liabilities		**15,755,284**	13,861,167
Non-current liabilities			
Borrowings	27	**4,317,593**	4,368,000
Provisions	28	**306,073**	281,596
Deferred tax liabilities	29	**1,314,246**	1,228,640
		5,937,912	5,878,236
NET ASSETS		**9,817,372**	7,982,931

	Note	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	30	**130,681**	130,532
Reserves	32	**9,648,277**	7,800,239
Equity attributable to owners of the Company		**9,778,958**	7,930,771
Non-controlling interests		**38,414**	52,160
TOTAL EQUITY		**9,817,372**	7,982,931

Approved by the Board of Directors on 19 March 2015

Zhang Hong Wei
Director

Zhu Jun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital (note 30) HK$'000	Share premium account (note 32(c)) HK$'000	Merger reserve (note 32(c)) HK$'000	Capital reserve (note 32(c)) HK$'000	Foreign currency translation reserve (note 32(c)) HK$'000	Share-based capital reserve (note 32(c)) HK$'000	Accu-mulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013	130,405	13,279,481	(2,286,000)	155,580	69,320	9,910	(4,673,561)	6,685,135	91,678	6,776,813
Total comprehensive income for the year	–	–	–	–	6,738	–	1,215,211	1,221,949	(39,518)	1,182,431
Recognition of share-based payments	–	–	–	–	–	7,761	–	7,761	–	7,761
Issue of shares under employees performance share schemes (note 30(a))	72	9,795	–	–	–	–	–	9,867	–	9,867
Repurchase of shares (note 30(b))	(6)	(741)	–	–	–	–	–	(747)	–	(747)
Issue of shares under share match scheme (note 30(c))	51	5,855	–	–	–	–	–	5,906	–	5,906
Issue of shares upon exercise of share options (note 30(d))	10	1,625	–	–	–	(735)	–	900	–	900
Changes in equity for the year	127	16,534	–	–	6,738	7,026	1,215,211	1,245,636	(39,518)	1,206,118
At 31 December 2013	130,532	13,296,015	(2,286,000)	155,580	76,058	16,936	(3,458,350)	7,930,771	52,160	7,982,931
At 1 January 2014	**130,532**	**13,296,015**	**(2,286,000)**	**155,580**	**76,058**	**16,936**	**(3,458,350)**	**7,930,771**	**52,160**	**7,982,931**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(330)**	**–**	**1,827,887**	**1,827,557**	**(13,746)**	**1,813,811**
Recognition of share-based payments	**–**	**–**	**–**	**–**	**–**	**3,930**	**–**	**3,930**	**–**	**3,930**
Forfeiture of share-based payments	**–**	**–**	**–**	**–**	**–**	**(6,608)**	**6,608**	**–**	**–**	**–**
Issue of shares under employees performance share schemes (note 30(a))	**91**	**10,116**	**–**	**–**	**–**	**–**	**–**	**10,207**	**–**	**10,207**
Issue of shares under share match scheme (note 30(c))	**58**	**6,435**	**–**	**–**	**–**	**–**	**–**	**6,493**	**–**	**6,493**
Changes in equity for the year	**149**	**16,551**	**–**	**–**	**(330)**	**(2,678)**	**1,834,495**	**1,848,187**	**(13,746)**	**1,834,441**
At 31 December 2014	**130,681**	**13,312,566**	**(2,286,000)**	**155,580**	**75,728**	**14,258**	**(1,623,855)**	**9,778,958**	**38,414**	**9,817,372**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**2,118,457**	1,200,318
Adjustments for:		
Finance costs	**238,506**	248,147
Fair value losses/(gains) on financial assets at fair value through profit or loss	**431**	(121)
Depreciation and amortisation	**1,908,950**	1,736,930
Investment income	**(17,728)**	(9,130)
Impairment losses on intangible assets	**41,689**	171,706
Share-based payments	**10,655**	11,057
Gain on disposals of property, plant and equipment	**(13,428)**	(56,607)
Operating profit before working capital changes	**4,287,532**	3,302,300
Increase in inventories	**(5,080)**	(43,860)
Increase in trade and other receivables	**(100,061)**	(161,834)
(Increase)/decrease in advances, deposits and prepayments	**(4,445)**	4,478
(Decrease)/increase in trade and other payables	**(48,639)**	574,185
Decrease in due to directors	**(264)**	(480)
Decrease in provisions	**(885)**	(31,846)
Cash generated from operations	**4,128,158**	3,642,943
Interest paid	**(226,876)**	(174,349)
Income taxes paid	**(450,937)**	(113,838)
Net cash generated from operating activities	**3,450,345**	3,354,756
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in pledged bank deposits	**(2,614)**	270,768
Purchases of held-to-maturity investments	**(151,356)**	–
Purchases of property, plant and equipment	**(2,592,966)**	(3,000,016)
Additions to intangible assets	**–**	(63,659)
Proceeds from disposals of property, plant and equipment	**13**	–
Interest received	**17,567**	8,973
Net cash used in investing activities	**(2,729,356)**	(2,783,934)

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares upon exercise of share options	**–**	900
Proceeds from issue of shares under share match scheme	**6,493**	5,906
Dividend received	**161**	157
Repurchases of shares	**–**	(747)
Bank loans raised	**210,885**	196,587
Repayment of bank loans	**(730,217)**	(163,904)
Proceeds from issue of medium term notes, net of issuance costs	**595,301**	–
Net cash generated from financing activities	**82,623**	38,899
NET INCREASE IN CASH AND CASH EQUIVALENTS	**803,612**	609,721
Effect of foreign exchange rate changes	**(18,908)**	(11,543)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,709,644**	1,111,466
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**2,494,348**	1,709,644
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**2,494,348**	1,709,644

1. General Information

The Company was incorporated in the Cayman Islands and redomiciled to Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 2505, 25/F, Two Pacific Place, 88 Queensway, Hong Kong. The Company's shares are listed on the Main Board 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 39 to the consolidated financial statements.

In the opinion of the directors of the Company, Mr. Zhang Hong Wei is the ultimate controlling party of the Company.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards and Requirements

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Application of new and revised HKFRSs

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these consolidated financial statements as the Company does not qualify to be an investment entity.

Amendment to HKAS 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 accounting for the levies incurred by the Group are consistent with the requirement of HK(IFRIC) – Int 21.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards and Requirements (Continued)

(a) Application of new and revised HKFRSs (Continued)

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 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.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 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 HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs 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 HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFSR 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]

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.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards and Requirements (Continued)

(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.

3. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA 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 (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs 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.

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 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.

3. Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

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 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.

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.

3. Significant Accounting Policies (Continued)

(b) Business combination and goodwill (Continued)

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 consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

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 Group at which the goodwill is monitored for internal management purposes. 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 its 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) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

3. Significant Accounting Policies (Continued)

(d) 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, 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 value 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

– 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 the consolidated profit or loss as part of the gain or loss on disposal.

3. Significant Accounting Policies (Continued)

(e) Property, plant and equipment (other than oil and gas properties)

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than freehold land, construction in progress and spare parts as described below), 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 year in which they are incurred.

Depreciation of property, plant and equipment 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	5%
Leasehold improvements	5%
Motor vehicles	25%
Furniture, fixtures and equipment	20%–33.33%
Plant and machinery	20%

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

Freehold land is stated at cost less subsequent accumulated impairment losses, if any.

Construction in progress represents plant and machinery pending installation and costs of oil wells under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Spare parts are classified as property, plant and equipment rather than inventories when they meet the definition of property, plant and equipment. Upon utilisation, capital spares and serving equipment are depreciated as part of the principal asset.

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

3. Significant Accounting Policies (Continued)

(f) Oil and gas properties

Oil and gas properties are accounted for using the successful efforts method of accounting. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Geological and geophysical costs are expensed when incurred. Exploratory expenses are capitalised as construction in progress pending determination of whether the exploratory wells find commercial reserves. Commercial reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes.

Oil and gas properties are stated at cost less accumulated depreciation and any impairment losses. The cost of oil and gas properties (including decommissioning cost) is depreciated at the field level based on the unit-of-production method over the proved reserves.

(g) Decommissioning cost

Decommissioning cost represents cost for the future abandonment of oil and gas production facilities, representing the legal obligations, at the end of their economic lives. Decommissioning activities may include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

The Group makes provision for its share of the full decommissioning cost on the declaration of commercial discovery of the reserves of each field, to fulfil the legal obligation. The amount recognised as part of the cost of oil and gas properties is the estimated cost of decommissioning, discounted to its net present value. The timing and amount of future expenditure are reviewed annually together with the interest rate to be used in discounting the cash flows. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment – oil and gas properties.

Decommissioning costs are depreciated as part of the cost of oil and gas properties using the unit-of-production method over the proved reserves. The unwinding of discount of the provision of decommissioning cost is recognised as finance costs in the consolidated profit or loss.

3. Significant Accounting Policies (Continued)

(h) Leases

(i) The Group as lessee

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.

(ii) The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(i) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(j) Intangible assets

Intangible assets that are acquired in business combinations are recognised at fair value on initial recognition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets with finite useful lives is charged to consolidated profit or loss on a straight-line basis over the assets' estimated useful lives, except for oil exploitation rights and concession and lease rights which are amortised using the unit-of-production method over the proved and probable reserves of petroleum.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Estimated useful lives
Technical know-how	8 years
Contractual rights in oil exploitation projects	3 years
Participating interest in oil exploitation project	25 years

Both the period and method of amortisation are reviewed annually.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories represent purchase or production cost of goods and are determined using the weighted average basis. 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.

3. Significant Accounting Policies (Continued)

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated 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.

(m) 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.

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

An impairment loss is recognised in profit or loss when there is objective evidence that the held-to-maturity investments are impaired. It is measured as the difference between the investments' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the investments' 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 investments at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) 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.

3. Significant Accounting Policies (Continued)

(n) 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 impairment. An 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 impairment 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 impairment 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.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank 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.

(p) 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 HKFRSs. 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.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) 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.

(s) Equity instruments

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

3. Significant Accounting Policies (Continued)

(t) 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 and production of crude oil and gas and provision of patented technology support services in which the Group has an interest with other producers is recognised based on the Group's working interest and the terms of the relevant production sharing contracts/petroleum concession agreements and on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the crude oil and gas is delivered and the title has passed to the customers. This generally occurs when crude oil and gas are physically transferred into an oil tanker, pipe or other delivery mechanism.

Rental income is recognised on a straight-line basis over the lease term.

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

Dividend income is recognised when the shareholders' rights to receive payment are established.

Management fee income is recognised when the management services are rendered.

(u) Employee benefits

(i) 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.

(ii) 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.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. Significant Accounting Policies (Continued)

(v) Share-based payments

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

Equity-settled share-based payments to 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.

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At the end of each reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

(w) 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.

3. Significant Accounting Policies (Continued)

(x) 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 and interests in joint arrangements, 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.

3. Significant Accounting Policies (Continued)

(y) 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.

(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. If the Group is itself such a plan, the sponsoring employers are also 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.

(z) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets – except deferred tax assets, inventories, investments and receivables, of which the impairment policies are set out in notes 3(x), 3(k), 3(m) and 3(n) 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.

3. Significant Accounting Policies (Continued)

(z) Impairment of assets (Continued)

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.

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.

(aa) 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.

(bb) 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. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Joint control assessment

The Group holds more than 50% of the interests in most of its joint arrangements (note 40). The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, it appears that unanimous consent is required from all parties to the agreements for all relevant activities.

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.

(a) Estimation of crude oil and gas reserves

Crude oil and gas reserves are key elements in the Group's investment decision-making process. They are also an important element in determining the amount of amortisation of the oil exploitation rights and concession and lease rights included in intangible assets and depreciation of oil and gas properties included in property, plant and equipment, and in testing for impairment. Changes in proved and probable oil and gas reserves will affect unit-of-production amortisation, depreciation and depletion recorded in the Group's consolidated financial statements for the oil exploitation rights, concession and lease rights and oil and gas properties related to oil and gas production activities.

Proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans. In general, changes in the technical maturity of oil and gas reserves resulting from new information becoming available from development and production activities tend to be the most significant cause of annual revisions.

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment other than oil and gas properties. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment 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-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment other than oil and gas properties as at 31 December 2014 was HK$2,450,352,000 (2013: HK$2,199,384,000).

4. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

(c) Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets other than oil exploitation rights and concession and lease rights. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

The carrying amount of intangible assets other than oil exploitation rights and concession and lease rights as at 31 December 2014 was Nil (2013: HK$61,330,000).

(d) Estimated impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future prices of crude oil or gas and production profile. The impairment reviews and calculation are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years or reverse previous impairments, whereas unfavourable changes may cause the assets to be impaired.

As at 31 December 2014, impairment loss for intangible assets amounted to HK$41,689,000 (2013: HK$171,706,000) whereas no impairment loss was made for the property, plant and equipment (2013: Nil).

(e) Decommissioning cost

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, discount rates, inflation factor, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The carrying amount of decommissioning cost provisions as at 31 December 2014 was HK$305,653,000 (2013: HK$281,176,000).

4. Critical Judgements and Key Estimates (Continued)

Key sources of estimation uncertainty (Continued)

(f) Impairment loss on trade and other receivables

The Group recognises impairment loss on trade and other receivables 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. No impairment loss on trade and other receivables was made for the years ended 31 December 2014 and 2013.

(g) Income tax

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, approximately HK$304,011,000 (2013: HK$27,128,000) of income tax was charged to profit or loss based on the estimated profit.

5. Financial Risk Management

The Group's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, credit risk, price risk and foreign currency 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) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits, bank loans and medium term notes.

The Group's pledged bank deposits, certain bank loans and medium term notes bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

Certain Group's bank deposits and bank loans bear interests at variable rates varied with the then prevailing market condition and therefore are subject to cash flow interest rate risks.

At 31 December 2014, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$16,406,000 (2013: HK$16,442,000) higher/lower and accumulated losses as at 31 December 2014 would have been approximately HK$16,406,000 (2013: HK$16,442,000) lower/higher, arising mainly as a result of lower/higher interest expenses on the bank loans bearing interest at variable rates.

5. Financial Risk Management (Continued)

(b) 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:

	Carrying amount HK$'000	Total contractual undiscounted cash outflow HK$'000	On demand or less than 1 month HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2014							
Trade and other payables	**1,430,612**	**1,430,612**	**–**	**1,430,612**	**–**	**–**	**–**
Due to directors	**7,593**	**7,593**	**–**	**7,593**	**–**	**–**	**–**
Borrowings (note)	**5,085,903**	**5,914,851**	**144,310**	**847,573**	**1,414,452**	**2,191,012**	**1,317,504**
At 31 December 2013							
Trade and other payables	1,468,944	1,468,944	–	1,468,944	–	–	–
Due to directors	7,857	7,857	–	7,857	–	–	–
Borrowings	5,032,587	6,065,774	–	888,827	826,090	2,305,513	2,045,344

Note: Borrowings with a repayment on demand clause are included in the 'on demand or less than 1 month' time band in the above maturity analysis. As at 31 December 2014, the aggregate undiscounted principal amounts of these borrowings amounted to HK$144,310,000 (2013: Nil). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$146,307,000 (2013: Nil).

(c) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables, held-to-maturity investments and financial assets at fair value through profit or loss included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentration of credit risk on trade receivables. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group has no significant concentrations of credit risks on other receivables. The credit quality of the counterparties in respect of other receivables is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is low.

The credit risk on bank and cash balances and held-to-maturity investments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and PRC large state-controlled banks.

The credit risk on financial assets at fair value through profit or loss is limited because the counterparty is a well-established securities broker firm in Hong Kong.

5. Financial Risk Management (Continued)

(d) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

The directors of the Company consider that the equity security price risk of the Group for the years ended 31 December 2014 and 2013 are insignificant and therefore no sensitivity analysis is presented thereon.

(e) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HK$"), United States dollars ("US$"), Renminbi ("RMB"), Singapore dollars ("S$") and Pakistani Rupees ("PKR"), while the functional currencies of the principal operating Group entities are HK$, US$ and RMB. 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/strengthened by 5 per cent against the PKR with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$4,320,000 (2013: HK$217,000) lower/higher and accumulated losses as at 31 December 2014 would have been approximately HK$4,320,000 (2013: HK$217,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables and trade and other payables denominated in PKR.

At 31 December 2014, if the HK$ had weakened/strengthened by 2 per cent against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$4,431,000 (2013: HK$7,367,000) lower/higher and accumulated losses as at 31 December 2014 would have been approximately HK$4,431,000 (2013: HK$7,367,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on bank and cash balances, trade and other receivables and trade and other payables denominated in RMB.

The directors of the Company consider that the foreign currency exposure in respect of US$ and S$ for the years ended 31 December 2014 and 2013 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

(f) Categories of financial instruments at 31 December

	2014 HK$'000	2013 HK$'000
Financial assets:		
Financial assets at fair value through profit or loss: Held for trading	**3,145**	3,576
Held-to-maturity investments	**151,284**	–
Loans and receivables (including cash and cash equivalents)	**4,061,968**	3,146,376
Financial liabilities:		
Financial liabilities at amortised cost	**6,524,108**	6,509,388

(g) Fair value

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. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value of the financial assets at fair value through profit or loss at 31 December 2014 and 2013 are measured by using Level 1 of the fair value hierarchy. During the two years, there were no changes in the valuation techniques used.

7. Turnover

The Group's turnover which represents sales and production of crude oil, condensate, gas and liquefied petroleum gas and provision of patented technology support services to oilfields are as follows:

	2014 **HK$'000**	2013 HK$'000
Sales and production of crude oil, condensate, gas and liquefied petroleum gas	**6,017,204**	4,663,694
Provision of patented technology support services to oilfields	**103,025**	123,862
	6,120,229	4,787,556

The turnover from sales and production of crude oil, condensate, gas and liquefied petroleum gas are net of sales tax, royalty to government and sales discounts amounting to HK$473,450,000 (2013: HK$264,720,000), HK$757,459,000 (2013: HK$582,542,000) and HK$110,683,000 (2013: HK$208,988,000) respectively.

8. Investment and Other Income

	2014	2013
	HK$'000	HK$'000
Dividends income from listed equity investments	**161**	157
Interest income on bank deposits	**17,567**	8,973
Liquefied petroleum gas processing fees charged to concessions, net	**4,659**	4,941
Management fees income	**6,477**	5,431
Rental income	**–**	310
Others	**6,026**	15,768
	34,890	35,580

9. Other Gains and Losses

	2014	2013
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**13,428**	56,607
Net foreign exchange (losses)/gains	**(25,868)**	51,002
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(431)**	121
Impairment losses on intangible assets	**(41,689)**	(171,706)
	(54,560)	(63,976)

10. Segment Information

The Group has three operating segments as follows:

1. Exploration and production – activities relating to the exploration and production of crude oil and natural gas in Pakistan.

2. Oil exploitation – activities relating to the production of crude oil in PRC utilising production enhancement technology.

3. Oilfield support services – activities relating to the provision of oilfield support services using patented technology.

The Group's operating 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.

10. Segment Information (Continued)

Segment profit or loss does not include the following items:

– unallocated investment and other income

– unallocated other gains and losses

– unallocated corporate expenses

– finance costs (except for provisions – unwinding of discounts included in the exploration and production segment)

Segment assets do not include the following items:

– deferred tax assets

– financial assets at fair value through profit or loss

– held-to-maturity investments

– current tax assets

– pledged bank deposits

– bank and cash balances

– other unallocated assets

Segment liabilities do not include the following items:

– due to directors

– borrowings

– current tax liabilities

– provisions (except for provision for decommissioning costs included in the exploration and production segment)

– other unallocated liabilities

10. Segment Information (Continued)

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

	Exploration and production HK$'000	Oil exploitation HK$'000	Oilfield support services HK$'000	Total HK$'000
Year ended 31 December 2014				
Turnover from external customers	5,603,586	413,618	103,025	6,120,229
Segment profit/(loss)	2,242,308	73,620	(38,332)	2,277,596
Interest revenue	2,379	6,529	392	9,300
Interest expenses	8,928	711	479	10,118
Depreciation and amortisation	1,769,622	92,913	45,866	1,908,401
Income tax expense/(credit)	293,362	(8,734)	(5,907)	278,721
Other material non-cash item:				
Impairment losses on intangible assets	–	–	41,689	41,689
Additions to segment non-current assets	2,474,329	117,362	21,554	2,613,245
As at 31 December 2014				
Segment assets	10,686,897	4,648,695	127,168	15,462,760
Segment liabilities	2,146,084	1,409,196	31,810	3,587,090

10. Segment Information (Continued)

Information about operating segment profit or loss, assets and liabilities: (Continued)

	Exploration and production HK$'000	Oil exploitation HK$'000	Oilfield support services HK$'000	Total HK$'000
Year ended 31 December 2013				
Turnover from external customers	4,236,556	427,138	123,862	4,787,556
Segment profit/(loss)	1,580,348	115,652	(138,859)	1,557,141
Interest revenue	–	3,746	255	4,001
Interest expenses	7,903	5,739	1,932	15,574
Depreciation and amortisation	1,599,489	80,553	54,878	1,734,920
Income tax expense/(credit)	29,755	(5,891)	(23,164)	700
Other material non-cash item:				
Impairment losses on intangible assets	–	–	171,706	171,706
Additions to segment non-current assets	2,893,149	170,529	37,988	3,101,666
As at 31 December 2013				
Segment assets	9,802,505	4,692,986	199,428	14,694,919
Segment liabilities	1,942,943	1,559,167	41,298	3,543,408

10. Segment Information (Continued)

Reconciliations of operating segment profit or loss, assets and liabilities:

	2014 HK$'000	2013 HK$'000
Profit or loss		
Total profit of operating segments	**2,277,596**	1,557,141
Unallocated amounts:		
Investment and other income	**11,151**	16,158
Other gains and losses	**(1,052)**	3,533
Corporate expenses	**(243,672)**	(163,398)
Finance costs (except for provisions – unwinding of discounts included in the exploration and production segment)	**(229,577)**	(240,244)
Consolidated profit for the year	**1,814,446**	1,173,190
Assets		
Total assets of operating segments	**15,462,760**	14,694,919
Unallocated amounts:		
Other receivables and other assets	**12,821**	10,612
Deferred tax assets	**212,060**	324,577
Financial assets at fair value through profit or loss	**3,145**	3,576
Held-to-maturity investments	**151,284**	–
Current tax assets	**251,403**	8,790
Pledged bank deposits	**7,044**	4,430
Bank and cash balances	**2,494,348**	1,709,644
Consolidated total assets	**18,594,865**	16,756,548
Liabilities		
Total liabilities of operating segments	**3,587,090**	3,543,408
Unallocated amounts:		
Other liabilities	**83,771**	76,104
Due to directors	**7,593**	7,857
Borrowings	**5,085,903**	5,032,587
Current tax liabilities	**12,716**	113,241
Provisions (except for provision for decommissioning costs included in the exploration and production segment)	**420**	420
Consolidated total liabilities	**8,777,493**	8,773,617

10. Segment Information (Continued)

Geographical information:

The Group's turnover from external customers by location of operations and information about its non-current assets (excluding deferred tax assets) by location of assets are detailed below:

	Turnover		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**82**	137
PRC except Hong Kong	**516,643**	551,000	**4,695,202**	4,748,636
Pakistan	**5,603,586**	4,236,556	**8,881,075**	8,180,833
Consolidated total	**6,120,229**	4,787,556	**13,576,359**	12,929,606

Turnover from major customers:

Turnover derived from major customers who contributed 10% or more of total turnover of the Group is as follows:

	2014	2013
	HK$'000	HK$'000
Exploration and production segment		
Customer A	**2,290,355**	1,286,564
Customer B	**1,358,846**	1,439,894
Customer C	**–**	974,622
Customer D	**651,318**	–

11. Finance Costs

	2014	2013
	HK$'000	HK$'000
Interest on bank loans	**219,827**	240,244
Interest on medium term notes	**9,751**	–
Provisions – unwinding of discounts (note 28)	**8,928**	7,903
	238,506	248,147

12. Profit for the Year

The Group's profit for the year is arrived at after charging/(crediting) the following:

	2014 HK$'000	2013 HK$'000
Depreciation and amortisation (note a)	**1,908,950**	1,736,930
Auditors' remuneration		
– Current	**3,561**	3,242
– Over-provision in prior year	**(20)**	(20)
	3,541	3,222
Cost of inventories sold (note b)	**2,689,129**	2,325,488
Directors' emoluments (note 14)	**7,946**	9,998
Operating lease charges		
– Hire of office equipment and motor vehicles	**31,335**	28,096
– Land and buildings	**39,149**	30,147
	70,484	58,243
Research and development expenditures	**441**	19
Staff costs including directors' emoluments		
– Salaries, bonuses and allowances	**323,243**	260,278
– Retirement benefits scheme contributions	**42,250**	38,894
– Share-based payments	**13,466**	12,880
	378,959	312,052
Impairment losses on intangible assets (included in other gains and losses)	**41,689**	171,706

Note a: Depreciation and amortisation charges include the amortisation charges on intangible assets of approximately HK$535,633,000 (2013: HK$585,251,000) which are included in the costs of sales and services rendered.

Note b: Cost of inventories sold includes staff costs, depreciation and amortisation, operating lease charges and research and development expenditures of approximately HK$2,037,143,000 (2013: HK$1,811,375,000) which are included in the amounts disclosed separately above.

13. Income Tax Expense

Income tax has been recognised in profit or loss as following:

	2014 HK$'000	2013 HK$'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**13,107**	12,570
Under-provision in prior years	**112**	4,110
	13,219	16,680
Current tax – Overseas		
Provision for the year	**133,811**	150,787
(Over)/under-provision in prior years	**(39,158)**	37,836
	94,653	188,623
	107,872	205,303
Deferred tax (note 29)	**196,139**	(178,175)
	304,011	27,128

No provision for profits tax in Bermuda, British Virgin Islands, Republic of Panama, Mauritius or Hong Kong is required as the Group has no assessable profit for the year arising in or derived from these jurisdictions for the years ended 31 December 2014 and 2013.

PRC Enterprise Income Tax and Pakistan Income Tax are calculated at 25% and 50% respectively on the estimated taxable income earned by the companies with certain tax preference, based on existing legislation, interpretation and practices in respect thereof.

During the year ended 31 December 2014, the Group's subsidiaries in the PRC were approved as a high technology enterprise pursuant to which the PRC subsidiaries can enjoy a preferential income tax rate of 15% for the coming financial year (2013: two financial years).

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.

13. Income Tax Expense (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2014 HK$'000	2013 HK$'000
Profit before tax	**2,118,457**	1,200,318
Tax at the weighted average tax rate of 48% (2013: 52%)	**1,011,631**	626,485
Tax effect of income that is not taxable	**(15,809)**	(93,508)
Tax effect of expenses that are not deductible	**106,529**	59,252
Tax effect of tax losses not recognised	**34,748**	41,921
Tax effect of utilisation of tax losses not previously recognised	**(806)**	(27,908)
Tax effect of other temporary differences not recognised	**18,188**	(69,832)
Tax effect of tax preferential period	**(7,847)**	(3,859)
Tax effect of withholding tax at 10% on gain derived from the Group's Mauritius subsidiary	**24,047**	25,845
Tax effect of depletion allowance	**(481,823)**	(329,682)
Tax effect of royalty deduction	**(345,801)**	(243,532)
(Over)/under-provision in prior years	**(39,046)**	41,946
Income tax expense	**304,011**	27,128

14. Directors' and Employees' Emoluments

The emoluments of each director were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2014				
Executive directors:				
Mr. Zhang Hong Wei	**–**	**4,890**	**–**	**4,890**
Mr. Zhu Jun	**240**	**–**	**–**	**240**
Ms. Zhang Meiying	**2,250**	**189**	**17**	**2,456**
	2,490	**5,079**	**17**	**7,586**
Independent non-executive directors:				
Mr. Chau Siu Wai	**120**	**–**	**–**	**120**
Mr. San Fung	**120**	**–**	**–**	**120**
Mr. Zhu Chengwu	**120**	**–**	**–**	**120**
	360	**–**	**–**	**360**
	2,850	**5,079**	**17**	**7,946**
Year ended 31 December 2013				
Executive directors:				
Mr. Zhang Hong Wei	1,000	6,403	–	7,403
Mr. Zhu Jun	240	–	–	240
Ms. Zhang Meiying	1,950	30	15	1,995
	3,190	6,433	15	9,638
Independent non-executive directors:				
Mr. Chau Siu Wai	120	–	–	120
Mr. San Fung	120	–	–	120
Mr. Zhu Chengwu	120	–	–	120
	360	–	–	360
	3,550	6,433	15	9,998

None of the directors waived any emoluments during the year (2013: Nil).

14. Directors' and Employees' Emoluments (Continued)

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

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**23,057**	16,117
Share-based payments	**5,212**	4,740
	28,269	20,857

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,000,001 to HK$4,500,000	**1**	1
HK$6,000,001 to HK$6,500,000	**–**	1
HK$7,000,001 to HK$7,500,000	**–**	1
HK$7,500,001 to HK$8,000,000	**1**	–
HK$12,000,001 to HK$12,500,000	**1**	–
	4	4

No emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2013: Nil).

15. Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$1,827,887,000 (2013: HK$1,215,211,000) and the weighted average number of ordinary shares of 13,058,801,694 (2013: 13,045,128,096) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$1,827,887,000 (2013: HK$1,215,211,000) and the weighted average number of ordinary shares of 13,059,740,801 (2013: 13,046,030,452), being the weighted average number of ordinary shares of 13,058,801,694 (2013: 13,045,128,096) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 939,107 (2013: 902,356) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

16. Dividend

No dividend has been paid or declared by the Company during the years ended 31 December 2014 and 2013.

17. Property, Plant and Equipment

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Oil and gas properties HK$'000	Construction in progress HK$'000	Spare parts HK$'000	Total HK$'000
Cost										
At 1 January 2013	13,390	7,678	6,053	20,990	135,709	225,436	2,675,202	461,377	427,671	3,973,506
Additions	–	–	–	2,684	6,647	26,335	195,093	2,178,623	629,252	3,038,634
Written off	–	–	–	–	(73)	–	(20,184)	–	–	(20,257)
Transfers	–	–	–	2,027	5,351	85,710	1,671,965	(1,403,759)	(361,294)	–
Exchange differences	–	257	171	234	190	5,784	19,940	2,162	–	28,738
At 31 December 2013 and 1 January 2014	**13,390**	**7,935**	**6,224**	**25,935**	**147,824**	**343,265**	**4,542,016**	**1,238,403**	**695,629**	**7,020,621**
Additions	**–**	**–**	**–**	**1,024**	**4,208**	**9,979**	**120,364**	**2,467,865**	**5,886**	**2,609,326**
Disposals	**–**	**–**	**–**	**(92)**	**–**	**–**	**–**	**–**	**–**	**(92)**
Transfers	**2,454**	**–**	**–**	**6,005**	**16,413**	**206,059**	**2,072,470**	**(2,092,614)**	**(210,787)**	**–**
Exchange differences	**–**	**(48)**	**(32)**	**(53)**	**(45)**	**(1,212)**	**(4,462)**	**(260)**	**–**	**(6,112)**
At 31 December 2014	**15,844**	**7,887**	**6,192**	**32,819**	**168,400**	**558,091**	**6,730,388**	**1,613,394**	**490,728**	**9,623,743**
Accumulated depreciation										
At 1 January 2013	–	2,106	2,331	9,182	44,297	107,630	747,357	–	–	912,903
Charge for the year	–	391	542	5,578	43,213	59,904	1,049,451	–	–	1,159,079
Written off	–	–	–	–	(71)	–	–	–	–	(71)
Exchange differences	–	76	60	165	74	3,743	735	–	–	4,853
At 31 December 2013 and 1 January 2014	**–**	**2,573**	**2,933**	**14,925**	**87,513**	**171,277**	**1,797,543**	**–**	**–**	**2,076,764**
Charge for the year	**–**	**353**	**231**	**7,086**	**45,223**	**111,872**	**1,217,464**	**–**	**–**	**1,382,229**
Disposals	**–**	**–**	**–**	**(92)**	**–**	**–**	**–**	**–**	**–**	**(92)**
Exchange differences	**–**	**(16)**	**(12)**	**(36)**	**(18)**	**(809)**	**(199)**	**–**	**–**	**(1,090)**
At 31 December 2014	**–**	**2,910**	**3,152**	**21,883**	**132,718**	**282,340**	**3,014,808**	**–**	**–**	**3,457,811**
Carrying amount										
At 31 December 2014	**15,844**	**4,977**	**3,040**	**10,936**	**35,682**	**275,751**	**3,715,580**	**1,613,394**	**490,728**	**6,165,932**
At 31 December 2013	13,390	5,362	3,291	11,010	60,311	171,988	2,744,473	1,238,403	695,629	4,943,857

18. Intangible Assets

	Oil exploitation rights HK$'000	Concession and lease rights HK$'000	Participating interest in oil exploitation project HK$'000	Technical know-how HK$'000	Contractual rights in oil exploitation projects HK$'000	Total HK$'000
Cost						
At 1 January 2013	8,180,000	5,360,536	167,738	373,235	68,830	14,150,339
Additions	–	63,659	–	–	–	63,659
Disposals	–	–	(167,738)	–	–	(167,738)
Exchange differences	–	–	–	12,500	2,305	14,805
At 31 December 2013 and 1 January 2014	**8,180,000**	**5,424,195**	**–**	**385,735**	**71,135**	**14,061,065**
Exchange differences	**–**	**–**	**–**	**(2,312)**	**(427)**	**(2,739)**
At 31 December 2014	**8,180,000**	**5,424,195**	**–**	**383,423**	**70,708**	**14,058,326**
Accumulated amortisation and impairment losses						
At 1 January 2013	4,281,124	924,709	167,738	147,921	32,250	5,553,742
Amortisation for the year	62,684	487,710	–	25,531	9,326	585,251
Impairment losses	–	–	–	171,706	–	171,706
Disposals	–	–	(167,738)	–	–	(167,738)
Exchange differences	–	–	–	7,601	1,205	8,806
At 31 December 2013 and 1 January 2014	**4,343,808**	**1,412,419**	**–**	**352,759**	**42,781**	**6,151,767**
Amortisation for the year	**72,014**	**445,043**	**–**	**4,099**	**15,203**	**536,359**
Impairment losses	**–**	**–**	**–**	**28,695**	**12,994**	**41,689**
Exchange differences	**–**	**–**	**–**	**(2,130)**	**(270)**	**(2,400)**
At 31 December 2014	**4,415,822**	**1,857,462**	**–**	**383,423**	**70,708**	**6,727,415**
Carrying amount						
At 31 December 2014	**3,764,178**	**3,566,733**	**–**	**–**	**–**	**7,330,911**
At 31 December 2013	3,836,192	4,011,776	–	32,976	28,354	7,909,298

18. Intangible Assets (Continued)

Oil exploitation rights represent rights for oil exploitation in the location of Gaosheng Block, Bohai Bay Basin of the PRC. Pursuant to the enhancing oil recovery ("EOR") contract entered into on 15 September 2006 between United Petroleum & Natural Gas Investments Limited ("United Petroleum"), a subsidiary of the Company, and China National Petroleum Corporation ("CNPC"), United Petroleum agreed to provide funds and apply its appropriate and advanced technology, equipment and managerial experience to enhance, with the cooperation of CNPC, the oil recovery in the contract area. The remaining term of the EOR contract is 18 years (2013: 19 years). The amortisation of oil exploitation rights is determined using unit-of-production method over the proved and probable reserves of petroleum.

Concession and lease rights represent the rights for oil and gas exploitation in the Badin, Mirpur Khas and Khipro areas in the Sindh Province of Pakistan which will expire on various dates, in accordance with the respective development and production leases, between years 2014 and 2021. The amortisation of concession and lease rights is determined using the unit-of-production method over the proved and probable reserves of petroleum.

Participating interest in oil exploitation project represents a 10% participating interest in the Madura production sharing contract relating to the right to join and assist Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("BPMIGAS"), a state-owned legal entity established under the Government of the Republic of Indonesia in accelerating the exploration for and development of the potential resources within the Madura Contract Area in Indonesia. The participating interest in oil exploitation project had been disposed for the year ended 31 December 2013.

Technical know-how represents the oil exploitation patented techniques for the Group's production of crude oil and provision of patented technology support services business. The remaining amortisation period of the technical know-how is 7 years (2013: 8 years).

Contractual rights in oil exploitation projects represent the contractual arrangement in relation to the production of crude oil and provision of patented technology support services to the oilfields in PRC. The remaining amortisation period of contractual rights in oil exploitation projects is 2 years (2013: 3 years).

Technical know-how and contractual rights in oil exploitation projects are used in the Group's oilfields support services segment whereas oil exploitation rights and concession and lease rights are used in the Group's oil exploitation segment and exploration and production segment respectively. The Group carried out reviews of the recoverable amount of its intangible assets in 2014 and 2013, having regard to the changes in market conditions. The review led to the recognition of an impairment loss on technical know-how and contractual rights in oil exploitation projects of HK$28,695,000 (2013: HK$171,706,000) and HK$12,994,000 (2013: Nil) respectively. The recoverable amounts of the relevant assets have been determined on the basis of their value in use using discounted cash flow method. The discount rate used in measurement for technical know-how and contractual rights in oil exploitation projects is 21.87 per cent (2013: for technical know-how is 27.94 per cent).

19. Advances, Deposits and Prepayments

	2014 HK$'000	2013 HK$'000
Advances to staff	**2,550**	1,773
Deposits and prepayments	**1,152**	4,462
Deposits paid for acquisition of property, plant and equipment	**75,814**	70,216
	79,516	76,451

The carrying amounts of the Group's advances, deposits and prepayments are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
RMB	**22,992**	15,536
US$	**52,823**	57,553
PKR	**3,701**	3,362
Total	**79,516**	76,451

20. Inventories

	2014 HK$'000	2013 HK$'000
Finished goods	**50,257**	15,700
Spare parts and consumables	**274,848**	303,630
Less: allowance for inventories	**(19,500)**	(19,500)
	305,605	299,830

21. Trade and Other Receivables

	2014 HK$'000	2013 HK$'000
Trade receivables (note a)	**1,238,235**	1,195,729
Other receivables (note b)	**355,382**	280,366
Total trade and other receivables	**1,593,617**	1,476,095

(a) Trade receivables

The Group's trading terms with customers are mainly on credit. The credit term generally ranges from 30 to 45 days (2013: 30 to 45 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**1,091,600**	1,052,881
31 to 60 days	**96,109**	142,488
61 to 90 days	**50,526**	–
91 to 180 days	**–**	360
	1,238,235	1,195,729

As of 31 December 2014, trade receivables of approximately HK$116,072,000 (2013: HK$142,488,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**66,493**	142,488
31 to 60 days	**49,579**	–
	116,072	142,488

21. Trade and Other Receivables (Continued)

(a) Trade receivables (Continued)

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

	2014 HK$'000	2013 HK$'000
RMB	**62,930**	130,675
US$	**1,155,718**	1,038,536
PKR	**19,587**	26,518
Total	**1,238,235**	1,195,729

(b) Other receivables

	2014 HK$'000	2013 HK$'000
Amounts due from joint operators	**137,952**	117,696
Advances to staff	**13,150**	11,041
Central excise duty receivables	**9,522**	6,387
Deposits and prepayments	**46,610**	66,737
Sales tax receivables	**118,115**	54,375
Others	**30,033**	24,130
	355,382	280,366

As of 31 December 2014 and 2013, none of the other receivables were past due but not impaired.

The carrying amounts of the Group's other receivables are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HK$	**1,216**	1,103
RMB	**7,404**	7,168
US$	**123,584**	201,136
S$	**12**	–
PKR	**223,166**	70,959
Total	**355,382**	280,366

22. Held-to-Maturity Investments

The Group's held-to-maturity investments represent 100% capital protected investment deposits denominated in RMB with principal amount of HK$151,284,000 (equivalent to approximately RMB120,000,000) (2013: Nil) issued by a financial institution in the PRC. The investments carry a guaranteed fixed interest at 2.6% per annum, payable on maturity date and will mature on 23 June 2015.

At 31 December 2014, the carrying amount of held-to-maturity investments was pledged as security for banking facilities granted to the Group amounting to HK$156,000,000 (equivalent to approximately US$20,000,000) (2013: Nil) (note 27).

23. Financial Assets at Fair Value Through Profit or Loss

	2014 **HK$'000**	2013 HK$'000
Equity securities, at fair value		
Listed in Hong Kong at market value	**3,145**	3,576

The carrying amounts of the above financial assets are classified as held for trading.

The investments represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on current bid prices. In order to minimise credit risk, the directors have delegated a team to be responsible for the formulation of a credit policy governing the control of credit risk. In this regard, the directors consider that there is no concentration of credit risk in respect of the financial assets at fair value through profit or loss.

24. Pledged Bank Deposits and Bank and Cash Balances

At 31 December 2014, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$480,106,000 (2013: HK$850,231,000). 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.

At 31 December 2014, the Group's pledged bank deposits of approximately HK$7,044,000 (2013: HK$4,430,000) were pledged as security for the Group's bills payables. The pledged bank deposits were in RMB and at fixed interest rate of ranging from 3.06% per annum to 3.08% per annum (2013: ranging from 3.05% per annum to 3.08% per annum) and were therefore subject to foreign currency risk and fair value interest rate risk.

25. Trade and Other Payables

	2014 HK$'000	2013 HK$'000
Trade payables (note a)	**545,457**	823,494
Other payables (note b)	**1,505,505**	1,286,202
Total trade and other payables	**2,050,962**	2,109,696

(a) Trade payables

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	**345,331**	267,236
31 to 45 days	**61,451**	42,322
Over 45 days	**138,675**	513,936
	545,457	823,494

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

	2014 HK$'000	2013 HK$'000
RMB	**102,768**	174,308
US$	**365,895**	608,809
PKR	**76,794**	40,377
Total	**545,457**	823,494

25. Trade and Other Payables (Continued)

(b) Other payables

	2014 HK$'000	2013 HK$'000
Amount due to joint operators	**242,205**	202,694
Accrual for operating expenses	**537,746**	364,144
Bills payables	**7,044**	4,430
Deposits received	**10,672**	11,446
Salaries and welfare payables	**85,056**	60,058
Other tax payables	**619,901**	640,609
Others	**2,881**	2,821
	1,505,505	1,286,202

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

	2014 HK$'000	2013 HK$'000
HK$	**3,479**	3,560
RMB	**405,232**	463,357
US$	**1,088,434**	819,285
S$	**8,360**	–
Total	**1,505,505**	1,286,202

26. Due to Directors

The amounts due to directors are unsecured, interest-free and repayable on demand.

27. Borrowings

	2014 HK$'000	2013 HK$'000
Secured bank loans	**4,512,310**	5,032,587
Medium term notes	**573,593**	–
	5,085,903	5,032,587

The borrowings are repayable as follows:

	2014 HK$'000	2013 HK$'000
On demand or within one year	**768,310**	664,587
In the second year	**1,197,593**	624,000
In the third to fifth years, inclusive	**1,872,000**	1,872,000
After five years	**1,248,000**	1,872,000
	5,085,903	5,032,587
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(768,310)**	(664,587)
Amount due for settlement after 12 months	**4,317,593**	4,368,000

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

	RMB HK$'000	US$ HK$'000	S$ HK$'000	Total HK$'000
2014				
Secured bank loans	**–**	**4,512,310**	**–**	**4,512,310**
Medium term notes	**–**	**–**	**573,593**	**573,593**
	–	**4,512,310**	**573,593**	**5,085,903**
2013				
Secured bank loans	196,587	4,836,000	–	5,032,587

27. Borrowings (Continued)

The average interest rate of the secured bank loans as at 31 December 2014 was 4.54% (2013: 4.79%).

Bank loans of HK$4,512,310,000 (2013: HK$5,007,221,000) are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. No bank loan (2013: HK$25,366,000) is arranged at fixed interest rates and expose the Group to fair value interest rate risk.

At 31 December 2014, bank loans with carrying amount of HK$4,368,000,000 (2013: HK$4,836,000,000) are secured or guaranteed by the following:

(a) account charges over bank and cash balances held by United Energy Group (Hong Kong) Limited ("UEG (HK)") and United Energy Pakistan Limited ("UEPL") with a total carrying amount at the end of the reporting period of approximately HK$699,162,000 (2013: HK$165,642,000);

(b) share charge over the entire equity interests of UEG (HK), UEPL, United Energy Pakistan Holdings Limited ("UEPHL") and Gold Trade International Limited ("GTI");

(c) a corporate guarantee executed by the China Development Bank Corporation, Beijing Branch which is counter guaranteed by a related company of the Group (note 34(c)), to the extent of HK$4,368,000,000 (2013: HK$4,836,000,000).

At 31 December 2014, bank loans of HK$144,310,000 (2013: Nil) are secured by a charge over the Group's held-to-maturity investments (note 22).

At 31 December 2013, bank loans of HK$196,587,000 denominated in RMB are guaranteed by a corporate guarantee executed by a related company of the Group (note 34(c)), to the extent of HK$228,294,000 (equivalent to RMB180,000,000).

On 8 October 2014, United Energy Financing (Bermuda) Limited ("UEFBL"), a wholly-owned subsidiary of the Company, has established the S$1,000,000,000 (equivalent to HK$6,090,630,000) medium term notes programme (the "Programme"). Under the Programme, medium term notes will be issued in series with different issue dates and terms, regulations and directives.

On 17 October 2014, UEFBL issued S$100,000,000 (equivalent to HK$609,210,000) first medium term notes (the "First Drawdown Notes") due on 17 October 2016. The First Drawdown Notes bear fixed interest rate of 6.85% per annum, payable semi-annually in arrears on 17 April and 17 October. The net proceeds, after deduction of the related issuance costs and professional fees of approximately HK$13,909,000, were used for general corporate purposes. The First Drawdown Notes are secured by a corporate guaranteed executed by the Company (note 35(c)) and are listed on the Singapore Exchange Securities Trading Limited.

The effective interest rate of the First Drawdown Notes as at 31 December 2014 was 8.13% (2013: Nil). The fair values of the First Drawdown Notes are HK$564,131,000 (2013: Nil) and are determined based on its closing bid price as at 31 December 2014 and are within level 1 of the fair value hierarchy.

28. Provisions

	Dismantling costs in respect of leasehold improvements HK$'000	Decommissioning costs HK$'000	Total HK$'000
At 1 January 2014	**420**	**281,176**	**281,596**
Add:			
Provisions recognised during the year	**–**	**16,434**	**16,434**
Less:			
Actual costs incurred during the year	**–**	**(885)**	**(885)**
Add:			
Unwinding of discounts	**–**	**8,928**	**8,928**
At 31 December 2014	**420**	**305,653**	**306,073**

Oil and gas exploration and production activities may result in land subsidence and damage to the environment of the concession areas. Pursuant to the relevant rules and regulations, the Group is required to restore the concession areas back to acceptable conditions.

The decommissioning costs obligation has been determined by management based on future expenditure by discounting the expected expenditures to their net present value at market rate. The amounts provided in relation to the decommissioning costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

The provision for dismantling costs in respect of leasehold improvements is calculated based on the net present value of costs to be incurred to remove leasehold improvements from the leased properties of the Group. The amounts are determined with reference to the quotations from external contractors and the management's estimation.

29. Deferred Tax

Deferred tax liabilities and assets

	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Allowance for inventories HK$'000	Finance costs HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013	290,439	831,825	(9,750)	–	(30,329)	–	1,082,185
Charge/(credit) to profit or loss for the year (note 13)	151,296	(13,187)	–	(293,652)	(22,632)	–	(178,175)
Exchange differences	(1,282)	853	–	–	482	–	53
At 31 December 2013 and 1 January 2014	**440,453**	**819,491**	**(9,750)**	**(293,652)**	**(52,479)**	**–**	**904,063**
Charge/(credit) to profit or loss for the year (note 13)	**208,024**	**(2,652)**	**–**	**(29,087)**	**47,154**	**(27,300)**	**196,139**
Exchange differences	**5,428**	**(48)**	**–**	**–**	**(3,396)**	**–**	**1,984**
At 31 December 2014	**653,905**	**816,791**	**(9,750)**	**(322,739)**	**(8,721)**	**(27,300)**	**1,102,186**

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2014 HK$'000	2013 HK$'000
Deferred tax liabilities	**1,314,246**	1,228,640
Deferred tax assets	**(212,060)**	(324,577)
	1,102,186	904,063

At the end of reporting period, the Group has unused tax losses and other deductible temporary differences of approximately HK$120,082,000 and HK$65,584,000 respectively (2013: HK$128,737,000 and HK$54,177,000 respectively) that are available for offsetting against future taxable profits. No deferred tax assets have been recognised to that effect due to unpredictability of future profit streams. The unrecognised tax losses and other deductible temporary differences may be carried forward indefinitely.

Temporary differences in connection with the interests in subsidiaries are insignificant.

30. Share Capital

		2014		2013	
	Note	**Number of shares '000**	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:					
Ordinary shares of HK$0.01 each		**60,000,000**	**600,000**	60,000,000	600,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At 1 January		**13,053,218**	**130,532**	13,040,495	130,405
Issue of shares under employees performance share schemes	(a)	**9,113**	**91**	7,252	72
Repurchase of shares	(b)	**–**	**–**	(620)	(6)
Issue of shares under share match scheme	(c)	**5,797**	**58**	5,091	51
Issue of shares upon exercise of share options	(d)	**–**	**–**	1,000	10
At 31 December		**13,068,128**	**130,681**	13,053,218	130,532

Notes:

(a) During the year ended 31 December 2014, 9,113,299 (2013: 7,252,109) ordinary shares of HK$0.01 each pursuant to the employees performance share schemes of the Company were issued and allotted to the employees in Pakistan.

(b) On 26 April 2013, 620,576 ordinary shares of the Company were repurchased (the "Repurchase Shares") by private arrangement in accordance to the repurchase mandate granted to the directors in the annual general meeting of the Company held on 29 May 2012. On 8 May 2013, the Repurchased Shares were cancelled. The total amount paid to acquire shares was approximately HK$747,000 and has been deducted from the share capital and share premium account.

(c) During the year ended 31 December 2014, 5,796,864 (2013: 5,091,156) ordinary shares of HK$0.01 each pursuant to the share match scheme of the Company were issued and allotted to the employees in Pakistan.

(d) On 4 December 2013, 1,000,000 share options of the Company at par value of HK$0.01 were exercised at exercise price of HK$0.9 per share. The excess of the exercise price over the par value of the shares issued has been credited to the share premium account of the Company.

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 monitors capital by maintaining a positive net cash position throughout the year. 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 the capital structure, the Group may adjust the payment of dividends, issue new shares and raise new debts.

30. Share Capital (Continued)

The Group's strategy is to maintain a solid base to support the operations and development of its business in the long term. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

The only externally imposed capital requirement is that for the Group to maintain its listing on The Stock Exchange of Hong Kong Limited it has to have a public float of at least 25% of the issued shares. The Group receives a report from the share registrars periodically 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, 28.24% (2013: 29.04%) of the shares were in public hands.

31. Statement of Financial Position of the Company

	Note	2014 HK$'000	2013 HK$'000
Investments in subsidiaries		**4,088,154**	4,166,771
Trade and other receivables		**1,564**	1,517
Financial assets at fair value through profit or loss		**3,145**	3,576
Due from subsidiaries		**646,884**	1,248,668
Bank and cash balances		**1,250,936**	658,655
Trade and other payables		**(3,379)**	(3,409)
Financial guarantee contracts		**(35,468)**	(31,589)
Due to directors		**(7,593)**	(7,857)
NET ASSETS		**5,944,243**	6,036,332
Capital and reserves			
Share capital		**130,681**	130,532
Reserves	32(b)	**5,813,562**	5,905,800
TOTAL EQUITY		**5,944,243**	6,036,332

32. Reserves

(a) Group

The amounts of Group's reserves and the 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 account HK$'000	Share-based capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	13,279,481	9,910	(7,266,948)	6,022,443
Recognition of share-based payments	–	7,761	–	7,761
Issue of shares under employees performance share schemes (note 30(a))	9,795	–	–	9,795
Repurchase of shares (note 30(b))	(741)	–	–	(741)
Issue of shares under share match scheme (note 30(c))	5,855	–	–	5,855
Issue of shares upon exercise of share options (note 30(d))	1,625	(735)	–	890
Loss for the year	–	–	(140,203)	(140,203)
At 31 December 2013	13,296,015	16,936	(7,407,151)	5,905,800
At 1 January 2014	**13,296,015**	**16,936**	**(7,407,151)**	**5,905,800**
Recognition of share-based payments	**–**	**3,930**	**–**	**3,930**
Forfeiture of share-based payments	**–**	**(6,608)**	**6,608**	**–**
Issue of shares under employees performance share schemes (note 30(a))	**10,116**	**–**	**–**	**10,116**
Issue of shares under share match scheme (note 30(c))	**6,435**	**–**	**–**	**6,435**
Loss for the year	**–**	**–**	**(112,719)**	**(112,719)**
At 31 December 2014	**13,312,566**	**14,258**	**(7,513,262)**	**5,813,562**

32. Reserves (Continued)

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be utilised in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Merger reserve

Merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired and the market value of the shares issued by the Company as consideration for the acquisition.

(iii) Capital reserve

Capital reserve represents the loan wavier made by the ultimate holding company, He Fu International Limited, to a subsidiary, United Energy International Investments Limited.

(iv) Foreign currency translation reserve

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 policies set out in note 3(d)(iii) to the consolidated financial statements.

(v) Share-based capital reserve

The share-based capital reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 3(v) to the consolidated financial statements.

33. Share-Based Payments

(a) Share option scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on 11 May 2006 for the primary purpose of providing opportunity to directors, employees and consultants to acquire proprietary interests of the Group and will expire on 10 May 2016. Under the Scheme, the Board of Directors of the Company may grant options to eligible person (including all directors, employees of the Group, consultants, advisors, agents, customers, service providers, contractors and business partners of any members of the Group).

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue from time to time.

33. Share-Based Payments (Continued)

(a) Share option scheme (Continued)

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options granted to any director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within 12 month period, are subject to shareholders' approval in advance in general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

Details of the specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of share options outstanding as at 31 December 2014
Employees	31.12.2010	31.12.2010 to 30.12.2011	31.12.2011 to 30.12.2015	1.55	600,000
	31.12.2010	31.12.2010 to 30.12.2012	31.12.2012 to 30.12.2015	1.55	400,000
	31.12.2010	31.12.2010 to 30.12.2013	31.12.2013 to 30.12.2015	1.55	400,000
	31.12.2010	31.12.2010 to 30.12.2014	31.12.2014 to 30.12.2015	1.55	600,000
	29.08.2012	29.08.2012 to 28.08.2013	29.08.2013 to 28.08.2022	1.20	5,400,000
	29.08.2012	29.08.2012 to 28.08.2014	29.08.2014 to 28.08.2022	1.20	3,600,000
	29.08.2012	29.08.2012 to 28.08.2015	29.08.2015 to 28.08.2022	1.20	3,600,000
	29.08.2012	29.08.2012 to 28.08.2016	29.08.2016 to 28.08.2022	1.20	5,400,000
					20,000,000

The options granted in 2012 and 2010 had exercisable period of 10 years and 5 years respectively from the date of grant. If the options granted remain unexercised after the exercise period, the options expire. Options are forfeited if the employee leaves the Group.

33. Share-Based Payments (Continued)

(a) Share option scheme (Continued)

Details of the share options outstanding during the year are as follows:

	2014		2013	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**28,000,000**	**1.139**	29,000,000	1.131
Forfeited during the year	**(8,000,000)**	**(0.900)**	–	–
Exercised during the year	**–**	**–**	(1,000,000)	(0.900)
Outstanding at the end of the year	**20,000,000**	**1.235**	28,000,000	1.139
Exercisable at the end of the year	**11,000,000**	**1.264**	11,800,000	1.114

The options outstanding at the end of the year have a weighted average remaining contractual life of 6.99 years (2013: 6.24 years) and the exercise prices are ranging from HK$1.20 to HK$1.55 (2013: HK$0.90 to HK$1.55). The Group recognised the total expenses of approximately HK$3,930,000 (2013: HK$7,761,000) for the year ended 31 December 2014 in relation to the share option scheme.

The estimated fair values of the share options granted on 31 December 2010 and 29 August 2012 are determined using the Binomial models. The respective fair values and significant inputs to the models were as follows:

	Share option grant date	
	31 December 2010	29 August 2012
Model	Binomial	Binomial
Fair value at measurement date	HK$2,043,000	HK$14,924,000
Number of share options granted	2,000,000	18,000,000
Grant date share price	HK$1.55	HK$1.16
Exercise price	HK$1.55	HK$1.20
Expected volatility	94.37%	97.91%
Risk free rate	1.763%	0.676%
Expected life	5 years	10 years

Expected volatility was based on the historical volatility of the Company's share price over the previous 5 years for the share options granted on 31 December 2010 and 10 years for the share options granted on 29 August 2012. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

33. Share-Based Payments (Continued)

(b) Employees performance shares schemes

Pursuant to the three separate announcements of the Company dated 28 December 2012, the Company introduced and adopted the performance share scheme, executive performance share scheme and deferred annual bonus scheme (collectively referred as the "Employees Performance Shares Schemes") for the primary purpose of driving success and growth in the shareholder value of the Group and creating long-term value for the eligible employees of the Group. A trustee, as an independent third party, is appointed by the Company for the administration of the Employees Performance Share Schemes. The trustee shall purchase the shares ("Scheme Shares") to be awarded to the eligible employees by way of either share allotment or acquisition from the market out of cash contributed by the Company. The trustee shall hold the Scheme Shares and the related income derived from the relevant Scheme Shares (the "Related Income") in trust until they are vested to the eligible employees in accordance to the rules as set forth under the Employees Performance Shares Schemes and the trust deeds.

The Scheme Shares would be vested over a period of three years commencing from the first calendar day of the year in which the grant is made. The unvested Scheme Shares and the Related Income granted to the eligible employees shall automatically lapse upon the resignation of the employees.

The aggregate number of the Company's shares which may be granted to the employees of the Group (including the eligible employees) under the Employee Performance Shares Schemes together with other share schemes is not permitted to exceed 10% of the total issued share capital of the Company from time to time. The maximum number of Company's shares which may be vested in an employee of the Group (including the eligible employees) under the Employees Performance Shares Schemes together with other share schemes shall not exceed 1% of the total issued share capital of the Company from time to time.

The grant of the Scheme Shares and the number of Scheme Shares awarded or to be awarded to each eligible employee under the performance share scheme and executive performance share scheme shall be determined annually at the sole and absolute discretion of UEPL, considering inter alia but not exclusively the individual performance rating achieved by the eligible employees. The eligible employees will be assessed in each year starting from 1 January to 31 December (the "Assessment Year") and if any Scheme Shares are to be granted under the performance share scheme and executive performance share scheme, the Scheme Shares will be granted in the following year.

The grant of the Scheme Shares under the deferred annual bonus scheme and the number of Scheme Shares awarded or to be awarded to each eligible employee shall be determined annually based on the results of the variable pay plan (the "VPP") and the rewards of the performance unit in the corresponding Assessment Year. The VPP refers to an annual cash bonus scheme and rewards subject to the annual business of the UEPL and the individual performance of the eligible employees. Each eligible employee who is entitled to any cash bonus under the VPP in the Assessment Year shall automatically be entitled to a grant of the Scheme Shares under the deferred annual bonus scheme. The eligible employees will be assessed in each Assessment Year and if any Scheme Shares are to be granted under the deferred annual bonus scheme, the Scheme Shares will be granted in the following year.

33. Share-Based Payments (Continued)

(b) Employees performance shares schemes (Continued)

Fair value of the Scheme Shares at the grant date is determined with reference to the closing market price of the Company's ordinary share at the date of grant. The Group recognised the total expenses of approximately HK$6,725,000 (2013: HK$3,296,000) for the year ended 31 December 2014 in relation to the Employees Performance Share Schemes.

Subject to any early termination as may be determined by the board of the directors of the Company (the "Board") pursuant to the scheme rules, the Employees Performance Shares Schemes shall be valid and effective for a term of ten years commencing from 28 December 2012.

No Scheme Shares were vested during the year. Movements in the number of Scheme Shares granted under the Employees Performance Shares Schemes during the year are as follows:

			Number of Scheme Shares			
Name of the scheme	Date of grant	Fair value per share	Outstanding as at 1 January 2014	Granted during the year	Outstanding as at 31 December 2014	Vesting period
Performance share scheme	2 January 2012	HK$1.31	988,750	–	988,750	2 January 2012 to 1 January 2015
Executive performance share scheme	2 January 2012	HK$1.31	1,301,334	–	1,301,334	2 January 2012 to 1 January 2015
Deferred annual bonus scheme	2 January 2012	HK$1.31	889,198	–	889,198	2 January 2012 to 1 January 2015
Performance share scheme	2 January 2013	HK$1.41	1,530,058	–	1,530,058	2 January 2013 to 1 January 2016
Executive performance share scheme	2 January 2013	HK$1.41	1,232,317	–	1,232,317	2 January 2013 to 1 January 2016
Deferred annual bonus scheme	2 January 2013	HK$1.41	1,310,452	–	1,310,452	2 January 2013 to 1 January 2016
Performance share scheme	2 January 2014	HK$1.13	–	5,260,303	5,260,303	2 January 2014 to 1 January 2017
Executive performance share scheme	2 January 2014	HK$1.13	–	1,730,064	1,730,064	2 January 2014 to 1 January 2017
Deferred annual bonus scheme	2 January 2014	HK$1.13	–	2,122,932	2,122,932	2 January 2014 to 1 January 2017
			7,252,109	9,113,299	16,365,408	

33. Share-Based Payments (Continued)

(c) Shares match scheme

Pursuant to the announcement of the Company dated 16 September 2011, the Company adopted the share match scheme with the objective to provide the employees in Pakistan with incentives in order to retain them for the continual operation and development of the Group in Pakistan and to attract suitable personnel for the growth and further development of the Group.

UEPL will issue an invitation letter to each of the eligible employees inviting them to enroll and participate in the share match scheme. Each eligible employee may indicate in the prescribed form to determine the sum of money contributing to the scheme (the "Employee Contribution Amount") applicable to the coming scheme year starting from 1 September to 31 August (the "Scheme Year of Share Match Scheme"). The Company would also contribute its resources equivalent to the sum of the Employee Contribution Amount to the scheme (the "Employer Contribution Amount").

For the purpose of the scheme, UEPL will refer to the closing price of the Company's share as at the first calendar day of the Scheme Year of Share Match Scheme (the "Reference Date") as reference price for ascertaining the number of the shares to which all the eligible employees are entitled (the "Ascertained Scheme Shares") given the payment of the total sum of the Employee Contribution Amount and the Employer Contribution Amount (the "Ascertained Scheme Shares in Aggregate").

The Company shall pay the aggregate sum of the Employee Contribution Amount and the Employer Contribution Amount of each of the eligible employee and the related acquisition expenses to the trustee for the acquisition of the Ascertained Scheme Shares in Aggregate. A trustee, as an independent third party, is appointed by the Company for the administration of the share match scheme. The trustee shall purchase the Ascertained Scheme Shares to be awarded to the eligible employees by way of share allotment or otherwise subject to and in accordance with the listing rule of the Stock Exchange of Hong Kong Limited. The trustee shall hold the Ascertained Scheme Shares in trust until they are vested to the eligible employees in accordance to the rules of the share match scheme and the trust deed.

The Ascertained Scheme Shares from the Employer Contribution Amount would be vested over a period of three years in accordance with the timetable and conditions as imposed by the Board at its absolute direction, provided that the eligible employee remains under the employment of UEPL at all times after the Reference Date and on the relevant vesting date.

The aggregate number of the Company's shares which may be granted to the employees of the Group (including the eligible employees) under the share match scheme together with other share schemes is not permitted to exceed 10% of the total issued share capital of the Company from time to time. The maximum number of Company's shares which may be vested in an employee of the Group (including the eligible employees) under the share match scheme together with other share schemes shall not exceed 1% of the total issued share capital of the Company from time to time.

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the shares match scheme shall be valid and effective for a term of ten years commencing from 1 September 2011.

33. Share-Based Payments (Continued)

(c) Shares match scheme (Continued)

Fair value of the Ascertained Scheme Shares at the grant date is determined with reference to the closing market price of the Company's ordinary share as at the date of grant. The Group recognised the total expenses of approximately HK$2,811,000 (2013: HK$1,823,000) for the year ended 31 December 2014 in relation to the share match scheme.

Movements in the number of Ascertained Scheme Shares from the Employer Contribution Amount granted under the share match scheme during the year are as follows:

		Number of Ascertained Scheme Shares from the Employer Contribution Amount					
Date of grant	Fair value per share	Outstanding as at 1 January 2014	Granted during the year	Vested during the year	Lapsed during the year	Outstanding as at 31 December 2014	Vesting period
1 September 2011	HK$0.82	1,566,609	–	(1,494,669)	(71,940)	–	1 September 2011 to 31 August 2014
3 September 2012	HK$1.17	1,921,039	–	(1,365,030)	(100,889)	455,120	3 September 2012 to 2 September 2015
2 September 2013	HK$1.17	2,545,578	–	(1,078,421)	(115,803)	1,351,354	2 September 2013 to 1 September 2016
2 September 2014	HK$1.15	–	2,898,432	(320,283)	–	2,578,149	2 September 2014 to 1 September 2017
		6,033,226	2,898,432	(4,258,403)	(288,632)	4,384,623	

34. Related Party Transactions

(a) Name and relationship with related parties:

Name of the related party	Relationship
東方集團實業股份有限公司 (Orient Group Industrial Holdings Company Limited ("Orient Group Industrial"))#	Mr. Zhang Hong Wei is the ultimate controlling party and authorised representative of Orient Group Industrial
東方集團能源投資控股有限公司 (Orient Group Energy Investment Holdings Company Limited ("Orient Group Energy"))#	Mr. Zhang Hong Wei is the ultimate controlling party and authorised representative of Orient Group Energy

The English translation of the company names is for reference only. The official names of these companies are in Chinese.

34. Related Party Transactions (Continued)

(b) Transactions with related parties

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$'000	2013 HK$'000
Rental expenses paid to Orient Group Energy for rental of office equipment	–	262

(c) Orient Group Industrial has provided counter guarantees and corporate guarantees in favour of the Group against the bank loans made to the Group totalling HK$4,368,000,000 at 31 December 2014 (2013: HK$5,032,587,000).

35. Contingent Liabilities

(a) For the years ended 31 December 2014 and 2013, the Company issued various unlimited corporate guarantees in favour of the President of the Islamic Republic of Pakistan and certain joint operators of the Group, as guarantee to provide UEPL with all necessary financial and other means to enable UEPL to fully perform its obligations as stipulated in the concession agreements.

(b) At the end of the reporting period, the Company has issued an unlimited cross guarantee to a bank in respect of a banking facility granted to a subsidiary of the Company, UEG (HK). At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under the above guarantee. The maximum liability of the Company at the end of the reporting period is the amount of bank loans drawn under the cross guarantee at that date of HK$4,368,000,000 (2013: HK$4,836,000,000).

(c) At the end of the reporting period, the Company has issued a corporate guarantee in respect of the First Drawdown Notes issued by UEFBL under the Programme (note 27). At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under the above guarantee. The maximum liability of the Company at the end of the reporting period is the amount of First Drawdown Note drawn under the corporate guarantee at that date of HK$573,593,000 (2013: Nil).

(d) For the years ended 31 December 2014 and 2013, the Group had issued corporate guarantees granted to the collector of customs of Pakistan in case of any dispute arising on claim of exemptions of levies including custom duties and sales tax on import of machinery, equipment, materials, specialized vehicles, spares, chemicals and consumables under the petroleum concession agreement amounting to HK$15,215,000 (2013: HK$5,442,000).

36. Capital Commitments

The Group's capital commitments at the end of reporting periods are as follows:

(a)

	2014 HK$'000	2013 HK$'000
Contracted but not provided for:		
Acquisition of property, plant and equipment	**28,416**	20,884
Commitments for capital expenditure	**1,055,749**	645,490
	1,084,165	666,374

(b) On 20 October 2014, the Group established a wholly owned subsidiary, United Energy (Beijing) Limited ("UEBL") in the PRC with registered capital of HK$126,070,000 (equivalent to RMB100,000,000). At 31 December 2014, the Group has contributed HK$15,439,000 (equivalent to RMB12,246,000) to UEBL. In accordance with the memorandum of association of UEBL, the remaining balance of HK$110,631,000 (equivalent to RMB87,754,000) shall be contributed to UEBL within twenty years from the date of its establishment.

37. Operating Lease Commitments

The Group as lessee

At the end of reporting periods the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**20,542**	21,907
In the second to fifth years inclusive	**49,954**	58,883
After five years	**–**	443
	70,496	81,233

Operating lease payments represent rentals payable by the Group for certain of its offices, staff quarters, motor vehicles and plant and machinery. Leases are negotiated for an average term of 3.51 years (2013: 3.73 years) and rentals are fixed over the lease terms and do not include contingent rentals.

The Group as lessor

At the end of reporting periods the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**–**	276

38. Retirement Benefits Scheme

Hong Kong

The Group participates in the mandatory provident fund scheme (the "MPF Scheme") established under the MPF Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce contributions payable in future years.

The Group's contribution under the MPF Scheme for the year ended 31 December 2014 amounted to approximately HK$131,000 (2013: HK$136,000).

PRC

According to the relevant laws and regulations in the PRC, the Group's subsidiaries in the PRC are required to contribute a specified percentage of the payroll of their employees to the retirement benefits schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the respective schemes.

The Group's contribution under the respective schemes for the year ended 31 December 2014 amounted to approximately HK$7,437,000 (2013: HK$5,217,000).

Pakistan

(a) Funded Gratuity Scheme

According to the Income Tax Ordinance in Pakistan, a defined contribution gratuity fund is being maintained for all permanent employees, established under a Trust Deed. Contributions to the fund are as per Trust Deed, based on each individual employee's salary, number of years of service and contribution rate applicable to the employee's level or grade.

The Group's contribution under the scheme for the year ended 31 December 2014 amounted to approximately HK$28,204,000 (2013: HK$30,964,000).

(b) Contributory Provident Fund

A defined contribution provident fund is being maintained for all permanent employees in Pakistan. Monthly contributions are made to the fund both by the Group and the employees at the rate of 10% of basic salary. The only obligation of the Group with respect to the contributory provident fund is to make the required contributions under the scheme.

The Group's contribution under the scheme for the year ended 31 December 2014 amounted to approximately HK$10,308,000 (2013: HK$8,554,000).

39. Subsidiaries

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

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities
Fine Profit Corporation Limited	Hong Kong	HK$10,000	100%	100%	–	Provision of administrative services
United Energy Group (HK) Limited	Hong Kong	HK$100	100%	100%	–	Investment holding
United Energy International Finance Limited	Hong Kong	HK$1	100%	100%	–	Provision of group financing supporting services
United Energy Technology (China) Company Limited# (note a)	PRC	US$9,245,500	100%	–	100%	Dormant
Universe Oil & Gas (China), LLC (note a)	PRC	US$10,000,000	70%	–	100%	Engaged in provision of patented technology support services to oilfields
United Petroleum & Natural Gas (Panjin) Limited# (note a)	PRC	RMB100,000,000	100%	–	100%	Provision of group financing supporting services
United Energy (Beijing) Limited# (note a)	PRC	RMB12,246,200	100%	–	100%	Provision of administrative services
United Petroleum & Natural Gas Investments Limited	British Virgin Islands	US$50,000	100%	100%	–	Production of crude oil in the PRC
United Energy International Investments Limited	British Virgin Islands	US$1	100%	100%	–	Investment holding
Merry Year Investments Limited	British Virgin Islands	US$100	100%	100%	–	Investment holding
Universe Energy International Investments Limited	British Virgin Islands	US$100	70%	–	70%	Investment holding
Gold Trade Group Limited	British Virgin Islands	US$10	100%	100%	–	Investment holding

39. Subsidiaries (Continued)

Name	Place of incorporation/ registration	Issued and fully paid share capital/ registration capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities
Classic Trade Holdings Limited	British Virgin Islands	US$100	100%	100%	–	Investment holding
United Energy International Trading Limited	British Virgin Islands	US$100	100%	–	100%	Dormant
Oasis Natural Energy Inc	Republic of Panama	US$10,000	100%	–	100%	Investment holding
BowEnergy Resources (Pakistan) SRL	Barbados	US$9,775,568	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
United Energy Financing (Bermuda) Limited	Bermuda	US$100	100%	100%	–	Provision of group financing supporting services
United Energy Pakistan Holdings Limited	Mauritius	US$1	100%	100%	–	Investment holding
United Energy Pakistan Limited	Mauritius	US$1	100%	–	100%	Engaged in activities relating to the exploration and production of crude oil and natural gas in Pakistan
Gold Trade International Limited	Mauritius	US$1	100%	–	100%	Provision of group financing supporting services
Super Success International Holdings Limited	Mauritius	US$1	100%	100%	–	Investment holding
United Energy Global Trading Limited	Mauritius	US$1	100%	100%	–	Dormant

Note a: Wholly foreign owned enterprise established in the PRC in accordance with relevant laws and regulations.

The English translation of the company names is for reference only. The official names of these companies are in Chinese.

40. Joint Operations

As at 31 December 2014, the particulars of the joint arrangements of the Group, all of which are not structured through separate vehicles, are set out as follows:

Concession/project name	Place of business	Proportion of participating interest held by the Group 2014	2013	Principal activities
Badin II	Pakistan	**51%**	51%	Exploration and production of crude oil and natural gas
Badin II Revised	Pakistan	**76%**	76%	Exploration and production of crude oil and natural gas
Badin III	Pakistan	**60%**	60%	Exploration and production of crude oil and natural gas
Mehran	Pakistan	**75%**	75%	Exploration and production of crude oil and natural gas
Mirpurkhas	Pakistan			Exploration and production of crude oil and natural gas
– exploration		**95%**	95%	
– development and production		**75%**	75%	
Khipro	Pakistan			Exploration and production of crude oil and natural gas
– exploration		**95%**	95%	
– development and production		**75%**	75%	
Offshore Block "U"	Pakistan	**72.5%**	72.5%	Exploration of crude oil and natural gas
Offshore Block "S"	Pakistan	**50%**	50%	Exploration of crude oil and natural gas
Offshore Block "G" (surrendered on 28 February 2014)	Pakistan	**–**	25%	Exploration of crude oil and natural gas
Digri	Pakistan	**75%**	75%	Exploration of crude oil and natural gas
Gaosheng Block	PRC			Production of incremental crude oil
– development capital expenditure share		**70%**	70%	
– incremental operating expenditure share		**60%**	60%	
– incremental oil share		**60%**	60%	

41. Events After the Reporting Period

On 16 March 2015, UEPL entered into the short-term loan agreement with UEP Wind Power (PVT.) Limited (the "Borrower") for short-term financing the wind power project in Pakistan to be operated by the Borrower. The maximum loan amount is HK$62,400,000 (equivalent to US$8,000,000), bearing interest rate of 6.85% per annum and repayable on 31 December 2015. Mr. Zhang Hong Wei, the chairman and executive director of the Company, has substantial influence over the Borrower and the Borrower is considered as a related party of the Company. Details are set out in the Company's announcement dated 16 March 2015.

As at the date of this financial statements, the Borrower has drawdown approximately HK$43,212,000 (equivalent to US$5,540,000) loan from UEPL.

42. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2015.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**6,120,229**	4,787,556	3,213,793	876,825	22,373
Profit before tax	**2,118,457**	1,200,318	683,647	272,527	289,267
Income tax (expenses)/credit	**(304,011)**	(27,128)	109,864	242,115	(146,003)
Profit for the year/period from continuing operations	**1,814,446**	1,173,190	793,511	514,642	143,264
(Loss)/profit for the year/period from discontinued operations	**–**	–	–	–	(41,196)
Profit for the year/period	**1,814,446**	1,173,190	793,511	514,642	102,068
Attributable to:					
Owners of the Company	**1,827,887**	1,215,211	786,412	531,885	112,256
Non-controlling interests	**(13,441)**	(42,021)	7,099	(17,243)	(10,188)
	1,814,446	1,173,190	793,511	514,642	102,068

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total Assets	**18,594,865**	16,756,548	14,811,860	13,372,330	6,861,514
Total Liabilities	**(8,777,493)**	(8,773,617)	(8,035,047)	(7,288,843)	(1,338,438)
Net Assets	**9,817,372**	7,982,931	6,776,813	6,083,487	5,523,076
Equity attributable to owners of the Company	**9,778,958**	7,930,771	6,685,135	5,686,347	5,125,420
Non-controlling interests	**38,414**	52,160	91,678	397,140	397,656
Total equity	**9,817,372**	7,982,931	6,776,813	6,083,487	5,523,076

UEG
联合能源

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