Blue Sky Power Holdings Limited
藍天威力控股有限公司

(Incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 6828
Singapore Stock Code: UQ7

Annual Report 2014

CONTENTS

CORPORATE PROFILE

NATURAL GAS BUSINESS

In recent years, the demand for energy grows as the PRC economy continues to develop. In order to rely less on conventional energy resources such as coal and petroleum, the PRC government has adopted a series of measures to promote development and utilisation of new energy; whereas natural gas, as a form of clean energy, is particularly well-received by the industry.

We have dedicated ourselves to promote the integrated utilization of natural gas as the strategic focus. Our natural gas business encompasses L/CNG refilling stations for vehicles as well as supplying natural gas to the industrial parks, commercial complex and local residents. These facilities benefit from proximity to sources of gas supply, conformance to national policies, and the significant business opportunities arising from the process of gradually replacing conventional energy with eco-friendly clean energy.

With the support of favourable government policies, we will be able to acquire sources of gas and business opportunities by fully leveraging the established cooperative partnerships with other large-scale energy enterprises including China National Petroleum Corporation. We will endeavour to expand into markets with low utilisation of natural gas, seek out projects with high return on equity and high return on assets, and attain long-term growth making use of diversified technologies.

PRINTING BUSINESS

We are a leading books & specialised products printing group serving the international market. We specialise in the printing of books, as well as the design and manufacturing of quality specialised products such as leather and fabric-bound diaries, journals and greeting cards. Our integrated services include pre-press, printing to finishing/binding services. We are able to combine special printing skills with leather manufacturing technologies to produce high-value added composite products for our customers. Through our full suite of integrated services at our 87,538 sq.m. production facilities in He Yuan, Guangdong Province, PRC, we are a convenient one-stop shop for customers sourcing for unique products that require a high-level of customisation.

STATEMENT FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors of Blue Sky Power Holdings Limited, I am pleased to announce the annual results of the Group for the year ended 31 December 2014.

2014 was a momentous year for the Group which marks its business diversification into the natural gas business sector. The Group strives to be an integrated natural gas provider and distributor that offers innovative and diversified clean energy solution in China, and its name was changed to Blue Sky Power Holdings Limited during the year to reflect its natural gas business focus.

The Company focuses on the downstream natural gas distribution business which encompasses (i) construction and operation of compressed natural gas ("CNG") or liquefied natural gas ("LNG") refueling stations for vehicles; and (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities.

During the year ended 31 December 2014 and up to date of this report, the Group has successfully marked its footprints for its natural gas business in 7 provinces in the PRC, namely Guizhou, Hainan, Hubei, Jiangsu, Liaoning, Shandong and Sichuan.

The Group also continued its business of printing books and manufacturing specialised products during the year.

RESULTS

The revenue and loss attributable to shareholders of the Company for the year amounted to HK$200.4 million and HK$70.8 million respectively, representing an increase of 29.7% and an increase of 20.8% over last year, while the loss per share decreased by 24.1% to HK2.21 cents. During the year, the gas sales reached HK$57.1 million.

As the Group is newly transformed into the natural gas business during the year, the majority of the natural gas projects are consolidated to the Group only during the fourth quarter 2014 and the first quarter 2015. Revenue and profits from the natural gas business are yet to be reflected on the results for the year ended 31 December 2014. Following the full year effects and breakthrough of the development stages of the existing natural gas projects, the Group is expected to achieve a significant growth in its natural gas business in the coming years.

NATURAL GAS INDUSTRY IN THE PRC

During the year, weak global economic situation and geological turmoil in Iran and Russia, led to the largest plummet of global oil prices in five years. The influences of the sharp decline of oil prices on the natural gas market in China is countered by the energy conservation and emission reduction measures, with the aim to control the plumes of black clouds resulting from heavy coal and oil use. The National Development and Reform Commission ("NDRC") also announced that the share of natural gas as part of total energy consumption is anticipated to increase from 4 per cent in 2014 to about 8 per cent by the end of 2015, and 10 per cent by 2020. Favorable policies on the promotion of natural gas usage is launching gradually in response to the energy consumption goal, and will be the long term driving force of the development of the Group.

Russia and China signed an agreement in 2014, for Russia to supply up to 68 billion cubic metres of natural gas to China annually starting from 2018 and this will effectively ease the supply deficit of natural gas. It is expected that following the commencement of natural gas supply via the "Russia to China" pipelines, numerous business opportunities in respect of natural gas downstream business will arise in the PRC, especially along the North Eastern region.

STATEMENT FROM THE CHAIRMAN

China has launched favorable measures to boost market demand and supply of natural gas according to the 12th Five-Year Plan. The encouraging policy and development potential of the natural gas market allow the Group to strategically position its project in areas with substantial growth potential in the North Eastern region.

PROSPECTS

The Group is optimistic about the development of natural gas market in China. Although the oil price remains soft and posed competition to the industry participants, the launch of favorable policies will facilitate the integration and development of the market, especially for downstream gas distributors.

During National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) held in Beijing in March 2015, the government has addressed environmental protection as one of the focuses, while the policymakers have discussed on industrial pollution reduction, vehicle exhaust management and strict law enforcement on pollution. As the deep-seated environmental problems resulted from the economic development are increasingly palpable, the Chinese government shows great determination to ease air pollution caused by industrialization and oil use. The use of green energy is a major trend and the natural gas industry will be able to enjoy extensive developmental opportunities in the near future.

In addition, NDRC has announced starting from 1 April 2015, the wholesale ceiling prices charged by pipeline enterprises to gas distributors on "base" volumes of gas would be raised by RMB0.04 per cubic meter, and that "incremental" volumes would be decreased by RMB0.44 per cubic meter. This policy would help natural gas stay economically competitive for industrial customers in view of the recent sharp drop of the international crude oil prices. The price adjustment, to a certain extent, represents the marketization of the natural gas prices in China, and can help reduce its exposure to gas price risk. The Group believe the policy is beneficial to the development of natural gas business in the PRC and expects further price adjustment to be announced this year.

Amid the recent trimming of international crude oil prices, overseas LNG is also on the downward price trend. The Group is exploring the opportunities to identify certain overseas LNG sources with competitive pricing, which we can import the low-cost LNG and tap into the business of LNG trading in the PRC and/or to supply to the Group's own LNG refueling stations.

The Group has designated natural gas business as the Group's priority for its future business development and will spare no efforts to explore further investment opportunities in potential natural gas projects. Thus, the Group will continue to identify potential acquisition projects, and leverage on its strength to adapt to market changes and to maximize the interest of the Company and its shareholders.

ACKNOWLEDGEMENT

Thanks to the tireless efforts of our dedicated staff, the Group has established as an integrated natural gas provider and distributor. On behalf of the Board, I would like to thank all shareholders and partners for their continuous support to the Group. I would also like to express my appreciation to the management team and the entire staff for their contributions and hard work.

Cheng Ming Kit
Chairman

Hong Kong, 30 March 2015

The Group will manage the business in a prudent manner and seek new business opportunities to enhance Shareholders' return

BUSINESS REVIEW

Natural gas business of the Company

The Group strategically positioned its projects in areas with substantial growth potential including North Eastern region, Eastern region, South Western region, Hainan province and along Yangtze River in China.

North Eastern Region

We have expanded our footprints in Liaoning and Heilongjiang provinces in North Eastern China. There will be numerous growth potentials in the North Eastern region, as it consists of mainly heavy industrial cities, in which air pollution control policy and low-carbon action plan in the PRC will result in more coal-fired boilers to be switched to natural gas-fired boilers. In addition, the projects can allow the Company to tap in at the early stage for the business opportunities potentially arising from the Russia–China Gas pipeline completion in 2018.

1. *Liaoning Province*

   The Group has completed the acquisition of the project in Xihu District of Benxi City, Liaoning Province in July 2014, with effective interest of 89.18%. The project held an exclusive operation rights commencing from March 2012 for 30 years, pursuant to which it is authorised to operate the business of provision of piped gas to the industrial parks, residential and commercial areas and vehicle refueling in the Xihu District.

2. *Heilongjiang Province*

The Group through its 60% owned subsidiary, currently held 19.90% interest in Triple Energy Limited, a company listed in Australian Securities Exchange and holding a coal bed methane gas project in Heilongjiang Province. Triple Energy Limited operates pursuant to the coal mining and exploration leases in areas such as Hegang mines, Shuang Ya Shan mines, Qi Tai He mines and Jixi mines in Heilongjiang Province. It will be complementary to the existing business model of the Group, which can result in a vertical integration of its natural gas business and provide natural gas sources by its own gas resources of Hegang mines.

Eastern Region

Eastern China is located along the coastal areas, the Beijing–Hangzhou Canal and Lower Yellow River, which have rapid development on imports, exports and economic activities.

1. *Jinan City, Shandong Province*

The Group completed the acquisition of the Jinan project in November 2014. We have entered into a cooperative agreement with Jinan Public Transportation Company, pursuant to which we will construct and operate gas refuelling stations in Jinan to cater for the gas demand from Jinan Public Transportation Company arising from its switching of old and high polluted motor buses fueled with diesel to environmental-friendly natural gas vehicles. The Group held 60% effective interest in the project, and currently 2 gas stations are already in operation and it is expected to have a total of 6 gas stations as of 31 December 2015.

2. *Yucheng City, Shandong Province*

The Group completed the acquisition of the Yucheng project with an effective interest of 36%. The project consists of 1 CNG main station and 1 CNG sub-station currently.

South Western Region

China–Myanmar Oil and Gas pipeline passed through the areas in South Western China and brings sufficient natural gas supply to the Group's project.

1. *Zunyi City and Liupanshui City, Guizhou Province*

The Group completed the acquisition of 51% interest in the Guizhou project in February 2015. It consisted of a number of piped gas and gas stations projects. 2 gas fuelling stations are in operation currently.

2. *Yibin City, Sichuan Province*

The Group completed the acquisition of the Yibin project in December 2014 via its non-wholly owned subsidiary. The Yibin Project currently operated and managed power generation plants in Sichuan Province with aggregate installed capacity of 2,500 KW fuelled by shale gas, which is a type of unconventional gas. The Yibin Project has entered into the shale gas supply contract with the Zhejiang branch company of Petro China Company Limited for the procurement of shale gas. The Yibin Project then utilized the shale gas as a source of clean fuel to operate and manage the power generation plant to generate electricity. The Yibin Project has also entered into the sales agreement with its customer 四川能投筠連電力有限公司, the provincial grid company in Sichuan Province for the sales of electricity generated from its power plants. The Yibin Project also intends to invest in a natural gas liquefaction facility, which will utilise the shale gas as the gas source and be processed into LNG for selling.

Hainan Province

As a tourism-oriented province, Hainan has the requisite to protect its environment from pollution, and there are numerous policies in place to encourage the use of green energy such as natural gas.

1. *Haikou City, Hainan Province*

   The Group completed the acquisition of Hainan project with the effective interest of 48% in January 2015. The Hainan project (together its associated company) owned 17 natural gas refueling stations in Hainan province, comprising 13 stations in Haikou, 3 stations in Sanya and 1 station in Danzhou. It is believed to be the largest operator of natural gas refueling stations for vehicles in Haikou in terms of number of gas stations.

Regions along Yangtze River

"Gasification of Yangtze River" is launched by the government to promote the use of LNG and other clean energy sources to ease marine fuel pollution.

1. *Huanggang City, Hubei Province*

   The Group completed the acquisition of the Huanggang project with the effective interest of 30.25% in December 2014. The Huanggang project entered into a franchise operation agreement (特許經營協議) with Huanggang City Development and Reform Committee for a terms of 30 years commencing from 1 July 2014 to 30 June 2044 (the "Operation Agreement"). According to the Operation Agreement, the Huanggang project was granted the rights to invest and operate the natural gas business making use of boiled off gas ("BOG"), to distribute natural gas to the enterprises in the Huanggang City Chemical Industrial Park (黃崗化工產業園) and the citizens located in Chen Ce Lou Town (陳策樓鎮), both located in Huanggang City.

Printing Business of the Company

Engaged in its core business of printing books and manufacturing specialised products, the Group provides a full suite of services from pre-press to printing to binding and packaging, and produces tailor-made and value-added printing products such as pop-up children's books, photo albums and stationery.

Apart from the adverse impact from the weak market environment, the performance of Group's printing segment was impacted by the persistent uncertainty over the global economy and the development of digital printing solutions and growing popularity of e-books which intensified the sales pressure on the traditional printing industry.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2014, revenue increased by 29.7% or HK$45.9 million from HK$154.5 million for the year ended 31 December 2013 to HK$200.4 million for the year ended 31 December 2014. It was mainly because the Group diversified its revenue source by expanding its business to sales and distribution of natural gas industry and recorded revenue of HK$57.1 million from this new segment for the year ended 31 December 2014, offset by the decrease in revenue of the printing business by HK$11.2 million due to the persistent uncertainty over the global economy which affected the sales.

Gross Profit Margin

Overall gross profit margin decreased from 12.6% for the year ended 31 December 2013 to 12.4% for the year ended 31 December 2014 which was attributable to the combined effects of an increase of amortisation expense of intangible assets of the natural gas business, and a decrease in depreciation expense (included in cost of sales) of the printing business.

Other gains and losses

Other gains and losses increased by 346.7% from HK$1.5 million for the year ended 31 December 2013 to HK$6.7 million for the year ended 31 December 2014. It was due to the change in fair value of embedded derivatives of HK$6.1 million arising from the issue of the convertible bonds during 2014.

Other Income

Other income increased by 40% from HK$2.0 million for the year ended 31 December 2013 to HK$2.8 million for the year ended 31 December 2014. It was mainly due to the sales of scrap paper of HK$0.5 million and the deposit forfeitures income of HK$0.6 million.

Operating Expenses

(a) Selling and distribution costs

Selling and distribution costs decreased by 20.5% from HK$7.8 million for the year ended 31 December 2013 to HK$6.2 million for the year ended 31 December 2014. This was mainly due to decrease of HK$1.8 million in transportation and freight charges of the printing business.

(b) Administrative expenses

The administrative expenses increased by 133.5% from HK$27.5 million for the year ended 31 December 2013 to HK$64.2 million for the year ended 31 December 2014. It was mainly due to (i) the increased staff costs of HK$18 million, which mainly comprised of an increase in staff cost of HK$9.4 million from new natural gas segment and share-based payment of HK$6.0 million, (ii) auditors' remuneration and secretarial fee of HK$2.8 million, (iii) bond commission of HK$2.1 million, (iv) travelling expenses of HK$3.4 million and (v) depreciation of HK$2.8 million.

(c) Other operating expenses

Other operating expenses increased from HK$3.8 million for the year ended 31 December 2013 to HK$17.9 million for the year ended 31 December 2014. It was due to an increase in legal and professional fee of HK$12 million.

(d) Finance costs

Finance costs increased by 220% from HK$1.0 million for the year ended 31 December 2013 to HK$3.2 million for the year ended 31 December 2014 which was due to the addition of corporate bond interest of HK$0.5 million, convertible bonds interest of HK$0.7 million and convertible notes interest of HK$1.3 million.

(e) Income tax expense

Income tax expense was calculated at 25% and 16.5% of the estimated assessable profits of its PRC subsidiaries and Hong Kong subsidiaries respectively for the years ended 31 December 2014 and 2013.

(f) Loss attributable to owners of the Company

As a result of the foregoing, the Group's loss for the year attributable to owners of the Company was arrived at HK$70.8 million, representing an increase of HK$12.2 million from the year ended 31 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

On 28 January 2014, the Company issued 40,018,000 new ordinary shares of HK$0.55 each at HK$2.60 per share by way of placing (the "January 2014 Placement"). The net proceeds from the issue of new shares under the January 2014 Placement, after deducting related transaction costs was HK$101.7 million, of which HK$92.0 million has been utilised as payment for acquisitions of natural gas projects including projects located in Shandong, Liaoning, Huanggang, Guizhou, Xuzhou, Haikou, Sichuan and Jinan and HK$9.7 million has been utilised as working capital of the Group.

On 17 October 2014, the Company issued convertible bonds in the principal amount of HK$50,000,000 (the "October 2014 Placement"). The net proceeds from the October 2014 Placement, after deducting related transaction costs was HK$49.2 million, of which HK$40.7 million has been utilised as payment for acquisitions of natural gas projects including projects located in Dongying, Sichuan, Haikou, Guizhou and Huanggang and HK$8.5 million has been utilised as working capital of the Group.

On 27 March 2015, the Company issued 162,500,000 new ordinary shares of HK$0.055 each at HK$0.40 per share by way of placing (the "March 2015 Placement"). The net proceeds from the issue of new shares under the March 2015 Placement, after deducting related transaction costs was HK$63.0 million. As at the date of this report, there has been no material disbursements of the proceeds of the March 2015 Placement.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, and bank and other borrowings.

The Group maintained bank deposits, bank balances and cash amounting to HK$18.6 million as at 31 December 2014 (2013: HK$30.3 million), decreased of 38.6% as compared with that as at 31 December 2013.

The Group had total borrowings (total liabilities excluding deferred tax liabilities and trade and other payables) of HK$127.0 million as at 31 December 2014 (2013: HK$23.6 million). The Group's gearing ratio, which is total borrowings divided by the total assets was 10.3% (2013: 9.8%).

As at 31 December 2014 and 2013, certain of the Group's bank borrowings were secured by a charge over certain of the Group's trade receivables.

The Group's non-current assets increased to HK$1,114.4 million (2013: HK$146.9 million), primarily due to the addition in goodwill of HK$317.5 million, intangible assets of HK$475.0 million, investment in an associate of HK$3.2 million and convertible loan to an associate of HK$3.3 million and the increase in property, plant and equipment of HK$129.0 million, prepaid lease payments of HK$10.9 million and deposits for acquisition of natural gas projects amounted HK$29.5 million.

As at 31 December 2014, the Group's current assets amounted to HK$123.6 million (2013: HK$94.8 million), mainly comprised of inventories of HK$13.9 million (2013: HK$17.3 million), trade and other receivables of HK$59.4 million (2013: HK$42.9 million), amounts due from non-controlling shareholders of subsidiaries of HK$27.1 million (2013: Nil), amounts due from related parties of HK$2.7 million (2013: Nil) and cash and bank balances of HK$18.6 million (2013: HK$30.3 million).

The Group's current liabilities of HK$184.8 million (2013: HK$47.8 million), mainly comprised of trade and other payables of HK$82.4 million (2013: HK$24.2 million), amount due to non-controlling shareholders of a subsidiary of HK$14.7 million (2013: Nil), amount due to directors of HK$6.8 million (2013: Nil), convertible bonds of HK$39.4 million, embedded derivatives of HK$17.3 million (2013: Nil) and bank and other borrowings of HK$23.7 million (2013: HK$23.6 million).

As at 31 December 2014, the net current liabilities of the Group amounted to HK$61.2 million (2013: net current assets of HK$47.0 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at 0.67 as at 31 December 2014 (2013: 1.98).

As at the date of this report, the Company has entered into separate agreements with independent third parties in respect of the issue of the corporate bonds by the Company and details of the subscription are as follows:

Subscribers	**Issue Date**	**Principal amount** *(HK$'000)*
7 years corporate bond		
CHEN Tao（陳濤）	20-Nov-14	4,500
CHEN Simin（陳思敏）	8-Dec-14	2,000
WANG Yimin（王奕民）	24-Dec-14	5,000
CHEN Hong（陳虹）	2-Jan-15	2,000
YAN Qiaomin（嚴巧敏）	14-Jan-15	1,000
LIANG Dingjiao（梁定郊）	24-Feb-15	4,000
JIANG Chunyan（江春燕）	11-Mar-15	10,000
		28,500
Other corporate bonds		48,000
		76,500

During the year ended 31 December 2014, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. We would implement a balanced financing plan to support the operation of both our book printing and specialised products manufacturing businesses and newly acquired CNG/LNG business.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and the PRC. As at 31 December 2014, there were 826 (2013: 613) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses or share options to eligible staff based on their performance and contributions to the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheng Ming Kit ("Mr. Cheng"), age 40, has been appointed as an executive Director and a member of the nomination committee of the Company since 7 May 2014, and the chairman of the Company since 28 October 2014. He holds a Bachelor degree in Commerce from the University of Alberta, Canada. From 1995 to 2003, Mr. Cheng held various positions which were responsible for corporate finance and property development activities in the PRC. From 2003 to 2008, Mr. Cheng was involved in the investment and operations in the gold mining industry in the PRC and had held senior positions in a mining company listed on the Toronto Stock Exchange Venture Board with mining and exploration operations in the PRC. Mr. Cheng is currently an executive director and chief executive officer of New Times Energy Corporation Limited (stock code: 0166) and was an executive director of Grand T G Gold Holdings Limited (stock code: 08299) from November 2008 to June 2009, which shares are listed on the SEHK.

Mr. Sze Chun Lee ("Mr. Sze"), aged 46, has been an executive Director of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Sze oversees our overall management and operations and is responsible for the strategic plans and future direction of the Group. Mr. Sze also oversees the general administration, finance, sales and marketing operations of the Group, including managing our relationships with our customers. Prior to joining the Group in 2001, Mr. Sze was a director of another printing company from 1993 to 2001, where he was responsible for the sales, finance and marketing operations.

Mr. Hung Tao ("Mr. Hung"), age 50, has been appointed as an executive Director of the Company since 28 October 2013. He is a real estate appraiser of the China Institute of Real Estate Appraisers and Agents. He holds a Bachelor degree in Biology Department of Science Faculty from the Chinese University of Hong Kong and a MBA degree of the University of Northern Virginia, the United States. He has more than 21 years' experience involving in due diligence for China state-owned, private enterprises and joint ventures, for the purpose of initial public offerings, mergers and acquisitions, financing and etc. Before joining the Company, Mr. Hung was a senior director and head of China Valuation Department of Savills Valuation and Professional Services Limited from 2005 to 2013.

Mr. Kwok Shek San ("Mr. Kwok"), aged 34, has been appointed as an executive Director and group chief financial officer ("CFO") of the Company since 18 July 2014, He obtained his Bachelor's Degree in Business Administration (Professional Accountancy) from The Chinese University of Hong Kong in 2002. He joined Ernst & Young in 2002 and left in 2008 as audit manager of the firm. Since then Mr. Kwok has been engaged in investment banking sector and he is well versed in various areas of corporate finance such as initial public offerings, mergers and acquisitions. Prior to joining the Company, Mr. Kwok was the associate director in the Investment Banking Department of China Galaxy International Securities (Hong Kong) Co., Limited. Mr. Kwok also held senior positions in the investment banking division of CCB International Capital Limited and Piper Jaffray Asia Limited. Mr. Kwok is currently a member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Chung Oi Ling, Stella ("Ms. Chung"), aged 52, had been an executive Director since 1 October 2011 and was redesignated as a non-executive Director with effect from 1 August 2014. She holds a bachelor's degree in accounting and banking from Chu Hai College, Hong Kong. She has more than 20 years of extensive experience in administration, personnel, sales and marketing. Ms. Chung is also well versed in corporate governance and operations of listed companies. Ms. Chung was an executive director of Sustainable Forest Holdings Limited (stock code: 723) from August 2007 to November 2009 and an executive director of International Resources Enterprise Limited (stock code: 1229) from June 2007 to April 2008. Both companies are listed on the main board of the SEHK.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Siang Kai ("Mr. Lim"), aged 59, has been an independent non-executive Director since 26 March 2007. Prior to joining the Group, Mr. Lim held various positions in banks, financial services companies and a fund management company and has over 28 years of experience in the securities, private and investment banking and fund management industries. Mr. Lim is also the chairman and independent director of ISDN Holdings Limited and an independent director of Natural Cool Holdings Limited and Joyas International Holdings Limited, all of which are companies listed in Singapore. Mr. Lim holds a bachelor of arts degree from the National University of Singapore, a bachelor of social sciences (honours) degree from the National University of Singapore and a master of arts degree in economics from the University of Canterbury, New Zealand.

Mr. Wee Piew ("Mr. Wee"), aged 51, has been an independent non-executive Director of the Company since 26 March 2007. He was formerly the chief executive and an executive director of HG Metal Manufacturing Limited, a public listed company in Singapore. Prior to joining HG Metal Manufacturing Limited, Mr. Wee held various positions in various banks. Mr. Wee is currently a non-executive independent director of Hosen Group Limited and Miyoshi Limited. He graduated from the National University of Singapore with a Bachelor of Accountancy (Honours) in 1988 and is a Fellow of the Institute of Singapore Chartered Accountants.

Mr. Ma Arthur On-hing ("Mr. Ma"), aged 46, has been an independent non-executive Director of the Company since 3 November 2014. He holds a bachelor's degree in Accounting and Finance from San Francisco State University, USA, a master's degree in Finance from Golden Gate University, USA, and a master's degree in Linguistics from the Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. Mr. Ma Has over 20 years of experience in investment, fund management and financial management. Mr. Ma is currently an executive director of Sunrise (China) Technology Group Limited (stock code: 8226), whose shares are listed in the Growth Enterprise Market of the SEHK.

SENIOR MANAGEMENT

Mr. Siew Chun Fai ("Mr. Siew"), aged 42, is the financial controller of the Group. He holds a Bachelor degree in accounting from the University of Western Sydney, Australia and a Master of Business Administration degree from the University of South Australia, Australia. Mr. Siew is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and the Chartered Accountants Australia and New Zealand. He has more than 20 years of experience in finance and accounting. Prior to joining the Group in August 2014, he had held various senior positions in certain listed and private companies in Hong Kong.

Mr. Bai Lianming ("Mr. Bai"), aged 37, is the marketing and engineering director of the Group. He holds a Bachelor degree in City Gas Engineering from the Tianjin Chengjian University, PRC and a Master of Business Administration degree from Wuhan University, PRC. Mr. Bai holds senior engineer, registered cost engineer and registered architect qualifications. He was previously served as an engineering manager with Towngas China Co. Ltd (HKSE: 1083) for over 10 years. He has extensive experience and knowledge in gas engineering, construction, operation and related management.

Mr. Tong Kam Wing ("Mr. Tong"), aged 53, is the business development director of the Group. Mr. Tong is experienced in energy trading business, including trading of refined oil, natural gas and other petro-chemical products. He has been focusing on finance and investment business for many years, and possesses vast experience in investment in Hong Kong and China.

Mr. Tseung Kit ("Mr. Tseung"), aged 67, is the operation director of the Group. He holds a Bachelor degree in Chemical Machinery from Jiangsu Institute of Chemical Technology, PRC. Mr. Tseung holds engineer qualification, with Security Management Certificate (hazardous chemicals) issued by the State Administration of Work Safety Bureau, PRC. He previously held various senior positions in The Hong Kong and China Gas Company Limited (HKSE: 0003). He has over 10 years of experience in establishment, acquisition and operation of natural gas business.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Ming Kit
(Appointed on 7 May 2014; Chairman of the Board with effect from 28 October 2014)
Mr. Sze Chun Lee
Mr. Hung Tao
Mr. Kwok Shek San
(Appointed on 18 July 2014)
Mr. Chan Wai Ming
(Resigned on 28 October 2014)
Mr. Lam Shek Kin
(Resigned on 18 July 2014)
Ms. Chung Oi Ling, Stella
(Redesignated as Non-executive Director on 1 August 2014)

Non-executive Director

Ms. Chung Oi Ling, Stella
(Redesignated on 1 August 2014)

Independent Non-executive Directors

Mr. Lim Siang Kai
Mr. Wee Piew
Ms. Wong Fei Tat
(Resigned on 3 November 2014)
Mr. Ma Arthur On-hing
(Appointed on 3 November 2014)

COMMITTEE MEMBERS

Audit Committee

Mr. Lim Siang Kai *(Chairman)*
Mr. Wee Piew
Ms. Wong Fei Tat
(Resigned on 3 November 2014)
Mr. Ma Arthur On-hing
(Appointed on 3 November 2014)

Remuneration Committee

Mr. Ma Arthur On-hing *(Chairman)*
(Appointed on 3 November 2014)
Ms. Wong Fei Tat
(Resigned on 3 November 2014)
Mr. Lim Siang Kai
Mr. Wee Piew

Nomination Committee

Mr. Ma Arthur On-hing *(Chairman)*
(Appointed on 3 November 2014)
Ms. Wong Fei Tat *(Chairman)*
(Resigned on 3 November 2014)
Mr. Lim Siang Kai
Mr. Wee Piew
Mr. Cheng Ming Kit
(Appointed on 7 May 2014)

AUTHORISED REPRESENTATIVES

Mr. Kwok Shek San
Mr. Sze Chun Lee

COMPANY SECRETARY

Mr. Sit Lak Pun Edmund

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor
One Pacific Place
88 Queensway
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

Hong Kong and Shanghai Banking Corporation
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

Rooms 1007-8, 10th Floor New World Tower I
16-18 Queen's Road Central
Hong Kong

BERMUDA SHARE REGISTRAR

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

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.blueskypower.holdings

STOCK CODES

Hong Kong: 6828
Singapore: UQ7

FINANCIAL HIGHLIGHTS

LOSS PER SHARE (HK CENTS)

Loss per ordinary share based on loss attributable to owners of the Company:	Group	
	FY2013 (Restated)	**FY2014**
(i) Based on the weighted average number of ordinary shares in issue	– HK2.91 cents	**– HK2.21 cents**
(ii) On a fully diluted basis	– HK2.91 cents	**– HK2.21 cents**

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$70,763,000 (2013: HK$58,569,000) and on the weighted average number of 3,202,124,237 (2013: 2,016,041,120 (Restated)) ordinary shares in issue during the year.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible bonds and convertible notes as their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the years ended 31 December 2014 and 2013 have been adjusted to reflect the impact of the share subdivision effected during the year ended 31 December 2014.

REVENUE (HK$'000)

	Year ended 31 December				
	FY2010	FY2011	FY2012	FY2013	**FY2014**
Revenue	201,677	257,859	191,874	154,475	**200,430**

NET PROFIT/(LOSS) FOR THE YEAR (HK$'000)

	Year ended 31 December				
	FY2010	FY2011	FY2012	FY2013	**FY2014**
Profit/(loss) for the year attributable to owners of the Company	22,012	1,142	(14,734)	(58,569)	**(70,763)**

NET ASSETS VALUE PER SHARE (HK CENTS)

Net asset value per ordinary share based on issued share capital	As at 31/12/2013 (restated)	**As at 31/12/2014**
Group	HK9.28 cents	**HK18.27 cents**

Net asset value attributable to the owners of the Company per ordinary share was calculated based on:

1. the equity of the Group attributable to the owners of the Company as at 31 December 2014 and 31 December 2013; and

2. 4,658,605,900 and 2,090,493,730 (as adjusted for the share subdivision in year 2014) ordinary shares in issue as at 31 December 2014 and 31 December 2013, respectively.

CORPORATE GOVERNANCE REPORT

Blue Sky Power Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

The Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) during the year (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations.

In line with the Code, the board of Directors (the "Board") hereby confirms that the Company has adhered to the principles and guidelines of the Code and all deviations from the Code are disclosed and explained.

BOARD OF DIRECTORS

Board's Conduct of its Affairs

The Company is effectively headed by the Board to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the success of the Company and its subsidiaries (the "Group") and it works with management to achieve this. The management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the executive Directors. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed;

3. reviewing management performance;

4. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;

5. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and its internal code of conduct;

6. ensuring the Group's compliance with good corporate governance practices; and

7. approving half-year and full-year result announcements.

The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit, Nomination and Remuneration Committees and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and operating procedures.

The Board is scheduled to meet at least 2 times a year and as and when warranted by circumstances. The Company's bye-laws ("Bye-laws") allow a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

The number of meetings held in respect of the financial year 2014 and the attendance of the Directors are set out in the table below:

Directors' attendance at Board and Board Committee Meetings

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Number of Meetings held	21	2	3	3
Name of Director	**Number of Meetings Attended**			
Mr. Cheng Ming Kit(1)	9	N.A.	0	N.A.
Mr. Lim Siang Kai(2)	21	2	3	3
Mr. Sze Chun Lee	21	N.A.	N.A.	N.A.
Mr. Chan Wai Ming(3)	11	N.A.	N.A.	N.A.
Mr. Lam Shek Kin(4)	8	N.A.	N.A.	N.A.
Mr. Wee Piew	21	2	3	3
Ms. Chung Oi Ling, Stella(5)	18	N.A.	N.A.	N.A.
Ms. Wong Fei Tat(6)	18	2	3	3
Mr. Hung Tao	20	N.A.	N.A.	N.A.
Mr. Kwok Shek San(7)	11	N.A.	N.A.	N.A.
Mr. Ma Arthur On-hing(8)	3	0	0	0

Notes:

(1) Mr. Cheng Ming Kit was appointed as an executive Director and a member of the nomination committee of the Company with effect from 7 May 2014. He also appointed as the Chairman of the Board with effect from 28 October 2014.

(2) Mr. Lim Siang Kai ceased to be the Chairman of the Board with effect from 28 October 2014 and remains as an independent non-executive Director of the Company.

(3) Mr. Chan Wai Ming resigned as an executive Director of the Company with effect from 28 October 2014.

(4) Mr. Lam Shek Kin resigned as an executive Director of the Company with effect from 18 July 2014.

(5) Ms. Chung Oi Ling, Stella was redesignated as a non-executive Director of the Company with effect from 1 August 2014.

(6) Ms. Wong Fei Tat resigned as an independent non-executive Director of the Company with effect from 3 November 2014. Accordingly, she also ceased to be the chairman of the nomination committee and a member of each of the audit committee and remuneration committee of the Company with effect from 3 November 2014.

(7) Mr. Kwok Shek San was appointed as an executive Director and the group chief financial officer of the Company with effect from 18 July 2014.

(8) Mr. Ma Arthur On-hing was appointed as independent non-executive Director, chairman of the nomination committee and the remuneration committee and a member of the audit committee of the Company with effect from 3 November 2014.

When new Directors are appointed, the Company will provide a formal letter to the new Directors setting out their duties and obligations. In addition, the new Directors will undergo an orientation programme where the Chairman will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge.

Board Composition and Guidance

The Board comprises:

Executive Directors
Mr. Cheng Ming Kit *(Appointed on 7 May 2014 and as Chairman of the Board with effect from 28 October 2014)*
Mr. Sze Chun Lee
Mr. Hung Tao
Mr. Kwok Shek San *(Appointed on 18 July 2014)*
Mr. Chan Wai Ming *(Resigned on 28 October 2014)*
Mr. Lam Shek Kin *(Resigned on 18 July 2014)*
Ms. Chung Oi Ling, Stella *(Redesignated as Non-executive Director on 1 August 2014)*

Non-executive Director
Ms. Chung Oi Ling, Stella *(Redesignated on 1 August 2014)*

Independent Non-executive Directors
Mr. Lim Siang Kai
Mr. Wee Piew
Ms. Wong Fei Tat *(Resigned on 3 November 2014)*
Mr. Ma Arthur On-hing *(Appointed on 3 November 2014)*

The Board, taking into account the nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size of eight Directors, with at least one-third of the Directors being independent, is appropriate. The Board exercises judgment on corporate affairs objectively and independently, in particular, from management and no individual or small group of individuals dominates the Board's decision making.

The independent non-executive Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary, and these competencies include accounting, finance and business management. None of the independent non-executive Directors has any relationship with the Company, its related companies or its officers that could interfere, or be perceived to interfere with the exercise of their independent business judgment in the best interests of the Company.

The independent non-executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They meet regularly on their own without the presence of management.

The composition of the Board and independence of each independent non-executive Director are and will be reviewed annually by the Nomination Committee.

The independent non-executive Directors Mr. Lim Siang Kai and Mr. Wee Piew have been appointed pursuant to their respective appointment letters pursuant to which the initial term of the appointment should be up to 31 May 2013 and 26 May 2012 respectively and the term of appointment shall be automatically renewed annually for such annual period thereafter, and may be terminated by not less than three months' notice in writing served by the Company. The non-executive Director Ms. Chung Oi Ling, Stella and the independent non-executive Director Mr. Ma Arthur On-hing have been appointed pursuant to their respective appointment letters pursuant to which the initial term of the appointment should be up to 31 July 2015 and 2 November 2015 respectively and the terms of appointment shall be automatically renewed annually for such annual period thereafter, and may be terminated by not less than three months' notice in writing served by the Company. All Directors will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws.

Role of Chairman and Chief Executive Officer

Under the code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive of a listed company should be separate and should not be performed by the same individual. Since Mr. Sze Chun Lee resigned as the chief executive officer ("CEO") of the Company on 28 October 2014, the office of the CEO has been vacant. The usual leadership and day-to-day management duties of CEO are vested in the chairman and other executive Directors of the Company. Currently, Mr. Cheng Ming Kit is the Chairman of the Board. The responsibilities of the Chairman include:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. ensuring that the Directors receive accurate, timely and clear information;

3. ensuring effective communication and preserving harmonious relations with the shareholders;

4. encouraging constructive relations between the Board and management and between the executive Directors and non-executive Directors;

5. facilitating the effective contribution of the non-executive Directors in particular;

6. ensuring the Group's compliance with the Code;

7. acting in the best interest of the Group and the shareholders; and

8. promoting high standards of corporate governance.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions, which shall include, without limitation, the following:

- to develop and review the Company's corporate governance policies and practices;

- to review and monitor the training and continuous professional development of the Directors and senior management;

- to review and monitor the Company's policies and practices in relation to compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct applicable to the Directors and employees of the Group; and

- to review the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as required under the Listing Rules.

BOARD COMMITTEES

Nomination Committee

The members of the Nomination Committee ("NC") are as follows:

Mr. Ma Arthur On-hing	*(Chairman) (Appointed on 3 November 2014)*
Ms. Wong Fei Tat	*(Chairman) (Resigned on 3 November 2014)*
Mr. Wee Piew	*(Member)*
Mr. Lim Siang Kai	*(Member)*
Mr. Cheng Ming Kit	*(Member) (Appointed on 7 May 2014)*

The NC is currently made up of three independent non-executive Directors and one executive Director. The NC is scheduled to meet at least once a year. For the financial year 2014, the NC met on 24 February 2014, 7 May 2014 and 18 July 2014. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. making recommendations to the Board on all Board appointments;

2. the re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an independent non-executive Director;

3. determining annually whether or not a Director is independent; and

4. deciding whether or not a Director is able to carry out and has adequately carried out his duties as a director.

In the selection and nomination of new Directors, the NC identifies the key attributes that an incoming Director should have, based on attributes of the existing Board and the requirements of the Group bearing in mind the board diversity policy. After endorsement by the Board of the key attributes, the NC taps on the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made.

New Directors are appointed by way of a board resolution, after the NC has approved their nominations. Such new Directors submit themselves for re-appointment at the next annual general meeting ("AGM") of the Company. Pursuant to the Bye-laws, all Directors are required to submit themselves for re-election at least once every three years. Profiles of the Directors are set out on pages 11 to 12 of this annual report. The Directors who are retiring and who, being eligible, will offer themselves for re-appointment or re-election at the forthcoming AGM are named below:

Name of Director	Date of appointment	Due for re-appointment	Due for re-election
Mr. Cheng Ming Kit	07/05/2014	✓	
Mr. Lim Siang Kai	26/03/2007		
Mr. Sze Chun Lee	19/12/2006		
Mr. Chan Wai Ming (Resigned on 28 October 2014)	19/12/2006		
Mr. Lam Shek Kin (Resigned on 18 July 2014)	19/12/2006		
Mr. Wee Piew	26/03/2007		
Ms. Chung Oi Ling, Stella	01/10/2011		✓
Ms. Wong Fei Tat (Resigned on 3 November 2014)	03/01/2012		
Mr. Hung Tao	28/10/2013		✓
Mr. Kwok Shek San	18/07/2014	✓	
Mr. Ma Arthur On-hing	03/11/2014	✓	

The NC chairman is not, and is not directly associated with, a substantial shareholder with interest of 10% or more in the voting shares of the Company.

Although some of the independent non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. As such, the NC has not established a maximum number of listed company board representations and/or other principal commitments which Directors may hold. Instead, the Company has adopted internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, the provision of information to the Board, the Board standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following Directors:

Mr. Lim Siang Kai	*(Chairman)*
Mr. Wee Piew	*(Member)*
Ms. Wong Fei Tat	*(Member) (Resigned on 3 November 2014)*
Mr. Ma Arthur On-hing	*(Member) (Appointed on 3 November 2014)*

The AC comprises entirely independent non-executive Directors. The AC is scheduled to meet at least twice a year. For the financial year 2014, the AC met twice in financial year 2014, on 24 February 2014 and 29 August 2014 respectively. The AC is regulated by a written set of terms of reference and performs the following functions:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;

2. reviewing the audit plans of the Company's external and internal auditors and the results of their examination;

3. reviewing the co-operation given by the Group's officers to the external and internal auditors;

4. reviewing adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

5. reviewing the adequacy and effectiveness of the Group's internal audit function;

6. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;

7. approving the remuneration and terms of engagement of the external auditors;

8. reviewing the independence and objectivity of the external auditors at least annually; and

9. reviewing interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the chairman of AC, have accounting or related financial management expertise and experience.

The external and internal auditors have full access to the AC. The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to the AC. This arrangement facilitates independent investigation of such matters for appropriate resolution. The AC has expressed power to commission investigations into any matters, which has or is likely to have material impact on the Group's operating results or financial results.

For the financial year 2014 and up to the date of this report, the AC met three times with the external auditors without the presence of the management, on 24 February 2014, 29 August 2014 and 30 March 2015 respectively. The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year 2014, has kept the nature and extent of such services under review, has balanced the maintenance of objectivity and value for money and is satisfied that the provision of such services has not in the AC's opinion affected the independence of the external auditors.

The Board ensures that the management maintains a robust and effective system of internal controls and risk management systems to safeguard the shareholders' investment and the Group's assets. Certain internal accounting control weaknesses that the external auditors became aware of during their audit for the financial year ended 31 December 2014 have been communicated to the AC. Management will follow up on the external auditors' recommendations in an effort to strengthen the Group's internal control systems. The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

The Company has outsourced the internal control reviews to an independent audit firm, Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch, to review key internal matters of a significant subsidiary of the Company and report its findings together with recommendation to the AC. The work completed by the AC during the year under review and in the course of review of the Group's half-yearly and annual results included consideration of the following matters:

- the integrity and accuracy of the 2014 annual financial statements to ensure that the information presents a true and balanced assessment of the financial position of the Group;
- the Group's compliance with statutory and regulatory requirements;
- developments in accounting standards and the effect on the Group;
- the Group's financial and accounting policies and practices;
- the Group's financial controls, internal control and risk management systems to ensure that management has discharged its duty to have an effective internal control system;
- monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discussing with the external auditors the nature and scope of the audit and reporting obligations;
- the audit fees payable to external auditors and the scope and timetable of the audit for year 2014;
- discussion with auditor for financial results and financial position of the Group for the financial year ended 2014; and
- recommendations to the Board, for the approval by shareholders, for the reappointment of the external auditors.

Auditors' remuneration

For the year ended 31 December 2014, audit services and non-audit services provided to the Group and the amounts of remuneration paid and payable in connection therewith are as follows:

	HK$'000
Annual audit services provided by Deloitte Touche Tohmatsu	1,400
Non-audit services provided by BDO Limited	714
Non-audit services provided by other PRC auditors	152
	2,266

The AC has been satisfied that the internal audit function is adequately resourced and independent of the activities it audits. The Board and the AC have reviewed the adequacy of the Group's internal controls and believe that, in the absence of any evidence to the contrary, existing internal controls, including financial, operational, compliance and information technology controls and risk management systems that are in place, are adequate to meet the needs of the Group in its current business environment having received the assurance of the chairman of the board and CFO of the same. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

The Board has also received assurance from the chairman of the board and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

REMUNERATION MATTERS

The Remuneration Committee ("RC") comprises the following Directors:

Mr. Ma Arthur On-hing	*(Chairman) (Appointed on 3 November 2014)*
Ms. Wong Fei Tat	*(Member) (Resigned on 3 November 2014)*
Mr. Lim Siang Kai	*(Member)*
Mr. Wee Piew	*(Member)*

The RC is made up of entirely independent non-executive Directors so as to minimise the risk of any potential conflict.

The RC is scheduled to meet at least once a year. For the financial year 2014, the RC met on 24 February 2014, 7 May 2014 and 18 July 2014 respectively. The RC is regulated by a set of terms of reference and has access to professional advice inside the Company and independent external sources, if necessary, in respect of the remuneration of all Directors and key executives.

The RC's main duties are:

1. to review and recommend to the Board for its decision a framework of remuneration and to determine and/or review the specific remuneration packages and terms of employment for each of the Directors and key executives, including those employees related to the executive Directors and controlling shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and

2. to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered;

2. the remuneration packages of Directors and key executives are comparable to companies in same or similar industries and that for executive Directors, a significant proportion of such remuneration packages include performance-related elements;

3. the performance-related elements mentioned above are designed to align interests of executive Directors with those of shareholders, that they link rewards to corporate and individual performance and that there are appropriate and meaningful measures for the purpose of assessing such performance-related elements in respect of executive Directors;

4. the level of remuneration of non-executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that non-executive Directors are not over-compensated to the extent that their independence may be compromised;

5. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and

6. the remuneration package of employees related to executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing policy on key executive remuneration and for fixing remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of individual Director or key executive.

Executive Directors do not receive directors' fees. The remuneration policy for executive Directors and key executives consists of two components, that is fixed cash and annual variable. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance based bonus which, for executive Directors, forms a significant proportion of their total remuneration package and is payable on the achievement of corporate and individual performance targets. The Company's share option scheme (the "Scheme") was put in place on 26 May 2011. The Scheme is administered by a committee comprising the RC of the Company. A total of 160,497,230 share options have been granted during 2014 pursuant to the Scheme.

The independent non-executive Directors are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. Such fees are pro-rated if the Directors serve for less than one year. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at the AGM of the Company.

The executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The executive Directors or the Company may terminate the service agreement by giving to the other party not less than two to six months' notice in writing, or in lieu of notice, payment of an amount equivalent to two to six months' salary based on the executive Director's last drawn salary. A breakdown, showing the amount and mix of each individual Director's remuneration for the financial year 2014 is as follows:

	Fee	Salaries and allowances	Discretionary bonuses#	Retirement scheme contributions	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014						
Executive directors						
– Mr. Sze Chun Lee	–	879	73	18	–	970
– Mr. Chan Wai Ming (note (a))	–	624	62	15	–	701
– Mr. Cheng Ming Kit (note (c))	–	546	46	12	1,037	1,641
– Mr. Lam Shek Kin (note (b))	–	312	48	10	–	370
– Mr. Kwok Shek San (note (d))	–	818	183	9	1,037	2,047
– Mr. Hung Tao	–	840	70	17	1,037	1,964
Non-executive director						
– Ms. Chung Oi Ling (note (e))	50	280	40	10	1,037	1,417
Independent non-executive directors						
– Mr. Lim Siang Kai	312	–	–	–	104	416
– Mr. Wee Piew	245	–	–	–	104	349
– Mr. Ma Arthur On-hing (note (f))	20	–	–	–	–	20
– Ms. Wong Fei Tat (note (g))	108	–	–	–	–	108
	735	4,299	522	91	4,356	10,003

Notes:

(a) resigned as executive director with effect from 28 October 2014.

(b) resigned as executive director with effect from 18 July 2014.

(c) appointed as executive director with effect from 7 May 2014. Mr. Cheng is also the Chairman of the Board with effect from 28 October 2014.

(d) appointed as executive director with effect from 18 July 2014.

(e) re-designated as non-executive director with effect from 1 August 2014.

(f) appointed as independent non-executive director with effect from 3 November 2014.

(g) resigned as independent non-executive director with effect from 3 November 2014.

discretionary bonus is determined by reference to several factors, including their individual performance and the performance of the Group.

Five individuals whose emoluments were the highest in the Group for the year, five (2013: three) are Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals, which were within the HK$1,000,000 band during the year ended 31 December 2013, were as follows:

	2013 HK$'000	**2014** **HK$'000**
Salaries and other emoluments	1,424	**–**
Retirements scheme contributions	30	**–**
	1,454	**–**

No emoluments were paid by the Group to any of the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office or are there any arrangement under which a director waived or agree to waive any remuneration for both years.

Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and Board committee meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff.

The Board, either individually or as a group, in the discharge of its duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board members have separate and independent access to the company secretary. Under the direction of the Chairman, the company secretary ensures good information flow within the Board and its committees and between management and non-executive Directors, as well as facilitates orientation and assists with professional development as required. The company secretary attends all Board meetings and AC meetings. The company secretary advises the Board on all governance matters and assists the Board to ensure that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the company secretary is a matter for the Board as a whole.

COMMUNICATION WITH SHAREHOLDERS

The Company recognises the need to communicate regularly, effectively and fairly with its shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SEHK's website at www.hkexnews.hk, SGX-ST's website at SGXNET (www.sgx.com) and the Company's website at www.blueskypower.holdings. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there have never been such inadvertent disclosures.

The Company may also hold media meetings on significant events.

All shareholders of the Company receive the annual report and notice of the upcoming AGM. At AGMs, shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. All resolutions are also put to vote by poll. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the chairman of the AC, NC and RC are present to address questions at AGM. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate.

Apart from AGMs, the Company also regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible.

The management also provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis.

The Bye-laws allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded. These are available to shareholders upon request.

DEALINGS IN SECURITIES

The Company has complied with the code provisions and most of the recommended best practices of The Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 December 2014. The Company has also complied required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In particular, the Directors and officers of the Company may not deal in the Company's securities 30 days and 60 days before the announcement of the Company's half year and full year financial statements respectively.

The Company has made specific enquiry with all the Directors and all of them confirmed their compliance with the required standard as set out in the CG Code and the Model Code throughout the year ended 31 December 2014.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given an induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules, and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organised by professional bodies or chambers in Hong Kong. All Directors are requested to provide the Company with their respective training records pursuant to the Code.

All Directors were encouraged to participate in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development could be completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related research which are relevant to the business or directors duties.

COMPANY SECRETARY

Mr. Sit Lak Pun Edmund ("Mr. Sit") has been appointed as the company secretary of the Company since 1 August 2014. Mr. Sit had been an Assistant Financial Controller of the Company since 15 May 2014. He has over 25 years of working experience in the areas of auditing, accounting, finance, administration, human resources management, and company secretarial in different companies, including listed companies in Hong Kong, PRC and overseas. He holds both bachelor and master degrees in business of administration from Hong Kong Baptist University and a fellow member of the Hong Kong Institute of Certified Public Accountants as well as the Association of Chartered and Certified Accountants in the United Kingdom. Prior to joining the Group in May 2014, he had held various senior positions in certain listed and private companies in Hong Kong, PRC and overseas. Mr. Sit has taken no less than 15 hours of relevant professional training during the year.

SHAREHOLDERS' RIGHTS

(i) Shareholders to convene a Special General Meeting

Pursuant to Bye-law 57 of the Bye-laws of the Company, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so.

(ii) Procedures for Nomination of a Director

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his willingness to be elected together with his/her particulars (such as qualifications and experience) and information as required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the SEHK shall be lodged at the Company's head office and principal place of business. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

(iii) Procedures for directing Shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Details of interested person and related party transactions of the Group for the year ended 31 December 2014 which fall under Chapter 14A of the Listing Rules are set out in note 37 to the financial statements.

CONSTITUTIONAL DOCUMENTS

During the year, the Company adopted new Bye-laws which was passed by shareholders at the Special General Meeting held on 30 June 2014. Details were set out in the Company's circular dated 6 June 2014. Save as disclosed above, there is no any changes in the Company's constitutional documents during the year.

The Bye-laws are available through SEHK's website at www.hkexnews.hk, SGX-ST's website at SGXNET (www.sgx.com) and the Company's website at www. blueskypower.holdings.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Blue Sky Power Holdings Limited (the "Company") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in (i) sales and distribution of natural gas and other related products; (ii) sales of book products; and (iii) sales of specialised products. The Group's principal activities during the year under review included a new segment of sales and distribution of natural gas and other related products and the Group's operations are based in the People's Republic of China (the "PRC"), including Hong Kong. The principal activities of the subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 45 to 47.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2014 (2013: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 121 of this annual report.

FIXED ASSETS

Details of movements in the prepaid lease payments, property, plant and equipment and investment properties of the Group during the year are set out in notes 15, 16 and 17 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements of the Company's share capital are set out in note 28 to the consolidated financial statements.

CHARITABLE DONATION

During the year, the total charitable contribution made by the Group amounted to HK$85,000.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF SHARES

Neither the Company, nor its subsidiary purchased, redeemed or sold its equity securities during the year.

RESERVES

Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be distributed in the form of fully paid bonus shares.

Merger reserve

This arose from the restructuring exercise and represents the difference between the nominal value of the Company's shares issued in exchange for the then consolidated net assets of the subsidiaries acquired as at 26 March 2007.

Details of movements in the reserves of the Group and the Company are set out in consolidated statements of changes in equity.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 49.7% of the total sales for the year and sales to the largest customer included therein amounted to 13.8%. Purchases from the Group's five largest suppliers accounted for 33% of the total purchases for the year and purchases from the largest supplier included therein amounted to 21.5%. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year and up to the date of this report are listed on page 14 of this annual report.

In accordance with Bye-law 86 of the Bye-laws, Mr. Hung Tao and Ms. Chung Oi Ling, Stella shall retire at the forthcoming annual general meeting of the Company ("Annual General Meeting"). In accordance with Bye-law 85 of the Bye-laws, Mr. Cheng Ming Kit, Mr. Kwok Shek San and Mr. Ma Arthur On-hing shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election and re-appointment at the Annual General Meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and still considers them to be independent.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2014, none of the Directors have entered into any service agreement with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration is subject to approval by the RC with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in note 12 to the consolidated financial statements.

HIGHEST PAID INDIVIDUALS

During the year, the five individuals with the highest remuneration in the Group are all Directors of the Company. Details of the highest paid individuals are set out in note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or its subsidiaries was a party subsisting during or at the end of the year under review.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2014, the interests or short positions of the Directors of the Company in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the SEHK pursuant to the Model Code contained in the Rules Governing the Listing of Securities on SEHK ("Listing Rules") were as follows:

(i) Interest in the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding at 31/12/2014
Mr. Cheng Ming Kit	Beneficial owner	304,325,000	6.53%
	Interest of controlled corporation *(note 1)*	291,268,000	6.25%
Mr. Sze Chun Lee	Beneficial owner	1,800,000	0.04%
	Interest of controlled corporation *(note 2)*	196,488,480	4.22%
Mr. Kwok Shek San	Beneficial owner	7,800,000	0.17%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation *(note 3)*	206,340,000	4.43%

Notes:

1. Mr. Cheng Ming Kit holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 291,268,000 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 304,325,000 Shares.

2. Mr. Sze Chun Lee holds 43.75% interest in China Print Power Limited and is deemed to be interested in 196,488,480 Shares held by China Print Power Limited. Mr. Sze Chun Lee personally holds 1,800,000 Shares.

3. Ms. Chung Oi Ling, Stella holds 100% interest in Flame Capital Limited and is deemed to be interested in 206,340,000 Shares held by Flame Capital Limited.

(ii) Interest in associated corporations

		At 31/12/2014	
Name of Director	**Name of associated corporation**	**Number of shares**	**Percentage of shareholding**
Mr. Sze Chun Lee	China Print Power Limited	4,375	43.75%
Mr. Chan Wai Ming *(Note 1)*	China Print Power Limited	3,750	37.50%
Mr. Lam Shek Kin *(Note 2)*	China Print Power Limited	1,875	18.75%

Notes:

1. Mr. Chan Wai Ming resigned as an executive Director of the Company with effect from 28 October 2014.

2. Mr. Lam Shek Kit resigned as an executive Director of the Company with effect from 18 July 2014.

Save as disclosed above, as at 31 December 2014, none of the Directors of the Company had any interests or short positions in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company or the SEHK pursuant to the Model Code.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year and up to the date of this annual report, none of the Directors has any interest in a business which competes or may compete with the business of the Group under the Listing Rules.

SHARE OPTIONS

At the special general meeting of the Company held on 26 May 2011, the terms of the share option scheme was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board may, at its discretion, offer to grant options to any full-time or part-time employee and Directors of the Company or any of its subsidiaries. Details of the share option scheme are set out on note 29 to the consolidated financial statements.

As at 30 March 2015, total 160,497,230 share options have been granted pursuant to the Scheme, of which 10,439,670 share options had lapsed and 150,057,560 share options are outstanding.

The following table discloses movements of the Company's share options during the year ended 31 December 2014:

Category of grantee	Exercise price per share option HK$ (note i)	Date of grant	Exercisable period	Number of share options as at 1 January 2014	Number of share options granted during the year	Number of share options adjusted during the year (note ii)	Number of share options lapsed during the year	Number of share options as at 31 December 2014
Directors:								
Mr. Cheng Ming Kit	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Hung Tao	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Kwok Shek San	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Ms. Chung Oi Ling	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Lim Siang Kai	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	–	2,490,670
Mr. Wee Piew	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	–	2,490,670
Ms. Wong Fei Tai	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	(2,490,670)	–
				–	10,709,893	96,389,037	(2,490,670)	104,608,260
Employees	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,100,000	18,900,000	(7,000,000)	14,000,000
	0.349	1 September 2014	1 September 2015 to 31 August 2018	–	3,239,830	29,158,470	(949,000)	31,449,300
				–	5,339,830	48,058,470	(7,949,000)	45,449,300
Total				–	16,049,723	144,447,507	(10,439,670)	150,057,560
Exercisable at the end of the year								–
Weighted average exercise price				N/A	HK$0.279	N/A	HK$0.292	HK$0.298

Notes:

(i) The exercise prices per share were adjusted upon the Share Subdivision effective on 15 October 2014.

(ii) The number of share options were adjusted upon Share Subdivision effective on 15 October 2014.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, persons/corporations (other than the Directors and the chief executive officer of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of shares	Approximate percentage of shareholding at 31/12/2014
Lee Tsz Hang *(Note)*	Beneficial owner	555,493,000	11.92
Quantum China Asset Management Limited	Corporate interest	364,280,000	7.82
Taiping Quantum China Opportunities Fund	Corporate interest	258,280,000	5.54

Note:

Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 300,120,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 255,373,000 Shares.

Other than disclosed above, the Company has not been notified of any persons/corporations (other than the Directors and the chief executive officer of the Company) who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 31 December 2014, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CONNECTED TRANSACTIONS

During the year, our Company had entered into a car rental agreement to rent a cross-border car from Hong Kong Power Printing Limited ("HKPPL") and the rental fee paid to HKPPL amounted to approximately HK$336,000 for the year ended 31 December 2014.

As HKPPL is wholly owned by Sze Chun Lee, our executive Director, HKPPL is a connected person of our Company within the meaning of the Listing Rules. The transactions contemplated under the car rental agreement will constitute continuing connected transactions for our Company.

Our directors have reviewed the car rental agreement and confirmed that the rental service provided by HKPPL was entered into in our ordinary and usual course of business and was conducted on normal commercial terms, and the terms of such transaction was arrived at arm's length negotiation, and was fair and reasonable and in the interests of our Group and the Shareholders as a whole.

Given that each of the percentage ratios (other than the profit ratio) on an annual basis is less than 5% and the annual consideration is less than HK$3 million, the transactions contemplated under the car rental agreement would fall within the scope of de minimis transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other related party transactions

Other related party transactions are set out in note 37 to the consolidated financial statements, which either fall under the definition of "Continuing Connected Transactions" and are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules or does not fall into the definition of "connected transaction" or "continuing connected transaction".

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

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 3 June 2015. A notice convening the Annual General Meeting will be issued to the shareholders of the Company together with this annual report, which will also be available on the SEHK's website at www.hkexnews.hk, SGX-ST's website at www.sgx.com and the Company's website at www.blueskypower.holdings.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 32 of this annual report. The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2014 except the deviations as disclosed in the Corporate Governance Report.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 39 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

ACCOUNTABILITY

The Board aims to ensure that the interim and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group at the end of the financial year. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2014.

AUDIT COMMITTEE

The AC comprises three members, namely, Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The AC has reviewed with the management the consolidated financial statements of the Group for the year ended 31 December 2014.

The AC has recommended to the Board the nomination of the appointment of Deloitte Touche Tohmatsu as the external auditors of the Company at the forthcoming Annual General Meeting.

AUDITORS

BDO Limited, Certified Public Accountants, Hong Kong resigned from its position as auditor of the Company on 26 January 2015. Deloitte Touche Tohmatsu was appointed as the new auditor of the Company to fill the vacancy by the resignation of BDO Limited and to hold office until the conclusion of the forthcoming AGM.

The consolidated financial statements for the year have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for reappointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to the appointment of auditors of the Company for the ensuing year until the next annual general meeting in 2016.

On behalf of the Board of Directors

Mr. Cheng Ming Kit
Director

Mr. Kwok Shek San
Director

30 March 2015

STATEMENT BY DIRECTORS

We, Mr. Cheng Ming Kit and Mr. Kwok Shek San, being two of the Directors of Blue Sky Power Holdings Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying consolidated statement of financial position of the Group as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2014, and of the financial performance and cash flows of the Group for the year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mr. Cheng Ming Kit
Director

Mr. Kwok Shek San
Director

30 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF BLUE SKY POWER HOLDINGS LIMITED
藍天威力控股有限公司
(FORMERLY KNOWN AS CHINA PRINT POWER GROUP LIMITED 中國威力印刷集團有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Blue Sky Power Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 120, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 Bermuda Companies Act, 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 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.

TO THE SHAREHOLDERS OF BLUE SKY POWER HOLDINGS LIMITED (Continued)
藍天威力控股有限公司
(FORMERLY KNOWN AS CHINA PRINT POWER GROUP LIMITED 中國威力印刷集團有限公司)
(incorporated in Bermuda with limited liability)

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 its loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 11 March 2014.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 *HK$'000*	2013 *HK$'000*
Revenue	5	**200,430**	154,475
Cost of sales		**(175,661)**	(134,989)
Gross profit		**24,769**	19,486
Other gains and losses	7	**(6,667)**	(1,523)
Other income	8	**2,783**	1,994
Impairment losses on property, plant and equipment	16	**–**	(40,372)
Selling and distribution costs		**(6,156)**	(7,821)
Administrative expenses		**(64,180)**	(27,501)
Other operating expenses		**(17,873)**	(3,791)
Finance costs	9	**(3,156)**	(961)
Loss before income tax	10	**(70,480)**	(60,489)
Income tax credit	11	**457**	1,920
Loss for the year		**(70,023)**	(58,569)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of foreign operations		**6,863**	1,766
Total comprehensive expense for the year		**(63,160)**	(56,803)
Loss for the year attributable to:			
Owners of the Company		**(70,763)**	(58,569)
Non-controlling interests		**740**	–
		(70,023)	(58,569)
Total comprehensive expense attributable to:			
Owners of the Company		**(63,082)**	(56,803)
Non-controlling interests		**(78)**	–
		(63,160)	(56,803)
			(Restated)
Loss per share	14		
– Basic and diluted		**HK2.21 cents**	HK2.91 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Non-current assets			
Prepaid lease payments	15	**16,309**	5,411
Property, plant and equipment	16	**228,775**	99,834
Investment properties	17	**28,430**	29,262
Intangible assets	18	**475,027**	–
Goodwill	19	**317,543**	–
Investment in an associate	21	**3,214**	–
Convertible loan to an associate	21	**3,256**	–
Deposits for acquisition of subsidiaries		**41,525**	12,000
Other non-current assets		**300**	423
		1,114,379	146,930
Current assets			
Prepaid lease payments	15	**362**	135
Inventories	22	**13,932**	17,273
Trade and other receivables	23	**59,384**	42,937
Amounts due from related parties	24	**2,650**	–
Amounts due from non-controlling shareholders of subsidiaries	24	**27,100**	–
Tax recoverable		**1,590**	4,090
Cash and bank balances	25	**18,613**	30,346
		123,631	94,781
Current liabilities			
Trade and other payables	26	**82,440**	24,186
Bank and other borrowings	27	**23,748**	23,621
Obligation under finance leases	30	**311**	–
Convertible bonds	31	**39,427**	–
Embedded derivatives	31	**17,341**	–
Amount due to non-controlling shareholders of a subsidiary	24	**14,706**	–
Amount due to directors	24	**6,809**	–
		184,782	47,807
Net current (liabilities) assets		**(61,151)**	46,974
Total assets less current liabilities		**1,053,228**	193,904

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 *HK$'000*	2013 *HK$'000*
Capital and reserves			
Share capital	28	**256,223**	114,977
Reserves		**594,997**	78,927
Equity attributable to owners of the Company		**851,220**	193,904
Non-controlling interests		**69,136**	–
Total equity		**920,356**	193,904
Non-current liabilities			
Obligations under finance leases	30	**1,182**	–
Bank and other borrowings	27	**21,500**	–
Convertible note	32	**2,006**	–
Deferred tax liabilities	33	**108,184**	–
		132,872	–
		1,053,228	193,904

The consolidated financial statements on pages 45 to 120 were approved and authorised for issue by the Board of Directors on 30 March 2015 and are signed on its behalf by:

Mr. Cheng Ming Kit
Director

Mr. Kwok Shek San
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Convertible note equity reserve HK$'000	Merger reserve HK$'000 (Note i)	Translation reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	95,815	43,423	–	–	(43,048)	18,913	102,248	217,351	–	217,351
Loss for the year	–	–	–	–	–	–	(58,569)	(58,569)	–	(58,569)
Other comprehensive income for the year	–	–	–	–	–	1,766	–	1,766	–	1,766
Total comprehensive expense for the year	–	–	–	–	–	1,766	(58,569)	(56,803)	–	(56,803)
Issue of shares by way of placing	19,162	14,981	–	–	–	–	–	34,143	–	34,143
Transaction costs attributable to issue of shares	–	(787)	–	–	–	–	–	(787)	–	(787)
At 31 December 2013	114,977	57,617	–	–	(43,048)	20,679	43,679	193,904	–	193,904
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(70,763)**	**(70,763)**	**740**	**(70,023)**
Other comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**7,681**	**–**	**7,681**	**(818)**	**6,863**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**7,681**	**(70,763)**	**(63,082)**	**(78)**	**(63,160)**
Issue of shares by way of placing	**22,010**	**82,037**	**–**	**–**	**–**	**–**	**–**	**104,047**	**–**	**104,047**
Transaction cost attributable to issue of shares	**–**	**(2,396)**	**–**	**–**	**–**	**–**	**–**	**(2,396)**	**–**	**(2,396)**
Issue of shares for acquisition of subsidiaries	**3,426**	**20,042**	**–**	**–**	**–**	**–**	**–**	**23,468**	**–**	**23,468**
Issue of convertible note for acquisition of subsidiaries	**–**	**–**	**–**	**271,000**	**–**	**–**	**–**	**271,000**	**–**	**271,000**
Issue of shares upon conversion of convertible note	**115,810**	**472,690**	**–**	**(270,187)**	**–**	**–**	**–**	**318,313**	**–**	**318,313**
Recognition of equity-settled share-based payments	**–**	**–**	**5,966**	**–**	**–**	**–**	**–**	**5,966**	**–**	**5,966**
Transfer to accumulated losses upon forfeiture of share options	**–**	**–**	**(414)**	**–**	**–**	**–**	**414**	**–**	**–**	**–**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**61,700**	**61,700**
Capital injection	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,514**	**7,514**
At 31 December 2014	**256,223**	**629,990**	**5,552**	**813**	**(43,048)**	**28,360**	**(26,670)**	**851,220**	**69,136**	**920,356**

Note:

i. This arose from the restructuring exercise and represents the difference between the nominal value of the Company's shares issued in exchange for the then consolidated net assets of the subsidiaries acquired as at 26 March 2007.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss before income tax		**(70,480)**	(60,489)
Adjustments for:			
Amortisation of intangible assets		**6,704**	53
Amortisation of prepaid lease payments		**223**	135
Amortisation of other non-current assets		**89**	–
Depreciation of investment properties		**1,066**	1,057
Depreciation of property, plant and equipment		**8,646**	10,799
Impairment losses on trade receivables		**542**	262
Impairment losses on intangible assets		**–**	474
Impairment losses on property, plant and equipment		**–**	40,372
Impairment losses on other non-current assets		**334**	–
Interest income		**(15)**	(96)
Interest expenses		**3,156**	961
Net losses on disposals of property, plant and equipment		**207**	682
Reversal of impairment losses on trade receivables		**–**	(87)
Write-down of inventories to net realisable value		**–**	3,152
Expense for equity-settled share-based payments		**5,966**	–
Change in fair value of embedded derivatives		**6,072**	–
Operating cash flows before movements in working capital		**37,490**	(2,725)
Decrease in inventories		**4,445**	7,353
Decrease in trade and other receivables		**16,690**	6,376
(Decrease) increase in trade and other payables		**(15,765)**	2,820
Cash (used in) generated from operations		**(32,120)**	13,824
Income taxes refunded (paid)		**1,281**	(3,277)
Interest paid		**(1,141)**	(961)
Net cash (used in) from operating activities		**(31,980)**	9,586
Cash flows from investing activities			
Interest received		**15**	96
Purchases of property, plant and equipment		**(27,601)**	(13,883)
Proceeds from disposals of property, plant and equipment		**201**	1,283
Deposits paid for acquisition of subsidiaries		**(41,525)**	(12,000)
Acquisition of subsidiaries	34	**(75,965)**	–
Acquisition of an associate		**(3,214)**	–
Purchase of other non-current assets		**(300)**	–
Advance to non-controlling shareholders of subsidiaries		**(27,100)**	–
Advance to related parties		**(2,650)**	–
Convertible loan to an associate		**(3,256)**	–
Withdrawal of time deposits		**–**	6,150
Net cash used in investing activities		**(181,395)**	(18,354)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 *HK$'000*	2013 *HK$'000*
Cash flows from financing activities			
Proceeds from issue of shares by way of placing		**104,047**	34,143
Transaction cost attributable to issue of shares		**(2,396)**	(787)
Proceeds from issue of convertible bonds		**50,000**	–
Proceeds from capital injection from non-controlling shareholders of a subsidiary		**7,514**	–
Repayment of term loans and collateralised borrowings		**(15,792)**	(2,064)
Advance from directors		**6,809**	–
Advance from non-controlling shareholders of a subsidiary		**14,706**	–
Borrowings raised, net of transaction costs		**31,599**	–
Repayment of obligation under finance lease		**(151)**	–
Repayment of bank borrowings		**(480)**	(9,801)
Net cash from financing activities		**196,856**	21,491
Net (decrease) increase in cash and cash equivalents		**(17,519)**	12,723
Cash and cash equivalents as at 1 January		**30,346**	17,538
Effect of foreign exchange rate changes		**5,786**	85
Cash and cash equivalents as at 31 December, representing cash and bank balances		**18,613**	30,346

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are primary listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and listing status in the Singapore Exchange Securities Trading Limited ("SGX-ST") was changed from primary listing to secondary listing with effect from 2 July 2014. Pursuant to the special resolution of the Company dated 30 June 2014, the name of the Company has been changed from China Print Power Group Limited to Blue Sky Power Holdings Limited and the Company has adopted the Chinese name of "藍天威力控股有限公司" as the secondary name of the Company in place of the former Chinese name of "中國威力印刷集團有限公司" with effect from 30 June 2014.

The address of its registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Rooms 1007-8, 10/F., New World Tower I, 16-18 Queen's Road Central, Hong Kong respectively.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in (i) sales and distribution of natural gas and other related products; (ii) sales of book products; and (iii) sales of specialised products.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies

The application of the above amendments to IFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

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

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[2]
Amendments to IFRSs	Annual improvements to IFRSs 2010-2012 cycle[5]
Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 cycle[3]
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle[4]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to IAS 1	Disclosure initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[4]
Amendments to IAS 19	Defined benefit plans: Employee contributions[3]
Amendments to IAS 27	Equity method in separate financial statements[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 15 Revenue from contracts with customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 15 Revenue from contracts with customers (Continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

In the opinion of the directors, the application of the other new and revised amendments and interpretations issued but not yet effective is not expected to have a material impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under historical cost basis except for certain financial assets and liabilities at the end of the reporting period, as explained in the set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are principally recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HKD. Assets and liabilities have been translated into HKD at the closing rates at the reporting date. Income and expenses have been converted into HKD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

Property plant and equipment, including buildings held for use in the production or supply of goods and services, or for administrative purposes other than construction-in-progress ("CIP"), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

CIP represents buildings under construction for production or supply of goods or for administrative purposes. These are carried at cost less any impairment losses and are not depreciated. Cost comprises direct costs, such as cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use incurred during the periods of construction. CIP is reclassified as buildings and depreciation commences when the construction work is completed and the asset is ready for their intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation is provided to write off the cost less their estimated residual value over their estimated useful lives, at the following rates per annum:

On straight-line method	
Buildings held for own use	$3\frac{1}{3}$%
Plant and machinery – natural gas business	10%
Gas pipelines	Over the shorter of 30 years or operation period of the relevant company
On reducing balance method	
Plant and machinery – printing business	15%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on retirement or disposal is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided so as to write off the cost of investment property less their estimated residual value using straight-line method over the lease term of 30 years. The asset's estimated residual value, depreciation method and estimated useful live are reviewed, and adjusted if appropriate, at each reporting date.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and any subsequent impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The assets' amortisation method and estimated useful lives are reviewed, and adjusted if applicable, at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial instruments: recognition and measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or losses excludes any interest paid on the financial liabilities and is included in the other gain and losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, amounts due from non-controlling shareholders of subsidiaries and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- granting concession to a debtor because of the debtor's financial difficulty.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the financial period in which the impairment occurs.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the financial period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Impairment losses are written off against the receivables directly except where the recovery of loans and receivables is considered doubtful but not remote, in which case, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that the recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Convertible notes

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to convertible notes equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible notes (Continued)

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Convertible bonds contains liability component and conversion option derivative

Convertible bonds issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

The Group's financial liabilities included bank and other borrowings, trade and other payables, amount due to non-controlling shareholders of a subsidiary and amount due to a director. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. They are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

Derecognition of financial assets occurs when, and only when, the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A financial liability is derecognised when, and only when, the obligation under the financial liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amount is recognised in profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using first-in first-out cost formula, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line basis over the lease terms. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payment made.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income. The accounting policy for recognition of revenue from operating leases is described in note below.

Prepaid lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any impairment losses. Amortisation is calculated on straight-line method over the term of the lease/right of use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of discounts. Revenue from sale of goods is recognised when (1) it is probable that the economic benefits associated with the transaction will flow to the Group; (2) the revenue and costs incurred or to be incurred can be measured reliably; (3) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and (4) the Group transfers the significant risks and rewards of ownership of the goods to the customer. Revenue is recognised as follows:

- Sales of goods are recognised when the goods are delivered and the customer has accepted the goods;

- Gas supply is recognised when gas is supplied to/used by the customers.

- Rental income receivable from operating leases is recognised in profit or loss on straight-line basis over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

Deposits received by the Group prior to meeting the above for revenue recognition criteria are included in the consolidated statement of financial position under current liabilities as trade deposits received.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 the impairment loss (if any). When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount of an asset is the higher of its fair value, reflecting market conditions less costs to sell, 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 assessment of time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment loss recognised for CGUs is charged pro-rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount of the asset or the CGU and only to the extent that the carrying amount of the asset or the CGU does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal of impairment losses is credited to profit or loss of the financial period in which the reversal occurs.

Employee benefits

Equity-settled share-based employee compensation

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. 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 equity instruments that will eventually vest, with a corresponding increase in equity. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to profit or loss. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest with a corresponding adjustment to the share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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 added to 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax comprises current tax and deferred tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, taxation authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply to the period when the liability is settled or the asset is realised, provided they are enacted or substantively enacted at the reporting date.

Current tax and changes in deferred tax assets or liabilities are recognised as a component of income tax expense in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (Continued)

Income tax comprises current tax and deferred tax (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if:

(a) the Group has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

(a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of goodwill and operating rights

Determining whether goodwill and operating rights are impaired requires an estimation of the value in use of the cash generating units to which goodwill and operating rights have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. When the actual future cash flows are more than expected, a reversal of previously recognised impairment loss on operating rights (if any) may arise. As at 31 December 2014, the carrying amount of goodwill and operating rights are approximately HK$317,543,000 and HK$475,027,000 respectively (2013: nil and nil). Details of the recoverable amount calculation are disclosed in Note 20.

Estimation of useful lives of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the expected lifespan of those property, plant and equipment. The useful lives of property, plant and equipment could change significantly as a result of technical innovation. When the actual useful lives of property, plant and equipment due to the change of commercial and technological environment are different from their estimated useful lives, such difference will impact the depreciation charges and amounts of assets written down for future periods. As at 31 December 2014, the carrying amount of property, plant and equipment is approximately HK$228,775,000 (2013: HK$99,834,000).

Fair value of convertible bonds and embedded derivative financial instruments

The directors use their judgements in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. In determining the fair value of convertible bonds and its embedded derivatives, assumptions are made based on quoted market rates adjusted for specific features of the instrument (see note 31 for details of the valuation technique adopted and inputs for fair value measurements).

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The chief financial officer works closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

5. REVENUE

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, net of discounts and related taxes. An analysis of the Group's revenue for the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Sales and distribution of natural gas and other related products	**57,130**	–
Sales of book products	**106,758**	94,992
Sales of specialised products	**36,542**	59,483
	200,430	154,475

6. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision makers ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

In previous years, specifically, the Group's reportable and operating segments were as follows:

1. Sales of book products – Provision of full suite of services from pre-press to printing to finishing/binding services;

2. Sales of specialised products – Provision of custom-made and value-added printing products.

The above reportable and operating segments were based on the product type. During the year ended 31 December 2014, CODM's focus has been changed after the Group acquired subsidiaries which are mainly engaged in the sales and distribution of natural gas and other related products. As a result, the Group is now organised into the following operating and reportable segments:

1. Sales and distribution of natural gas and other related products – This segment derives its revenue from operations of compressed natural gas ("CNG") or liquefied natural gas ("LNG") refuelling stations, construction of natural gas connection pipelines and supply of piped gas in the People's Republic of China (the "PRC").

2. Sales of book and specialised products – Provision of full suite of services from pre-press to printing to finishing/binding services and production of custom-made and value-added printing products.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2014

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Consolidated *HK$'000*
Segment revenue	57,130	143,300	200,430
Segment (loss) profit	(8,959)	16,321	7,362
Other income and other gains and losses			(3,884)
Central corporate expenses			(70,802)
Finance costs			(3,156)
Loss before income tax			(70,480)

For the year ended 31 December 2013 (restated)

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Consolidated *HK$'000*
Segment revenue	–	154,475	154,475
Segment loss	–	(29,356)	(29,356)
Other income and other gains and losses			471
Central corporate expenses			(30,643)
Finance costs			(961)
Loss before income tax			(60,489)

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 3. Segment (loss) profit represents the loss from/profit earned by each segment without allocation of central administration costs, directors' emoluments, bank interest income, net foreign exchange gain, certain sundry income, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	2014 ***HK$'000***	2013 *HK$'000* (restated)
Sales and distribution of natural gas and other related products	**1,002,276**	12,000
Sales and distribution of book and specialised products	**192,364**	187,934
Total segment assets	**1,194,640**	199,934
Investment in an associate	**3,214**	–
Cash and bank balances	**18,613**	30,346
Property, plant and equipment for corporate use	**2,550**	–
Prepaid lease payments for corporate use	**5,460**	5,546
Convertible loan to an associate	**3,256**	–
Other unallocated assets	**10,277**	5,885
Consolidated assets	**1,238,010**	241,711

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities

	2014 *HK$'000*	2013 *HK$'000* (restated)
Sales and distribution of natural gas and other related products	**167,535**	–
Sales and distribution of book and specialised products	**26,348**	13,949
Total segment liabilities	**193,883**	13,949
Convertible bonds	**39,427**	–
Convertible notes	**2,006**	–
Bank and other borrowings	**45,248**	23,621
Embedded derivatives	**17,341**	–
Obligation under finance leases	**1,493**	–
Other unallocated liabilities	**18,256**	10,237
Consolidated liabilities	**317,654**	47,807

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

- all assets are allocated to operating and reportable segments (other than investment in an associate, convertible loan to an associate, other non-current assets, cash and bank balances, certain other receivables, certain amounts due from related parties, certain prepaid lease payments, and certain property, plant and equipment); and

- all liabilities are allocated to operating and reportable segments (other than deferred tax liabilities, bank and other borrowings, obligation under finance leases, convertible bonds, convertible notes, embedded derivatives, certain amounts due to related parties and certain other payables).

The Group has allocated goodwill to the relevant segments as segment assets.

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2014

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (excluding intangible assets and goodwill)	174,913	3,112	6,770	184,795
Addition to intangible assets	481,731	–	–	481,731
Addition to goodwill	317,543	–	–	317,543
Depreciation of property, plant and equipment	3,904	4,122	620	8,646
Depreciation of investment properties	–	1,066	–	1,066
Amortisation of prepaid lease payments	93	130	–	223
Amortisation of intangible assets	6,704	–	–	6,704
Net losses on disposals of property, plant and equipment	–	207	–	207
Impairment loss on trade receivables	–	542	–	542
Impairment loss on other non-current assets	–	334	–	334

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2013 (restated)

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:			
Addition to non-current assets (excluding intangible assets and goodwill)	12,000	10,473	22,473
Depreciation of property, plant and equipment	–	10,799	10,799
Depreciation of investment properties	–	1,057	1,057
Amortisation of prepaid lease payments	–	135	135
Impairment losses on property, plant and equipment	–	40,372	40,372
Net losses on disposals of property, plant and equipment	–	682	682

Geographical information

The Group's operations are located in the PRC (country of domicile) including Hong Kong.

Information about the Group's revenue from external customers is presented based on customers' location of the operations.

	Revenue from external customers	
	2014	2013
	HK$'000	*HK$'000*
The PRC, including Hong Kong	**155,252**	98,940
United Kingdom	**23,506**	24,128
United States of America	**8,884**	15,327
Germany	**2,600**	6,986
Others	**10,188**	9,094
	200,430	154,475

Other than investments in an associate, which is located in Australia, the Group's non-current assets (excluding financial instruments) are mainly located in the PRC.

6. SEGMENT INFORMATION (Continued)

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Customer A[1]	**27,726**	31,731
Customer B[1]	**23,104**	22,445
Customer C[2]	**22,588**	N/A

Notes:

1 Revenue related to sales of books and specialised products segments.

2 Revenue related to sales and distribution of natural gas and other related products segment.

7. OTHER GAINS AND LOSSES

	2014 *HK$'000*	2013 *HK$'000*
Impairment losses on intangible assets	**–**	(474)
Impairment losses on trade receivables	**(542)**	(262)
Impairment loss on other non-current assets	**(334)**	–
Net exchange gains (losses)	**488**	(105)
Net losses on disposals of property, plant and equipment	**(207)**	(682)
Change in fair value of embedded derivatives	**(6,072)**	–
	(6,667)	(1,523)

8. OTHER INCOME

	2014 *HK$'000*	2013 *HK$'000*
Bank interest income	**15**	96
Rental income from investment properties	**1,304**	1,218
Reversals of impairment losses on trade receivables	**–**	87
Sundry income	**1,464**	593
	2,783	1,994

9. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Finance charges on obligations under finance lease	28	–
Interests on bank trust receipts loans	302	348
Interests on bank and other borrowings wholly repayable within five years	320	613
Interest on other borrowings not wholly repayable within five years	491	–
Interest on convertible notes	1,319	–
Interest on convertible bonds	696	–
	3,156	961

10. LOSS BEFORE INCOME TAX

	2014 HK$'000	2013 HK$'000
Loss before income tax is arrived at after charging:		
Auditor's remuneration	2,266	775
Amortisation of intangible assets*	6,704	53
Cost of inventories recognised as expense*, including	175,661	134,989
– Write-down of inventories to net realisable value	–	3,152
Depreciation of investment properties	1,066	1,057
Depreciation of property, plant and equipment*	8,646	10,799
Employee benefit expenses* (including directors' emoluments)		
– Salaries and allowances	54,727	43,240
– Contribution to defined contribution plans	3,531	3,025
– Share-based payment (included in administrative expenses)	5,966	–
	64,224	46,265
Amortisation of prepaid lease payments	223	135
Operating lease charges on:		
– premises	1,326	505
– motor vehicles	336	336
	1,662	841
Outgoings in respect of investment properties	–	219
Legal and professional fees (included in other operating expenses)	17,077	3,363

* Included in cost of inventories are depreciation of property, plant and equipment, amortisation of intangible assets and employee benefit expenses of HK$44,720,000 (2013: HK$43,947,000), which have also been included in the respective total amounts as disclosed above.

11. INCOME TAX CREDIT

	2014 HK$'000	2013 HK$'000
Current tax – Hong Kong Profits Tax		
– current year	–	–
– overprovision in respect of prior years	–	(35)
	–	(35)
PRC Enterprise Income Tax ("EIT")	1,219	–
Deferred tax (Note 33)	(1,676)	(1,885)
Total income tax credit	(457)	(1,920)

No Hong Kong Profits Tax has been provided as the Company and other subsidiaries did not generate any assessable profits in Hong Kong for the year.

The EIT rate of the PRC subsidiaries is 25%.

Reconciliation between the income tax credit and accounting loss at applicable tax rates:

	2014 HK$'000	2013 HK$'000
Loss before income tax	(70,480)	(60,489)
PRC Enterprise Income Tax at 25%	(17,620)	(15,122)
Tax effect of non-deductible expenses	13,571	10,412
Tax effect of non-taxable income	(211)	(25)
Tax effect of tax losses not recognised as deferred tax asset	1,683	1,180
Tax effect of deductible temporary differences not recognised	(1,844)	–
Utilisation of tax losses not previously recognised in prior years	(272)	–
Overprovision in respect of prior years	–	(35)
Effect of different tax rate of group entities operating in Hong Kong	4,236	1,670
Total income tax credit	(457)	(1,920)

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments

The remuneration paid or payable to each of the directors are as follows:

	Fee	Salaries and allowances	Discretionary bonuses#	Retirement scheme contributions	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014						
Executive directors						
– Mr. Sze Chun Lee	–	879	73	18	–	970
– Mr. Chan Wai Ming (note (a))	–	624	62	15	–	701
– Mr. Cheng Ming Kit (note (c))	–	546	46	12	1,037	1,641
– Mr. Lam Shek Kin (note (b))	–	312	48	10	–	370
– Mr. Kwok Shek San (note (d))	–	818	183	9	1,037	2,047
– Mr. Hung Tao	–	840	70	17	1,037	1,964
Non-executive director						
– Ms. Chung Oi Ling (note (e))	50	280	40	10	1,037	1,417
Independent non-executive directors						
– Mr. Lim Siang Kai	312	–	–	–	104	416
– Mr. Wee Piew	245	–	–	–	104	349
– Mr. Ma Arthur On-hing (note (f))	20	–	–	–	–	20
– Ms. Wong Fei Tat (note (g))	108	–	–	–	–	108
	735	4,299	522	91	4,356	10,003

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

Directors' and chief executive's emoluments (Continued)

	Fee	Salaries and allowances	Discretionary bonuses#	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013					
Executive directors					
– Mr. Sze Chun Lee	–	878	147	15	1,040
– Mr. Chan Wai Ming	–	749	125	15	889
– Mr. Kwan Wing Hang (note (i))	–	240	96	6	342
– Mr. Lam Shek Kin	–	576	96	15	687
– Ms. Chung Oi Ling	–	480	40	15	535
– Mr. Hung Tao (note (j))	–	149	–	3	152
Independent non-executive directors					
– Mr. Lim Siang Kai	312	–	–	–	312
– Mr. Wee Piew	232	–	–	–	232
– Mr. Liu Kwong Chi, Nelson (note (h))	65	–	–	–	65
– Ms. Wong Fei Tat	120	–	–	–	120
	729	3,072	504	69	4,374

Notes:

(a) resigned as executive director with effect from 28 October 2014.

(b) resigned as executive director with effect from 18 July 2014.

(c) appointed as executive director with effect from 7 May 2014. Mr. Cheng is also the Chairman of the Board with effect from 28 October 2014.

(d) appointed as executive director with effect from 18 July 2014.

(e) re-designated as non-executive director with effect from 1 August 2014.

(f) appointed as independent non-executive director with effect from 3 November 2014.

(g) resigned as independent non-executive director with effect from 3 November 2014.

(h) resigned as independent non-executive director with effect from 15 July 2013.

(i) resigned as executive director with effect from 3 August 2013.

(j) appointed as executive director with effect from 28 October 2013.

\# discretionary bonus is determined by reference to several factors, including their individual performance and the performance of the Group.

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

Five highest paid individuals

Of the five individuals whose emoluments were the highest in the Group for the year, five (2013: three) are directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals, which were within the HK$1,000,000 band during the year ended 31 December 2013 were as follows:

	2014 *HK$'000*	2013 *HK$'000*
Salaries and other emoluments	**–**	1,424
Retirement scheme contributions	**–**	30
	–	1,454

No emoluments were paid by the Group to any of the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office or are there any arrangement under which a director waived or agree to waive any remuneration for both years.

13. DIVIDEND

The Board did not recommend a payment of dividend for the years ended 31 December 2013 and 2014.

14. LOSS PER SHARE

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

	2014 *HK$'000*	2013 *HK$'000*
Loss		
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	**70,763**	58,569

	2014	2013 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,202,124,237**	2,016,041,120

14. LOSS PER SHARE (Continued)

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible bonds and convertible notes as their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the years ended 31 December 2014 and 2013 have been adjusted to reflect the impact of the share subdivision effected during the year ended 31 December 2014.

15. PREPAID LEASE PAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Land use rights outside Hong Kong, in the PRC under medium term leases	**16,671**	5,546

Analysed for reporting purposes as:

	2014	2013
	HK$'000	*HK$'000*
Non-current asset	**16,309**	5,411
Current asset	**362**	135
	16,671	5,546

The Group's interests in prepaid lease payments, which are located in the PRC and held on leases of 50 years, represent prepaid operating lease payments.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Construction in progress HK$'000	Gas pipelines HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST								
At 1 January 2013	86,109	22,202	–	130,945	5,472	770	–	245,498
Additions	–	9,119	–	1,155	56	143	–	10,473
Disposals/written-off	–	–	–	(22,074)	–	–	–	(22,074)
Transfer	31,057	(31,057)	–	–	–	–	–	–
Exchange adjustments	1,400	361	–	7,230	55	6	–	9,052
At 31 December 2013	118,566	625	–	117,256	5,583	919	–	242,949
Exchange adjustments	949	5	–	–	–	4	–	958
Acquisitions of subsidiary (note 34)	13,404	3,053	33,111	52,251	5,087	1,046	–	107,952
Additions	5,754	16,618	763	983	2,561	2,295	271	29,245
Disposals/written-off	–	–	–	–	–	(662)	–	(662)
Transfer	715	(1,939)	–	1,224	–	–	–	–
At 31 December 2014	139,388	18,362	33,874	171,714	13,231	3,602	271	380,442
DEPRECIATION								
At 1 January 2013	15,563	–	–	85,330	3,444	328	–	104,665
Exchange adjustments	254	–	–	7,099	32	3	–	7,388
Provided for the year	3,952	–	–	6,250	421	176	–	10,799
Eliminated on disposals/ written-off	–	–	–	(20,109)	–	–	–	(20,109)
Impairment losses recognised in profit or loss	–	–	–	38,686	1,686	–	–	40,372
At 31 December 2013	19,769	–	–	117,256	5,583	507	–	143,115
Exchange adjustments	158	–	–	–	–	2	–	160
Provided for the year	4,313	–	707	3,028	108	389	101	8,646
Eliminated on disposals/ written-off	–	–	–	–	–	(254)	–	(254)
At 31 December 2014	24,240	–	707	120,284	5,691	644	101	151,667
CARRYING VALUES								
At 31 December 2014	115,148	18,362	33,167	51,430	7,540	2,958	170	228,775
At 31 December 2013	98,797	625	–	–	–	412	–	99,834

The buildings of the Group are situated in the PRC under medium-term leases.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2013, the Group noted that there was a reduction in the sales for its own books and specialised products as a result of the persistent uncertainty over the global economy in the relevant business segments and the continuing operating losses that consequently arose, and certain plant and machinery became idle or retired from active use. The Group reviewed the recoverable amounts of the property, plant and equipment as at the reporting date and recognised impairment losses of HK$40,372,000 in profit or loss for the year ended 31 December 2013, which was directly attributable to book and specialised products segments. The recoverable amounts were determined on the basis of their value-in-use. The discount rate used in measuring value-in-use was 15.2% per annum.

The carrying value of motor vehicles of HK$2,958,000 included an amount of HK$1,644,000 (2013: nil) in respect of assets held under finance leases.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2013	31,208
Exchange adjustments	507
At 31 December 2013	31,715
Exchange adjustments	254
At 31 December 2014	31,969
AMORTISATION	
At 1 January 2013	1,374
Charged for the year	1,057
Exchange adjustments	22
At 31 December 2013	2,453
Charged for the year	1,066
Exchange adjustments	20
At 31 December 2014	3,539
CARRYING VALUES	
At 31 December 2014	28,430
At 31 December 2013	29,262

The Group's investment properties are held under medium-term leases in PRC.

17. INVESTMENT PROPERTIES (Continued)

Had investment properties been stated on the fair value basis, the carrying amount as at 31 December 2014 would be HK$29,610,000 (2013: HK$34,158,000). Fair value as at 31 December 2014 was determined by an independent, professionally qualified valuers, Savills Valuation and Professional Services Limited, who have the experience in the location and category of property being valued.

For the purposes of the disclosure requirements of IFRS 13, the investment properties are classified under level 3 because the above fair value requires the use of unobservable inputs that are significant to the fair value measurement. Fair value was estimated by using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is adjusted price per square foot as well as quality of properties (e.g. location, size and condition of the properties).

18. INTANGIBLE ASSETS

	Operating rights *HK$'000*	Computer software *HK$'000*	Total *HK$'000*
COST			
At 1 January and 31 December 2013	–	527	527
Acquisitions of subsidiaries (note 34)	481,731	–	481,731
At 31 December 2014	481,731	527	482,258
AMORTISATION AND IMPAIRMENT			
At 1 January 2013	–	–	–
Amortisation	–	53	53
Impairment losses	–	474	474
At 31 December 2013	–	527	527
Charged for the year	6,704	–	6,704
At 31 December 2014	6,704	527	7,231
CARRYING VALUES			
At 31 December 2014	475,027	–	475,027
At 31 December 2013	–	–	–

The operating rights of natural gas operations in the PRC and computer software are amortised on a straight-line method over the period of 10 to 30 years pursuant to the terms of the rights granted and 10 years respectively. Particulars regarding impairment testing on intangible assets are disclosed in note 20.

19. GOODWILL

	HK$'000
COST AND CARRYING VALUE	
At 1 January 2014	–
Acquisition of subsidiaries (note 34)	317,543
At 31 December 2014	317,543

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired. Particulars regarding impairment on goodwill are disclosed in note 20.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

Management considers each subsidiary represents a separate CGU for the purpose of goodwill and intangible assets impairment testing. The carrying amounts of goodwill and operating rights of natural gas operations as at 31 December 2014 are allocated as follows:

	Goodwill	**Operating rights**
	HK$'000	*HK$'000*
Subsidiaries engaged in natural gas operations		
Smart Union Holdings Limited ("Smart Union")	–	3,500
Bright Jet Global Limited ("Brightjet")	–	13,438
Fan Dream Limited ("Fan Dream")	–	10,241
My Palace Trading Limited ("My Palace")	–	14,987
Focus On Group Limited ("Focus On")	49,181	–
Cloud Decade Limited ("Cloud Decade")	268,362	432,861
	317,543	475,027

The recoverable amounts of these CGUs have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering 5-year period, and discount rate at 17%. The cash flows for the financial budgets are using an average growth rate ranging from 3% to 20% for a 5-year period depending on the stage of development of the respective natural gas operations. The cash flows beyond this 5-year period are extrapolated using a 0% growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which included budget sales and gross margin, such estimation based on the unit's past performance and management's expectations for the market development. In view of the recoverable amounts exceed the carrying amounts of the above CGUs, the management is of the opinion that there is no impairment of goodwill and operating rights allocated to the above CGUs during the year ended 31 December 2014.

21. INTEREST IN AN ASSOCIATE

	2014
	HK$'000
Cost of investment in an associate	
Listed outside Hong Kong	3,214
Share of post-acquisition profits and other comprehensive income	–
	3,214
Convertible loan to an associate	3,256

As at 31 December 2014, the Group had interest in the following significant associate:

Name of entity	**Form of entity**	**Place of incorporation and operation**	**Class of shares held**	**Proportion of nominal value of issued capital held by the Group**		**Principal activity**
				2014	2013	
Triple Energy Limited ("Triple")	Incorporated	Australia	Ordinary	**19.90%**	–	Operating a coal bel methane gas project in the PRC

On 25 November 2014, Waypost Limited ("Waypost"), a subsidiary of the Company, entered into a legally-binding memorandum of understanding ("MOU") with Triple which is a company listed on the Australian Securities Exchange ("ASX"), for an investment package incorporating a two-stage share placement, convertible loan and the procuring of drilling services for Triple to be settled by the issue of Triple's shares.

On 9 December 2014, Triple issued 158,000,000 ordinary shares for a consideration of A$790,000 (equivalent to approximately HK$5,144,000) at a price of A$0.005 per share to Waypost, representing 19.90% of the issued share capital of Triple.

On 5 December 2014, Waypost lent an interest free loan in the principal amount of A$500,000 (equivalent to approximately HK$3,256,000) to a wholly owned subsidiary of Triple. The loan has no fixed term for repayment and will be convertible into 83,333,333 shares of Triple at a price of A$0.006 per share subject to Triple's shareholders' approvals.

21. INTEREST IN AN ASSOCIATE (Continued)

Pursuant to the MOU, Triple proposes to conduct a further placement of 333,333,333 ordinary shares at a price of A$0.006 per share and Waypost will underwrite 208,333,333 ordinary shares at a total consideration of A$1,250,000 (equivalent to HK$7,938,500) and the remaining 125,000,000 ordinary shares shall be reserved for the existing shareholders of Triple (excluding Waypost). The amount shall be paid as escrow money to Triple and as deposit in respect of Waypost's underwriting obligations. Waypost shall also procure a drilling company to perform drilling services for Triple at a consideration of not more than US$2,750,000 (equivalent to approximately HK$21,307,000). The consideration will be settled by the issue of up to 525,401,250 ordinary shares of Triple at a price of A$0.006 per share to Waypost for the procurement. No payment was made to the drilling company nor as escrow money to Triple by the Group as at 31 December 2014 as the proposals are still subject to fulfilment of conditions precedent.

The financial year end date for Triple is 31 March. For the purpose of applying the equity method of accounting, the condensed consolidated financial statements of Triple for the six months ended 30 September 2014 have been used as the Group considers that it is impracticable for Triple with its shares listed on the ASX to provide a separate and complete set of financial statements as of 31 December. No material adjustments are required to be made for the Group's share of the results of the associate for the effects of significant transactions between that date and 31 December 2014.

Summarised financial information of an associate

Summarised financial information in respect of the Group's associate as at 30 September 2014 and for the six months ended 30 September 2014 is set out below.

	HK$'000
Current assets	3,699
Non-current assets	31,468
Current liabilities	2,181
Revenue	–
Loss and total comprehensive expense for the period	484

22. INVENTORIES

	2014 HK$'000	2013 HK$'000
Raw materials	**8,442**	11,478
Work-in-progress	**2,559**	2,815
Finished goods	**2,931**	2,980
	13,932	17,273

23. TRADE AND OTHER RECEIVABLES

	Notes	2014 HK$'000	2013 HK$'000
Trade receivables		**56,234**	45,534
Less: Impairment losses	(a)	**(3,969)**	(3,969)
Trade receivables – net	(b), (c)	**52,265**	41,565
Prepayments and other receivables		**7,119**	1,372
		59,384	42,937

Notes:

(a) Movements in the Group's impairment losses on trade receivables are as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**3,969**	4,734
Impairment losses recognised	**542**	262
Impairment losses reversed	**–**	(87)
Amount written off	**(542)**	(940)
At 31 December	**3,969**	3,969

At each reporting date, the Group reviews its trade receivables for impairment on both an individual and collective basis. As at 31 December 2014, the Group determined trade receivables of HK$3,969,000 (2013: HK$3,969,000) as individually impaired. Based on this assessment, impairment losses of HK$542,000 (2013: HK$262,000) are recognised during the year. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments or have been past due for more than one year and have not responded to repayment demands.

The Group does not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

23. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) The Group generally allows a credit period of 30 to 120 days (2013: 30 to 120 days) to its trade customers for the sales of book products and specialised products. No trade receivable balance from sales and distribution of natural gas and other related products as at 31 December 2014, since the sales transactions were mainly settled by cash or through the utilisation of trade deposits received. Before accepting any new customers, the Group performs credit check to assess the potential customer's credit quality and defines credit limits by customers. Based on invoice dates, which approximate the respective revenue recognition dates, ageing analysis of trade receivables (net of impairment losses) was as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**37,573**	27,200
91 – 120 days	**10,134**	9,052
121 – 180 days	**4,095**	5,145
181 – 365 days	**449**	162
Over 365 days	**14**	6
	52,265	41,565

(c) Ageing analysis of trade receivables that were not impaired, based on due date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**38,328**	26,336
0 – 90 days past due	**13,116**	13,479
91 – 180 days past due	**821**	1,711
181 – 365 days past due	**–**	33
Over 365 days past due	**–**	6
	52,265	41,565

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral over these balances.

(d) During the year, the Group assigned to certain banks the rights to receive cash from its trade receivables. In case the Group defaults in the bank loan repayments, the banks have the rights to collect the outstanding due from these trade receivables. As the Group retains substantially all the risks and rewards of ownerships of these receivables, the Group continues to recognise the whole carrying amounts of the receivables and accounted for the rights to receive the outstanding on assignment as a security of the borrowings. As at 31 December 2014, the carrying amounts of trade receivables and the associated borrowings were HK$15,655,000 (2013: HK$5,573,000) and HK$33,000 (2013: HK$1,966,000) respectively.

24. AMOUNTS DUE FROM AND TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, AMOUNTS DUE FROM RELATED PARTIES AND AMOUNT DUE TO DIRECTORS

The amounts are unsecured, interest-free and repayable on demand. A director of the Company, also being a shareholder with significant influence in the Company, is the controlling shareholder of the related parties.

The maximum amount outstanding from related parties during the year were HK$2,650,000 (2013: Nil).

25. CASH AND BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2013: 0.01% to 0.35%) per annum.

Included in cash and bank balances of the Group as at 31 December 2014 are bank balances of HK$4,855,000 (2013: HK$1,082,000) denominated in Renminbi ("RMB") which are placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

26. TRADE AND OTHER PAYABLES

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Trade payables	(a)	**17,427**	13,949
Accrued charges and other creditors	(b)	**29,102**	9,315
Construction cost payables		**34,214**	588
Trade deposits received		**1,697**	334
		82,440	24,186

Notes:

(a) The Group was granted by its suppliers credit periods ranging from 30 to 120 days (2013: 30 to 120 days). Based on invoice dates, ageing analysis of trade payables was as follows:

	2014 ***HK$'000***	2013 *HK$'000*
0 – 90 days	**12,411**	9,065
91 – 180 days	**3,827**	4,707
181 – 365 days	**1,095**	103
Over 365 days	**94**	74
	17,427	13,949

(b) The balance as at 31 December 2014 includes accrued salaries and allowances payable to certain directors of the Company amounting to HK$368,000 (2013: HK$304,000).

27. BANK AND OTHER BORROWINGS

	2014 HK$'000	2013 HK$'000
Collateralised bank borrowings	**33**	1,966
Trust receipt loans	**13,153**	7,333
Term loans	**10,562**	14,322
Corporate bonds (note)	**21,500**	–
	45,248	23,621
Analysis as:		
Secured	**18,708**	23,621
Unsecured	**26,540**	–
	45,248	23,621
Carrying amount repayable*:		
Within one year	**21,748**	18,100
More than one year, but not exceeding two years	**2,000**	5,521
More than five years	**21,500**	–
	45,248	23,621
Less: Amounts due within one year or contain a repayment on demand clause shown under current liabilities	**(23,748)**	(23,621)
Amounts shown under non-current liabilities	**21,500**	–
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	**3,222**	1,812
Carrying amount of bank borrowings that are repayable more than one year but contain a repayment on demand clause	**2,000**	5,521
	5,222	7,333

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Note: The corporate bonds represent bonds issued by the Company during the year. The bonds are unsecured and have maturity of seven years until 2021 and carry interest at 8% per annum. Transaction costs of approximately HK$2,070,000 are directly deducted from the carrying amount of the corporate bonds and the corporate bonds carry effective interest at 9.1% per annum.

27. BANK AND OTHER BORROWINGS (Continued)

Collateralised bank borrowings and trust receipt loans are interest-bearing at floating rates. The effective interest rate as at the reporting date is 3.14% (2013: 3.2%) per annum.

As at 31 December 2014, other than term loans of HK$5,040,000 (2013: HK$4,913,000) fixed rate borrowings which are due within one year and bear an average interest at 11% (2013: 3.5%) per annum, the remaining term loans bear interests at floating rates ranging from 3.00% to 3.73% (2013: 2.47% to 3.71%) per annum.

As at 31 December 2014, certain of the Group's bank borrowings are secured by a charge over certain of the Group's trade receivables of HK$15,655,000 (2013:HK$5,573,000).

28. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.055 each (1 January and 31 December 2013: HK$0.55 each)		
Authorised share capital		
At 1 January 2013 and 31 December 2013	909,090,909	500,000
Increase in authorised shares	8,190,909,091	4,505,000
Share subdivision (note i)	81,900,000,000	–
At 31 December 2014	91,000,000,000	5,005,000
Issued and fully paid share capital		
At 1 January 2013	174,209,373	95,815
Issue of shares by way of placing (note ii)	34,840,000	19,162
At 31 December 2013	209,049,373	114,977
Issue of shares by way of placing (note iii)	40,018,000	22,010
Issue of shares upon conversion of convertible notes (note iv)	202,391,730	111,315
	451,459,103	248,302
Share subdivision (note i)	4,063,131,927	–
	4,514,591,030	248,302
Issue of shares for acquisition of subsidiaries (note v)	62,288,170	3,426
Issue of shares upon conversion of convertible notes (note iv)	81,726,700	4,495
At 31 December 2014	4,658,605,900	256,223

28. SHARE CAPITAL (Continued)

Notes:

(i) On 9 October 2014, the authorised share capital of the Company was increased from HK$500,000,000 divided into 909,090,909 shares of HK$0.55 each to HK$5,005,000,000 divided into 9,100,000,000 shares by creation of additional 8,190,909,091 shares.

Pursuant to special resolution passed on 8 October 2014, each of the Company's authorised and issued shares of par value HK$0.55 each were subdivided into ten shares of par value of HK$0.055 each ("Share Subdivision"). The Share Subdivision is effective on 15 October 2014, the authorised share capital of the Company was divided into 91,000,000,000 shares of HK$0.055 each and the issued share capital of the Company was divided into 4,514,591,000 of HK$0.055 each. Details of Share Subdivision are disclosed in the circular issued by the Company on 16 September 2014.

(ii) In March 2013, the Company issued, by way of placing, 34,840,000 ordinary shares of HK$0.55 each at HK$0.98 and the net proceeds from such issues amounted to approximately HK$33,356,000. An amount of HK$14,194,000 in excess of par value was credited to share premium during the year ended 31 December 2013.

(iii) In January 2014, the Company issued, by way of placing, 40,018,000 ordinary shares of HK$0.55 each at HK$2.60 and the net proceeds from such issues amounted to approximately HK$101,651,000. An amount of HK$79,641,000 in excess of par value was credited to share premium during the year ended 31 December 2014.

(iv) During the year ended 31 December 2014, a total of 202,391,730 new ordinary shares of the Company of HK$0.55 each and 81,726,700 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the convertible notes of the Company respectively. Details are set out in note 32.

(v) On 12 December 2014 and 17 December 2014, the Company issued 30,611,480 and 31,676,690 new ordinary shares of the Company of HK$0.055 each at HK$0.356 and HK$0.398 per share, respectively, as part of the consideration for the acquisition of subsidiaries. Details are set out in note 34.

All shares issued rank pari passu with the existing shares of the Company in all respects.

29. SHARE OPTION SCHEME

Equity-settled share option schemes

At the special general meeting of the Company held on 26 May 2011, the terms of the share option scheme was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board of Directors (the "Board") may, at its discretion, offer to grant an option to any full-time or part-time employee and Directors of the Company or any of its subsidiaries (collectively the "Grantee").

29. SHARE OPTION SCHEME (Continued)

Equity-settled share option schemes (Continued)

The maximum number of shares in respect of which options may be granted under the share option scheme of the Company must not in aggregate exceed 10% of the total number of shares in issue from time to time. The total number of shares which may fall to be issued upon exercise of the share option granted under the share option scheme to each Grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

Any grant of options to a Director, the chief executive officer or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors. If the Board proposed to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of shares to be issued upon exercise of the option granted and to be granted to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue on the date of grant and having an aggregate value in excess of HK$5 million, based on the closing price of the shares at the date of each grant, such further grant of option will be subjected to the shareholders' approval in general meeting.

The offer of a grant of share options may be accepted within 28 days from the offer date or within such other period of time as may be determined by the Board. Upon acceptance of the option, the Grantee shall pay S$1.00 (or the equivalent Hong Kong dollars) to the Company by way of consideration for the grant.

The subscription price of a share in respect of any option granted under the share option scheme shall be priced by the Board in its absolute discretion shall determine, but must be (i) at least the higher of the closing price of the Company's shares as quoted on the Stock Exchange or that of the SGX-ST (whichever is higher) on the date of grant; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange or SGX-ST for the five consecutive business days immediately preceding the date of grant (whichever is higher) and (iii) the nominal value of a share of the Company.

The period during which an option may be exercised will be determined by the Board in its absolute direction, and option may be exercised in accordance with the terms of the share option scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The shares to be allotted upon the exercise of an option will not carry voting rights until the completion of the registration of the Grantee.

No share option under the share option scheme were granted or exercised during the year ended 31 December 2013.

29. SHARE OPTION SCHEME (Continued)

Equity-settled share option schemes (Continued)

The following table discloses movements of the Company's share options during the year ended 31 December 2014:

Category of grantee	Exercise price per share option HK$ (note i)	Date of grant	Exercisable period	Number of share options as at 1 January 2014	Number of share options granted during the year	Number of share options adjusted during the year (note ii)	Number of share options lapsed during the year	Number of share options as at 31 December 2014
Directors:								
Mr. Cheng Ming Kit	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Hung Tao	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Kwok Shek San	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Ms. Chung Oi Ling	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,490,673	22,416,057	–	24,906,730
Mr. Lim Siang Kai	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	–	2,490,670
Mr. Wee Piew	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	–	2,490,670
Ms. Wong Fei Tai	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	249,067	2,241,603	(2,490,670)	–
				–	10,709,893	96,389,037	(2,490,670)	104,608,260
Employees	0.286	21 July 2014	21 July 2015 to 20 July 2024	–	2,100,000	18,900,000	(7,000,000)	14,000,000
	0.349	1 September 2014	1 September 2015 to 31 August 2018	–	3,239,830	29,158,470	(949,000)	31,449,300
				–	5,339,830	48,058,470	(7,949,000)	45,449,300
Total				–	16,049,723	144,447,507	(10,439,670)	150,057,560
Exercisable at the end of the year								–
Weighted average exercise price				N/A	HK$0.279	N/A	HK$0.292	HK$0.298

Notes:

(i) The exercise prices per share were adjusted upon the Share Subdivision effective on 15 October 2014.

(ii) The number of share options were adjusted upon Share Subdivision effective on 15 October 2014.

The fair value of options determined at 21 July 2014 and 1 September 2014 using the Binominal model appropriately were HK$20,390,000 and HK$3,240,000 respectively.

29. SHARE OPTION SCHEME (Continued)

Equity-settled share option schemes (Continued)

The following assumptions were used to calculate the fair values of share options.

	21 July 2014	1 September 2014
Grant date share price (adjusted for the Share Subdivision)	HK$0.285	HK$0.341
Exercise price (adjusted for the Share Subdivision)	HK$0.286	HK$0.349
Option life	10 years	4 years
Expected volatility	45%	37%
Dividend yield	0%	0%
Risk-free interest rate	1.95%	1.02%

The share options granted during the year ended 31 December 2014 are subject to the vesting period as to 30%, 30% and 40% of the aggregate number of shares underlying the option on the date of the first, second and third anniversary of the date of grant of such options respectively.

The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the year, an amount of share-based payment expenses in respect of its share options of HK$5,966,000 (2013: nil) has been recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment recognised in the Group's share option reserve.

30. OBLIGATIONS UNDER FINANCE LEASES

	2014 **HK$'000**	2013 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**311**	–
Non-current liabilities	**1,182**	–
	1,493	–

30. OBLIGATIONS UNDER FINANCE LEASES (Continued)

It is the Group's policy to lease certain of its motor vehicle under finance leases. The average lease term was five years. Interest rates underlying all obligations under finance leases are fixed at 1.8% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable under finance leases:				
Within one year	**358**	–	**311**	–
In more than one year but not more than two years	**358**	–	**323**	–
In more than two years but not more than five years	**896**	–	**859**	–
	1,612	–	**1,493**	–
Less: Future finance charges	**(119)**	–	**–**	–
Present value of lease obligations	**1,493**	–	**1,493**	–
Less: Amount due for settlement within one year (shown under current liabilities)			**(311)**	–
Amount due for settlement after one year			**1,182**	–

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

31. CONVERTIBLE BONDS

On 17 October 2014, the Company issued HK$50,000,000 8% convertible bonds (the "Convertible Bonds"). The bond holders are entitled to convert the Convertible Bonds into ordinary shares of the Company at any time between the 6 months from the date of issue of the Convertible Bonds and 30 days before their maturity date on 17 October 2017 at a conversion price of HK$3.9 per convertible share, subject to adjustment and resets in accordance with the terms and conditions of the Convertible Bonds. If the Convertible Bonds have not been converted, they will be redeemed on 17 October 2017 at 104% of the principal amount. The conversion price is adjusted to HK$0.394 per share after the Share Subdivision. Both the Company and the bond holders are entitled to early redemption of whole or part of the outstanding principal amount of the Convertible Bonds at 104% of the principal amount at any time between the 6 months from the date of issue and 30 days before their maturity date.

31. CONVERTIBLE BONDS (Continued)

The Convertible Bonds contain liability component and conversion option. The conversion option is not closely related to the liability component and is classified as a derivative because the conversion will not result in the Company issuing a fixed number of shares in settlement of a fixed amount of liability component. Conversion option is measured at fair value with change in fair value recognised in profit or loss.

The movement of the liability component and conversion option and other embedded derivatives of the Convertible Bonds for the year is set out as below:

	Liability component *HK$'000*	Conversion and other embedded derivatives *HK$'000*	Total *HK$'000*
As at 1 January 2014	–	–	–
Issue during the year	38,731	11,269	50,000
Interest charged	696	–	696
Loss arising on change of fair value	–	6,072	6,072
As at 31 December 2014	39,427	17,341	56,768

The methods and assumptions applied for the valuation of the Convertible Bonds are as follows:

(1) Valuation of liability component

At the date of issue, the liability component was recognised at fair value. The fair value of liability component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the average yield of notes with similar credit rating and remaining time to maturity. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The effective interest rate of the liability component of the Convertible Bonds is 17.3%.

(2) Valuation of conversion option

Binomial model is used for valuation of conversion option of the Convertible Bonds. The inputs into the model were as follows:

	17 October 2014	31 December 2014
Stock price (adjusted for Share Subdivision)	HK$0.400	HK$0.435
Exercise price (adjusted for Share Subdivision)	HK$0.394	HK$0.394
Volatility	48%	46%
Option life	36 months	34 months
Risk-free interest rate	0.574%	0.900%

31. CONVERTIBLE BONDS (Continued)

(3) Valuation of issuer and bondholders early redemption options for Convertible Bonds

Binomial model is used for valuation of conversion option of the Convertible Bonds. The inputs into the model were as follows:

	17 October 2014	31 December 2014
Stock price (adjusted for Share Subdivision)	HK$0.400	HK$0.435
Exercise price (adjusted for Share Subdivision)	HK$0.394	HK$0.394
Volatility	48%	46%
Option life	36 months	34 months
Risk-free interest rate	0.574%	0.900%

During the year, HK$6,072,000 was recognised in profit or loss as change in fair value of derivative financial instruments

32. CONVERTIBLE NOTE

As part of the consideration for the acquisition of Cloud Decade as disclosed in note 34, convertible note with principal amount of HK$498,432,000 was issued on 30 July 2014 with conversion price of HK$2.36 subject to adjustment (the "Convertible Note") to the vendor. It entitled the holder to convert it into ordinary shares of the Company at any time between the date of issue of the Convertible Note and its maturity date, which is on the third anniversary of the date of issue of the Convertible Note. If the Convertible Note has not been converted, it will be redeemed on maturity date at the entire principal amount. The conversion price is adjusted to HK$0.236 per share after the Share Subdivision. The Convertible Note bears no interest.

The Convertible Note contains two components, liability and equity components. The equity component is presented in equity heading "convertible note equity reserve". The effective interest rate of the liability component is 15.7% per annum.

The movement of the liability component of the Convertible Note for the year is set out below:

	HK$'000
As at 1 January 2014	–
Issue during the year	319,000
Converted during the year	(318,313)
Interest charged	1,319
As at 31 December 2014	2,006

As at 31 December 2014, the outstanding principal amount of the Convertible Note is HK$1,500,000.

33. DEFERRED TAX LIABILITIES

Deferred tax liabilities in current year represent deferred tax arise from fair value adjustments of intangible assets. Movements in the deferred tax liabilities during the year are as follows:

	2014 *HK$'000*	2013 *HK$'000*
At 1 January	**–**	1,885
Acquisition of subsidiaries (note 34)	**109,860**	–
Recognised in profit or loss (note 9)	**(1,676)**	(1,885)
At 31 December	**108,184**	–

At the reporting date, the Group had deductible temporary differences of HK$17,055,000 (2013: HK$9,679,000). The Group also has tax losses arising in Hong Kong of approximately HK$12,430,000 (2013: HK$5,698,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses due to the uncertainty of future taxable profits against which the tax losses can be utilised. The tax losses arising in Hong Kong are subject to the approval from the Inland Revenue Department of Hong Kong and may be carried forward against future taxable profits. Under the current tax legislation, these tax losses can be carried forward indefinitely.

34. ACQUISITION OF SUBSIDIARIES

Acquisitions in 2014

(a) Acquisitions accounted for business combinations

During the year ended 31 December 2014, the Group acquired the following subsidiaries which are principally engaged in the sales and distribution of natural gas and other related products in the PRC. The primary reason for the below acquisitions was for the expansion of the Group's business and to increase returns to its shareholders.

	Date of acquisition	**Percentage of registered capital acquired**	**Purchase consideration** *HK$'000*
Business combinations:			
Focus On	March 2014	60%	55,000
Cloud Decade	July 2014	100%	607,000

The acquisition-related costs of HK$6,145,000 were recognised as expenses in the current year, within other operating expenses.

34. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisitions in 2014 (Continued)

(a) Acquisitions accounted for business combinations (Continued)

Details of provisional fair value of net identifiable assets acquired and provisional goodwill are as follows:

	Focus On *HK$'000*	Cloud Decade *HK$'000*	Total *HK$'000*
Fair value of the purchase consideration:			
– settled by cash	55,000	17,000	72,000
– settled by issue of Convertible Note (note 32)	–	590,000	590,000
Total consideration	55,000	607,000	662,000
Non-controlling interests	18,727	42,968	61,695
Acquiree's provisional fair value of net identifiable assets acquired (see below)	(24,546)	(381,606)	(406,152)
Provisional goodwill	49,181	268,362	317,543

The non-controlling interests recognised at the acquisition dates were measured by reference to the proportionate share of provisional fair values of the acquirees' net assets at the acquisition dates and amounted to HK$61,695,000.

The net identifiable assets acquired in the transactions are as follows:

Acquirees' provisional fair values at acquisition dates:

	Focus On *HK$'000*	Cloud Decade *HK$'000*	Total *HK$'000*
Net assets acquired:			
Intangible assets	–	439,565	439,565
Property, plant and equipment	24,551	77,140	101,691
Prepaid lease payments	–	11,303	11,303
Inventories	–	712	712
Other receivables	7,570	13,986	21,556
Cash and bank balances	108	542	650
Other payables and accrued charges	(7,683)	(51,782)	(59,465)
Deferred taxation	–	(109,860)	(109,860)
	24,546	381,606	406,152

34. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisitions in 2014 (Continued)

(a) Acquisitions accounted for business combinations (Continued)

The fair values of the assets and liabilities acquired and goodwill have been determined on a provisional basis, awaiting the completion of the identification of separable intangible assets and valuation of the identifiable assets and liabilities.

Net cash outflow arising on acquisitions:

	Focus On	**Cloud Decade**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Purchase cash consideration	55,000	17,000	72,000
Bank balances and cash acquired	(108)	(542)	(650)
Deposits paid for acquisition of subsidiaries	(12,000)	–	(12,000)
	42,892	16,458	59,350

Goodwill arose from the above acquisitions because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the business.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

During the year, acquired subsidiaries contributed HK$54,457,000 to the Group's turnover and incurred loss of HK$9,592,000 for the period between the respective dates of acquisition and the end of the reporting period.

Had the above acquisitions been effected at the beginning of the reporting period, the total amount of revenue of the Group for the year ended 31 December 2014 would have been approximately HK$200,430,000 and the amount of the loss for the year would have been approximately HK$79,344,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

34. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisitions in 2014 (Continued)

(b) Acquisition of assets through acquisition of subsidiaries

During the year ended 31 December 2014, the Group acquired the following subsidiaries which are holdings operating rights for the sales and distribution of natural gas and other related products in the PRC. The Directors of the Company are of the opinion that the subsidiary acquired does not constitute a business as defined in IFRS 3, therefore, the acquisitions have been accounted for as acquisitions of assets rather than business combination. The primary reason for the below acquisitions was for the expansion of the Group's business and to increase returns to its shareholders.

	Date of acquisition	Percentage of registered capital acquired	Purchase consideration
			HK$'000
Smart Union	January 2014	100%	3,500
Fan Dream	November 2014	100%	7,560
My Palace	December 2014	86%	21,736
Brightjet	December 2014	55%	12,600

34. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisitions in 2014 (Continued)

(b) Acquisition of assets through acquisition of subsidiaries (Continued)

Details of fair value of net identifiable assets acquired and purchase consideration are as follows:

	Smart Union	Fan Dream	My Palace	Brightjet	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fair value of net assets acquired:					
Intangible assets	3,500	10,241	14,987	13,438	42,166
Property, plant and equipment	–	–	5,907	354	6,261
Inventories	–	297	95	–	392
Trade and other receivables	–	3,081	8,467	575	12,123
Cash and bank balances	–	1,894	2,267	1,152	5,313
Trade and other payables and accrued charges	–	(3,440)	(6,265)	(4,849)	(14,554)
Borrowing	–	(6,300)	–	–	(6,300)
Non-controlling interests	–	1,787	(3,722)	1,930	(5)
	3,500	7,560	21,736	12,600	45,396
Fair value of the purchase consideration:					
– settled by cash	3,500	7,560	10,868	–	21,928
– settled by issue of shares of the Company (note)	–	–	10,868	12,600	23,468
Total consideration	3,500	7,560	21,736	12,600	45,396

Note: The fair value of the consideration settled by issue of shares of the Company was determined by the market price of the Company's at the respective acquisition dates.

Net cash outflow (inflow) arising on acquisitions:

	Smart Union	Fan Dream	My Palace	Brightjet	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Purchase cash consideration	3,500	7,560	10,868	–	21,928
Bank balances and cash acquired	–	(1,894)	(2,267)	(1,152)	(5,313)
	3,500	5,666	8,601	(1,152)	16,615

35. COMMITMENTS

Capital commitments

At the reporting date, commitments in respect of capital expenditure are as follows:

	2014 HK$'000	2013 HK$'000
Contracted but not provided:		
– property, plant and equipment	**80,853**	1,960
– acquisition of subsidiaries	**363,984**	47,000
	444,837	48,960

Operating lease commitments as lessee

At the reporting date, the total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**1,877**	256
In the second to fifth year inclusive	**409**	–
	2,286	256

The Group leases its office premises under an operating lease. The lease runs for an initial period of two years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and the landlord. The lease does not include contingent rentals.

Operating lease commitments as lessor

At the reporting date, the total future minimum lease receipts in respect of land and buildings under non-cancellable operating leases are as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**1,314**	1,269
In the second to fifth year inclusive	**1,690**	3,062
	3,004	4,331

The Group leases its investment properties (note 17) under operating leases. The leases run for an initial period of 5 years and require the tenants to pay security deposits. The leases do not include contingent rentals.

36. RETIREMENT BENEFITS PLANS

The Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Hong Kong Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK$1,500 per person, which increased from HK$1,250 to HK$1,500 per person since 1 June 2014.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at rates ranging from 15% to 30% of their covered payroll. The Group has no other material obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

37. RELATED PARTY TRANSACTIONS

In addition to the transactions or information disclosed elsewhere in these financial statements, the Group entered into the following material transactions with related parties:

	2014 ***HK$'000***	2013 *HK$'000*
Key management personnel remuneration		
Short-term employee benefits	**6,682**	6,527
Post-employment benefits	**145**	128
Share based payments	**4,356**	–
	11,183	6,655

Operator agreement entered into with a non-controlling shareholder of a subsidiary

Upon completion of the acquisition of Focus On and prior to obtaining the approval for the extended business scope and other relevant approvals in respect of the operation of the sales and distribution of natural gas ("Gas Business") by 德州華鑫天然氣有限公司 ("德州華鑫"), a non-wholly owned subsidiary of Focus On, Shandong Yu Cheng Huayi Natural Gas Development Company Limited ("Huayi"), being the non-controlling shareholder of 德州華鑫, which has a business scope involving processing, storage and sales of CNG and LNG, would operate and manage the Gas Business on behalf of 德州華鑫 at nil consideration under the operator agreement entered into between 德州華鑫 and Huayi ("Operator Agreement"). All profits generated from the Gas Business as operated and managed by Huayi during the term of the Operator Agreement would belong to 德州華鑫 under the Operator Agreement. 德州華鑫 will terminate the Operator Agreement once it has obtained all relevant approvals and is ready to engage in the Gas Business.

38. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2014, as part of the consideration for the acquisition of subsidiaries, convertible note with fair value amounted to HK$590,000,000 was issued.

(ii) During the year ended 31 December 2014, as part of the consideration for the acquisition of subsidiaries, 62,288,170 ordinary shares with aggregate fair values amounted to HK$23,468,000 were issued.

(iii) During the year ended 31 December 2014, part of the issued convertible note with aggregate principal amounts of approximately HK$496,932,000 have been converted into 2,105,644,000 (after the Share Subdivision) ordinary shares of the Company.

(iv) During the year, the Group entered into finance lease arrangement in respect of motor vehicle with a total capital value at the inception of the lease of approximately HK$1,493,000 (2013: nil).

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

As at 31 December 2014 and 2013

Name of subsidiary	Place/country of incorporation/ registration/operation	Form of business structure	Paid up issued share capital/ registered capital	Proportion of issued capital/ registered capital held indirectly by the Company		Principal activities
				2014 %	2013 %	
Power Printing Products Ltd.	Hong Kong	Incorporated	3,000,000 ordinary shares of HK$1 each	**100**	100	Sales of books and specialised products
Carta & Cuoio Co., Ltd.	Hong Kong	Incorporated	30,000 ordinary shares of HK$1 each	**100**	100	Sales of books and specialised products
Power Printing (He Yuan) Co., Ltd.	PRC	Wholly-foreign owned enterprise	Registered capital US$22,800,000	**100**	100	Sales of books and specialised products
Smart Union	Hong Kong	Incorporated	1 ordinary shares of HK$1 each	**100**	–	Investment holding
Brightjet	British Virgin Islands ("BVI")/Hong Kong	Incorporated	55 ordinary shares of US$1 each	**55**	–	Investment holding
Fan Dream	BVI/ Hong Kong	Incorporated	100 ordinary shares of US$1 each	**100**	–	Investment holding

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

As at 31 December 2014 and 2013 (Continued)

Name of subsidiary	Place/country of incorporation/ registration/operation	Form of business structure	Paid up issued share capital/ registered capital	Proportion of issued capital/ registered capital held indirectly by the Company 2014 %	2013 %	Principal activities
My Palace	BVI/ Hong Kong	Incorporated	55 ordinary shares of US$1 each	**85.94**	–	Investment holding
Focus On	BVI/ Hong Kong	Incorporated	60 ordinary shares of US$1 each	**60**	–	Investment holding
Cloud Decade	BVI/ Hong Kong	Incorporated	100 ordinary shares of US$1 each	**100**	–	Investment holding
Waypost	BVI/ Hong Kong	Incorporated	100 ordinary shares of US$1 each	**60**	–	Investment holding
德州華鑫 (Dezhou Huaxin Natural Gas Company Limited)	PRC	Sino-foreign owned enterprise	Registered capital US$5,705,000	**60**	–	Sales and distribution of natural gas and other related products
黃崗市環孚天然氣有限公司 (Huanggang City Central Corfu Natural Gas Company Ltd.)	PRC	Sino-foreign owned enterprise	Registered capital RMB50,000,000	**55**	–	Sales and distribution of natural gas and other related products
本溪遼油新時代燃氣有限公司 (Benxi Liaoyou Xinshidai Ronqi Company Limited)	PRC	Sino-foreign owned enterprise	Registered capital RMB90,000,000	**90**	–	Sales and distribution of natural gas and other related products
濟南勝樂福舟能源科技有限公司 (Jinan Shenglie Fuzhou Co., Ltd.)	PRC	Sino-foreign owned enterprise	Registered capital RMB10,000,000	**60**	–	Sales and distribution of natural gas and other related products
四川富瑞德能源開發有限公司 (Sichuan Rich Red Energy Development Co., Ltd.)	PRC	Sino-foreign owned enterprise	Registered capital RMB8,000,000	**75**	–	Sales and distribution of natural gas and other related products

The above list includes the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the Group for the year or form a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which include bank and other borrowings, amount due to non-controlling shareholders of a subsidiary, amount due to a director, obligation under finance leases, convertible notes and convertible bonds and equity attributable to owners of the Company, comprising issued share capital, reserves and set off with accumulated losses.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of cash dividends, new share issues, as well as the issue of new debts or the redemption of existing debts.

(a) Categories of financial instruments

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and financial liabilities:

	2014	2013
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**102,365**	72,545
Financial assets of FVTPL	**3,256**	–
Financial liabilities		
Amortised cost	**188,939**	47,473
Embedded derivative	**17,341**	–

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amounts due from non-controlling shareholders of subsidiaries, amounts due from related parties, convertible loan to an associate, cash and bank balances, trade and other payables, bank and other borrowings, amount due to non-controlling shareholders of a subsidiary, amount due to directors, convertible note, convertible bonds and embedded derivatives. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities excluding intra-group balances at the reporting date are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States Dollars ("US$")	**34,913**	6,987	**513**	64
Australian Dollars	**3,256**	–	**–**	–

Sensitivity analysis

The directors considered that, as HK$ is pegged to US$, the subsidiaries with HK$ as functional currency are not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ and hence only consider the sensitivity of the change in foreign exchange rate of HK$ against currencies other than US$. 5% is the sensitivity rate used by directors in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below demonstrated the effect of the foreign exchange differences by 5% change in exchange rate of the functional currencies against the relevant foreign currencies of the Company and respective subsidiaries, other than US$, assuming all other variables were held constant. A positive number below indicates a decrease in post-tax loss where the functional currencies weaken 5% against the relevant foreign currencies of the Company and respective subsidiaries, other than US$. For a 5% strengthening of the functional currencies of the Company and respective subsidiaries, there would be an equal and opposite impact on the loss for the year.

	2014	2013
	HK$'000	*HK$'000*
Decrease in loss for the year	**163**	–

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank and other borrowings, obligations under finance leases, convertible notes and convertible bonds. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk, whereas bank and other borrowings, obligations under finance leases and convertible bonds bearing fixed rates expose the Group to fair value interest rate risk. The exposure to interest rates for the Group's bank deposits is considered immaterial.

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

At 31 December 2014, it is estimated that a general increase of 50 basis points (2013: 50 basis points) in interest rates, with all other variables held constant, would increase the Group's loss after income tax by approximately HK$78,000 (2013: HK$78,000). A general decrease of 50 basis points would have had the equal but opposite effect to the amounts shown above. The assumed changes in interest rates are considered to be reasonably possible change on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis included in the financial statements for the year ended 31 December 2013 has been prepared on the same basis.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

The Company does not have significant exposure to interest rate risk as at the reporting date.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Price risk on embedded conversion option

The Group is required to estimate the fair value of the conversion option embedded in the convertible bonds at the end of the reporting period with changes in fair value to be recognised in the profit or loss as long as the convertible bonds are outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in market interest rate, the Company's share market price and share price volatility.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to the Company's share price risk at the reporting date only. If the Company's share price at the reporting date had been 10% higher/lower and assuming all other variables were held constant, the impact to the Group's post-tax loss for the year (as a result of changes in fair value of conversion and other embedded derivatives of convertible bonds) would be:

	2014 ***HK$'000***	2013 *HK$'000*
10% higher in Company's share price		
Increase in post-tax loss for the year	**6,183**	–
10% lower in Company's share price		
Decrease in post-tax loss for the year	**3,502**	–

In the opinion of the directors of the Company, the sensitivity analysis above is unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the loan receivable with embedded derivation involves multiple variables and certain variables are interdependent.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's maximum exposure to credit risk mainly arises from carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position as at the end of the reporting period. Further details of the Group's exposure to credit risk on trade and other receivables from the customers in the ordinary course of operations are set out in note 23.

The credit risk for liquid funds is considered negligible as the counterparties are reputable banks with high quality external credit ratings.

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. Credit evaluations are performed on customers requiring a credit over a certain amount including assessing the customer's creditworthiness and financial standing.

The general credit terms allowed range from 30 to 120 days. As at the reporting date, the Group does not hold any collateral from its customers but has a certain degree of concentration in credit risk in trade receivables, amounts due from related parties and non-controlling shareholders of subsidiaries. The debts due from the Group's largest debtor and the five largest debtors within the sales of book product and specialised product segment, which are based in the PRC (including Hong Kong) represent 16% (2013: 14%) and 65% (2013: 48%) of total trade receivables as at 31 December 2014 respectively.

The credit risk for bank balance is considered as not material as such amounts are placed in banks with high credit rating assigned by international credit-rating agencies or state-owned.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by cash or other financial assets.

As at 31 December 2014, the Group has net current liabilities of HK$61,151,000. The management of the Group is satisfied that the Group has sufficient financial resources to meet its financial obligations as they full due through monitoring internally generated funds, raising new funds through placing of shares or issue of long-term corporate bonds and maintaining sufficient banking facilities. Subsequent to the end of the reporting period, the Group has obtained new funds of HK$65,000,000 and HK$55,000,000 through placing of shares of the Company and issue of corporate bonds, respectively.

The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains an appropriate level of liquid assets and committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2013 and 2014. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date which the Group can be required to pay. Bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choose to exercise their rights within one year after the reporting date.

The maturity analysis for the financial liabilities is prepared based on the scheduled repayment dates.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities. The amounts for variable interest rate instrument are subject to change if changes in variable interest rates different from those of estimates determined at the end of the reporting period.

	Weighted average interest rate %	**On demand or within 1 year** *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Total undiscounted cash flow** *HK$'000*	**Carrying amount at 31 December 2014** *HK$'000*
At 31 December 2014						
Trade and other payables	–	80,743	–	–	80,743	80,743
Short-term bank borrowings	3.9	24,286	–	–	24,286	23,748
Convertible bonds*	8.0	4,000	4,000	54,000	62,000	39,427
Convertible notes	–	–	–	1,500	1,500	2,006
Amount due to non-controlling shareholders of a subsidiary	–	14,706	–	–	14,706	14,706
Obligation under finance leases	1.8	358	358	896	1,612	1,493
Amount due to directors	–	6,809	–	–	6,809	6,809
Long-term borrowings	8.0	3,131	3,253	24,678	31,062	21,500
		134,033	7,611	81,074	222,718	190,432

	Weighted average interest rate %	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount at 31 December 2013 HK$'000
At 31 December 2013						
Trade and other payables	–	23,852	–	–	23,852	23,852
Short-term bank borrowings	3.2	24,377	–	–	24,377	23,621
		48,229	–	–	48,229	47,473

* The contractual maturity analysis on the convertible bonds are prepared with the assumption that the early redemption options are not exercised by either the bond holders or the Company.

40. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of option-based derivative instruments (embedded derivative as included in convertible bonds), is estimated using option pricing model; and

- the fair value of other financial assets and financial liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2014			
	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Embedded conversion and other options of convertible bonds	–	–	17,341	17,341

There were no transfer between Level 1 and 2 in the current year. As at 31 December 2013, there were no financial instruments that were measured subsequent to initial recognition at fair value.

41. SUBSEQUENT EVENTS

(i) On 7 October 2014, a wholly owned subsidiary of the Company entered into a conditional subscription agreement and a conditional sale and purchase agreement with Shine Great Investments Limited ("Shine Great") and Total Belief Limited respectively, both are wholly owned subsidiaries of New Times Energy Corporation Limited, pursuant to which the Group agreed to (1) subscribe for approximately 14.54% of the issued share capital of Shine Great as enlarged by the subscription shares ("Enlarged Share Capital") for cash consideration of RMB30,000,000 (equivalent to approximately HK$37,800,000) (the "Subscription"); and (2) acquire an aggregate of 8,546,210 Shine Great Shares, representing approximately 85.46% of the Enlarged Share Capital, which comprises of (i) 3,646,210 Shine Great Shares, representing 36.46% of the Enlarged Share Capital ("Transaction I"); and (ii) 4,900,000 Shine Great Shares, representing 49% of the Enlarged Share Capital ("Transaction II") for an aggregate consideration of HK$230,045,259 which is to be satisfied by (a) cash of HK$17,000,000 and by (b) issuing convertible bonds in the principal amount of up to HK$213,045,259. Shine Great and its subsidiaries principally engaged in sales and distribution of natural gas and other related products. Details are set out in the circular dated 2 January 2015. The Subscription and Transaction I are completed on 24 February 2015. The management of the Group is in the process of preparing the initial accounting for this business combination.

(ii) On 3 November 2014, a wholly owned subsidiary of the Company entered into a conditional acquisition agreement with an independent vendor, pursuant to which the Group shall acquire the entire equity interests in Well Organising Group Limited and its subsidiaries (the "Target Group") and upon completion of the reorganisation as set out in the circular dated 23 December 2014, the Target Group will hold 48% equity interests in the Haikou Xinyuan Natural Gas Technology Co., Ltd.. The total consideration is amounted to HK$165,000,000 to be satisfied by (a) cash of HK$22,000,000 and by (b) issuing convertible bonds in the principal amount up to HK$143,000,000. The Target Group principally engaged in sales and distribution of natural gas and other related products. The transaction was completed on 28 January 2015. The management of the Group is in the process preparing the initial accounting for this business combination.

(iii) On 13 March 2015, the Company entered into a placing agreement with a placing agent issue up to 162,500,000 ordinary shares of HK$0.055 each at HK$0.40. The transaction was completed on 27 March 2015.

(iv) Subsequent to the end of reporting period, the Company has entered into separate agreements with independent third parties in respect of the issue of the corporate bonds by the Company amounted to HK$55,000,000 in aggregate.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	201,677	257,859	191,874	154,475	**200,430**
Profit (loss) before income tax	24,742	4,602	(13,794)	(60,489)	**(70,480)**
Income tax credit (charge)	(2,730)	(3,460)	(940)	1,920	**457**
Loss for the year	22,012	1,142	(14,734)	(58,569)	**(70,023)**
Attributable to:					
Owners of the Company	22,012	1,142	(14,734)	(58,569)	**(70,763)**
Non-controlling interests	–	–	–	–	**740**
	22,012	1,142	(14,734)	(58,569)	**(70,023)**
Earnings (loss) per share (note)	(restated)	(restated)	(restated)	(restated)	
Basic and diluted (in HK cents)	1.80	0.08	(0.88)	(2.91)	**(2.21)**

ASSETS AND LIABILITIES

	At 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	246,022	319,485	279,377	241,711	**1,238,010**
Total liabilities	(75,378)	(109,269)	(62,026)	(47,807)	**(317,654)**
	170,644	210,216	217,351	193,904	**920,356**
Equity attributable to owners of the Company	170,644	210,216	217,351	193,904	**851,220**
Non-controlling interests	–	–	–	–	**69,136**
	170,644	210,216	217,351	193,904	**920,356**

Note: The earnings (loss) per share for each of the years ended 31 December 2010, 2011, 2012 and 2013 have been restated to account for the effect of Share Subdivision during the year ended 31 December 2014.

PARTICULARS OF PROPERTIES

	Use	Unexpired lease term
Leasehold property held for investment Workshop C First Floor and 1,000 sq. metres of second Floor of Workshop D 2,300 sq. metres of Warehouse B Industrial Complex situated in Gaopu Technology Industrial Park Heyuan High Technology Development Zone Heyuan Guangdong Province The People's Republic of China	Industrial	Medium (42 years)