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

(Incorporated in Bermuda with limited liability)

Annual Report 2015

Hong Kong Stock Code: 6828
Singapore Stock Code: UQ7

www.blueskypower.holdings

CONTENTS

CORPORATE PROFILE

NATURAL GAS BUSINESS

The Group is an integrated natural gas provider and distributor, which focuses on gas sourcing and the downstream natural gas end-user distribution business. We deliver reliable and affordable clean energy across China through innovative and diversified approaches. Our natural gas business encompasses (i) construction and operation of compressed natural gas ("CNG") and liquefied natural gas ("LNG") refueling stations for vehicles; (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities; and (iii) distribution and trading of CNG and LNG.

With the support of favourable government policies and the "One Belt One Road" initiative, we will fully take the advantages to further expand downstream distribution business as well as to comprehensively involve in the entire industry value chain.

PRINTING BUSINESS

We are a leading books and 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. Riding on the escalating demand for natural gas in the PRC for industrial, transportation and residential uses, the Group will continue to benefit from the development of the natural gas segment. Therefore, after review of the principal business operations of the Group, the Board has resolved to gradually fade out and discontinue the Printing Business, in order to consolidate its resources and focus on the Natural Gas Business, which is of expected high growth potentials.

STATEMENT FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors of Blue Sky Power Holdings Limited ("Blue Sky Power" or "the Company", together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2015.

In 2015, the fluctuations in global energy market and economic slowdown in China affected the growth of natural gas demand and the development of the gas industry. Nevertheless, since the energy and environmental issues has become more prominent, the Chinese government has attached higher importance to energy saving and environmental protection. More policies that encourage the use of clean energy and continuous optimisation of energy structure were promulgated during the year, creating more opportunities for the industry. These policies include the natural gas pricing reform mentioned as part of the 13th Five-Year Plan and the further identification of the objectives of China's energy development by 2020. The National Development and Reform Commission ("NDRC") adjusted the pricing of natural gas twice over the past year, which will help stimulate demand growth and facilitate a greater penetration and usage of natural gas.

2015 was an important year for Blue Sky Power. We focus on gas sourcing and the downstream natural gas end-user distribution business. With our innovative approach to gas sourcing and end-user distribution, we have further grown our natural gas business, delivering accessible and affordable clean energy solutions to consumers in the PRC.

The Group also continued its business of printing books and manufacturing specialised products during the year. The Board has resolved to gradually fade out and discontinue the printing business, in order to streamline the Group's business operations and to consolidate its resources for focusing on the natural gas business, which is of expected high growth potentials.

RESULTS

Thanks to the concerted effort of its employees and the supports from its business partners and strategic partners, the Group continued to maintain a substantial growth during the year in face of both opportunities and challenges. The revenue increased by 6.3% to HK$213.1 million over last year. We successfully turned profit-making, with profit attributable to owners of the Company amounted to HK$17.2 million for the year ended 31 December 2015, as compared to a loss of HK$70.8 million last year.

During the year, the Group's natural gas segment grew rapidly and achieved profit turnaround as well, which turned from a segment loss of HK$9.0 million in 2014 to a segment profit of HK$102.70 million in 2015, while the segment revenue increased by 85% to HK$105.8 million.

Besides expanding its natural gas business through acquisitions, the Group has also successfully become strategic partners with renowned international financial and industry investors, including Templeton Strategic Emerging Markets Fund IV, LDC ("Templeton Emerging Market Fund"), Haitong International Securities Group Limited ("Haitong International Securities") and Beijing Gas Group Co., Ltd. ("Beijing Gas"). Their backing has not only reassured our potential and value proposition, but also provides us with the financial strength.

STATEMENT FROM THE CHAIRMAN

PROSPECTS

There are expected uncertainties in the global energy market, international political and economic environment in 2016, bringing more challenges and integrations across the industry. With building a sustainable environment as the Group's mission, we will seize any opportunities that arise and act in concert with the State's energy transformation. Blue Sky Power will continue to strengthen our supply chain of natural gas while expanding our reach to a wider customer base across more provinces in China.

Following the partnerships, we have broadened our shareholder base and built solid capital foundation. The financial strength that we currently possess enables us to be well prepared for further business expansion and any potential opportunities. The Group will spare no effort to continue to explore opportunities for potential cooperation with our strategic industry partners (such as Beijing Gas), which can improve the market share and financial return of the Group.

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
23 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

NATURAL GAS INDUSTRY IN THE PRC

The PRC government has pledged to drive the use of clean energy and launched favorable measures to push forward market-oriented reform within the natural gas industry. According to the 13th Five-Year Plan, China will accelerate reforms and improve competition in monopolized sectors, including the natural gas industry. China will improve macro-control, reduce market intervention, as well as liberalize pricing mechanisms in the competitive goods and service sectors to ensure fair competition.

As part of the natural gas pricing reform, the NDRC adjusted the pricing of natural gas twice over the past year. In the beginning of 2015, the NDRC announced that prices for "base" volumes of gas and "incremental" volumes were officially unified and established a comprehensive tier-price system for residential-use gas. In November 2015, the NDRC announced its latest natural gas pricing reform with two core focuses: firstly to lower the non-residential city-gate price by RMB0.7 per cubic meter, and secondly to improve the marketization of non-residential gas price. This implies that the government is further lifting price controls to increase flexibility of pricing, giving both suppliers and distributors more autonomy during price negotiations. These measures are beneficial to the downstream natural gas enterprises. The pricing reform is also conducive to stimulating the market and facilitating fair competition. The reduction in gas pricing helps promote the use of natural gas, and facilitates structural energy reform and environmental protection.

With cities shrouded in heavy smog, air pollution in China is serious. The PRC government has adopted measures in energy conservation and emission reduction, and pushed forward with "coal-to-gas" to fight smog. During the year, Beijing issued its first-ever pollution red alert. It is expected that the increasing demand from air pollution control, substantial reduction in gas price, as well as marketization and other policies will drive more potential users to start using or reselecting natural gas, which is beneficial to the future development of the Group's natural gas business in the PRC.

BUSINESS REVIEW

Natural gas business of the Company

In 2015, the Group continued to actively expand its natural gas business. Apart from engaging in the downstream distribution business, the Group has also been comprehensively involved in the entire industry value chain. From innovative approaches to gas sourcing such as importing cheaper LNG from overseas and investment in LNG receiving terminals, the logistics business of natural gas, to the end-user distribution business, the Group has been delivering accessible and affordable clean energy solutions to consumers in the PRC along the industry value chain.

The Group takes advantage of the "One Belt One Road" initiative to provide affordable and reliable energy to areas in China that most need it. Our projects are strategically positioned in regions with substantial growth potential, including North Eastern region, Eastern region, South Western region, Hainan Province, and areas along the Yangtze River.

MANAGEMENT DISCUSSION AND ANALYSIS

2015 was an important year for the Company, achieving profitability in our natural gas segment. Through the acquisitions and partnerships, the Group has grown the industry value chain, both in reach and scope of services. In 2015, during the year, the Group was active in expansions of its natural gas business through acquisitions and has completed the following:

(1) the acquisition of 48% interest in a natural gas project in Hainan Province (the "Hainan Project") in January 2015, which owns 17 natural gas refueling stations in Hainan Province and is the largest operator of natural gas refueling stations for vehicles in Haikou in terms of the number of gas stations; and

(2) the acquisition of 51% interest in a natural gas project in Guizhou Province (the "Guizhou Project") in February 2015, which consisted of a number of piped gas and gas station projects as well as two operational gas refueling stations; and

(3) the acquisition of 100% interest in natural gas projects in Tai'an City and Tengzhou City, Shandong Province (the "Shangdong Tai'an and Tengzhou Project") in September 2015, which consisted of the transportation of CNG and LNG (owns 41 vehicles for CNG and/or LNG transportation), wholesale of CNG and LNG, and the operation of a L-CNG refueling station; and

(4) the acquisition of 100% interest in a natural gas project in Chiping County, Shandong Province (the "Shangdong Chiping Project") in October 2015, which operates a CNG refueling station for vehicles in Chiping County; and

(5) the acquisition of 100% interest in Smart Rainbow Investments Limited (the "Hainan Receiving Terminal Project") in October 2015, which is engaged in LNG trading business and investment in a LNG receiving terminal in Haikou City, Hainan Province.

Following the completion of these acquisitions, the Group further enhanced its foothold in natural gas business and expanded its geographic coverage rapidly, in order to optimize our industry value chain.

The scale of operations for the Group's projects ramped up gradually during the year ended 31 December 2015, with its current business presence covering seven provinces in the PRC. During the year ended 31 December 2015, the Group recorded a total revenue of approximately HK$105.8 million from the natural gas business, up 85% compared to 2014, contributing approximately 50% of the Group's total revenue. Liaoning Province, Shandong Province, Sichuan Province and Guizhou Province contributed to the revenue from the natural gas business. The Group recorded a profit turnaround for the natural gas business during the year, which turned from a segment loss in 2014 of HK$9.0 million to a segment profit of HK$102.7 million in 2015.

In 2015, the Group recorded a total gas sales volume of approximately 17.8 million cubic meter, mainly attributable to gas sales in Liaoning Province, Shandong Province and Guizhou Province. In addition, total gas sales volume from the associate of the Group, Hainan Xinyuan Group, amounted to 19.35 million cubic meter for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

As the Group is newly transformed into the natural gas business since end of 2013, certain natural gas projects acquired are consolidated to the Group only during the year of 2015. Revenue and profits from the natural gas business are yet to be reflected on the results for the year ended 31 December 2015. 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.

The Company is in the process of completing the acquisition of Fox Smart Ltd, in which it will indirectly hold the equity interest in Hainan Zhongyou Jiarun. Total gas sales from its business of Hainan Zhongyou Jiarun in Hainan Province and Anhui Province amounted to 13.96 million cubic meter in 2015.

Printing Business of the Company

Facing intense competition in the printing market, the performance of the Group's printing segment was adversely impacted, with both the revenue and gross profit margin declining. The printing business incurred a segment profit of HK$2.7 million for the year ended 31 December 2015.

Riding on the escalating demand for natural gas in the PRC for industrial, transportation and residential uses, the Group will continue to benefit from the development of the natural gas segment. Therefore, after review of the principal business operations of the Group, the Board has resolved to gradually fade out and discontinue the Printing Business, in order to consolidate its resources and focus on the Natural Gas Business, which is of expected high growth potentials.

It is expected that the fading out of the printing business can streamline the Group's business operations without any material adverse impact on the Group for the foreseeable future.

FINANCIAL REVIEW

The Company strengthened its financial position by successfully invited renowned international financial and industry investors to participate in the shares and convertible issuances. The Group issued convertible bonds to our strategic partners, Templeton Emerging Market Fund and Haitong International Securities. As of 31 December 2015, the principal amount of convertible bonds held by Templeton Emerging Market Fund and Haitong International Securities was HK$131.0 million and HK$200.0 million, respectively. On 5 January 2016, the Group also entered into an agreement with Beijing Gas, a wholly-owned subsidiary of Beijing Enterprises Holding Limited ("BEHL"), pursuant to which Beijing Gas will subscribe to 2,155,555,555 subscription shares of the Group at HK$0.45 per share with investment amount of HK$970.0 million and also convertible bonds with total principal amount of HK$350.0 million, and will inject a natural gas distribution project in Guangxi into the Group. Immediately after the issue and allotment of subscription shares and consideration shares, Beijing Gas will hold approximately 29% of the shares of the Group and become the single largest shareholder of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue increased by 6.3% from HK$200.4 million for the year ended 31 December 2014 to HK$213.1 million for the year ended 31 December 2015 which was mainly due to the expansion of natural gas business and recorded an increase of revenue from natural gas business by HK$48.7 million for the year ended 31 December 2015; and offset by the decrease in revenue of the printing business by HK$36.0 million due to the increased competition in the market and the slow-down of the printing business by the Group.

Gross Profit Margin and Segment Profit

The gross profit decreased from HK$24.8 million for the year ended 31 December 2014 to HK$2.7 million for the year ended 31 December 2015 and the gross profit margin decreased from 12.4% in 2014 to 1.3% in 2015, which was mainly due to the following: (i) the amortisation expense of intangible assets of natural gas business increased by HK$14.0 million in 2015; and (ii) the decreasing gross profit and gross profit margin of the printing business, due to lower unit selling price amid the intense competition of the printing market.

The natural gas business of the Group recorded a segment profit of HK$102.7 million for the year ended 31 December 2015, from a segment loss of HK$9.0 million for the year ended 31 December 2014, mainly due to the gain recognised on disposal of subsidiaries of HK$135.2 million in 2015. On the other hand, the printing business of the Group recorded a segment profit of HK$2.7 million for the year ended 31 December 2015, as compared to a segment profit of HK$15.8 million for the year ended 31 December 2014, due to the intense competition of the printing market during the year.

Other Gains and Losses and Other Income

Other gains and losses amounted to a gain of HK$9.4 million in 2015, which turned from losses of HK$6.7 million for the year ended 31 December 2014, which was mainly due to (i) the gain from the fair value change of embedded derivatives of HK$6.2 million in 2015 as compared with the loss of HK$6.1 million in 2014; and (ii) the net gains on disposals of property, plant and equipment of HK$2.7 million in 2015.

Gain recognised on disposal of subsidiaries

Gain recognised on disposal of subsidiaries of HK$135.2 million comprised the following:

(i) the gain of HK$63.2 million arising from disposal of 15% equity interest in Brightjet Global Limited at a consideration of HK$12.0 million to an independent third party and loss of control on Brightjet Global Limited as a result of a joint venture agreement entered into between the Company and two independent parties; and

(ii) the gain of HK$72.0 million arising from disposal of 26.56% equity interest in My Palace Trading Limited at a consideration of HK$22.0 million to an independent third party and loss of control on My Palace Trading Limited as a result of a joint venture agreement entered into between the Company and two independent parties.

Operating Expenses

(a) Selling and Distribution Costs

Selling and distribution costs was increased by 29.0% from HK$6.2 million for the year ended 31 December 2014 to HK$8.0 million for the year ended 31 December 2015. This was mainly due to the increase of HK$2.2 million in transportation and freight charges.

(b) Administrative expenses

The administrative expenses increased by 60.6% from HK$64.2 million for the year ended 31 December 2014 to HK$103.1 million for the year ended 31 December 2015. It was mainly due to the increase in the following expenses during 2015 (i) the employee benefit expenses by HK$24.7 million, including the increase in share-based payment of HK$2.1 million, (ii) rent and rates by HK$3.3 million, (iii) depreciation and amortisation by HK$2.6 million, (iv) consultancy fee and secretarial fee by HK$2.4 million, (v) repair and maintenance by HK$1.6 million, (vi) motor car expenses by HK$1.0 million and other expenses.

(c) Other expenses

Other expenses decreased from HK$17.9 million for the year ended 31 December 2014 to HK$4.9 million for the year ended 31 December 2015. It was mainly due to the decrease in legal and professional fee of HK$12.7 million.

(d) Finance costs

Finance costs increased by HK$29.2 million from HK$3.2 million for the year ended 31 December 2014 to HK$32.4 million for the year ended 31 December 2015 which was due to the increase in corporate bond interest by HK$8.4 million, convertible bonds interest by HK$8.5 million, convertible notes interest by HK$10.3 million and hire purchase interest by HK$1.1 million and the interest for loan from an associate by HK$0.9 million.

(e) Income tax credit/(expense)

Income tax expense was calculated at 25% and 16.5% of the estimated assessable profits of its PRC subsidiary and Hong Kong subsidiary for the year ended 31 December 2015 and 2014 respectively.

Income tax credit of HK$5.0 million represented the reversal of the deferred tax liabilities arising from the fair value adjustments of intangible assets during the acquisition of the natural gas projects.

(f) Profit/Loss attributable to owners of the Company

As a result of the foregoing, the Group turned from loss for the year attributable to owners of the Company of HK$70.8 million for the year ended 31 December 2014 to profit for the year attributable to owners of the Company of HK$17.2 million, representing an increase of HK$88.0 million from the year ended 31 December 2014.

FUTURE DEVELOPMENT AND PROSPECTS

In early 2016, the NDRC announced a new oil pricing mechanism which set a price floor for domestic oil prices. Not only does it protect domestic oil prices, but also safeguards the price advantage of natural gas, benefiting the overall development of nature gas industry. As part of the 13th Five-Year Plan, the natural gas pricing reform will further stimulate the market growth of the industry.

According to the "China Energy Outlook 2030" released in early March 2016, it is expected that the consumption volume of domestic natural gas in 2020 will reach 290,000 million cubic meters, representing an average growth rate of 7.5% per year during the period of the 13th Five-Year Plan. In 2030, the amount is expected to reach 480,000 million cubic meters and the average growth rate between 2020 and 2030 will be 5.2% per year. The contribution of natural gas consumption to aggregate consumption of primary energy sources will increase to 12%, which shows the tremendous growth potential of the natural gas market.

Chinese Premier Li Keqiang reiterated the importance of energy reform in his latest government work report and said the government would endeavor to establish a modern clean energy system, including raising the proportion of natural gas usage to improve air quality. The government will lift the market entrance requirements of competitive areas including natural gas industry, eliminating hidden barriers and encouraging private enterprises to increase investment and to participate in SOE reform. There will be no discrimination in terms of project approval, financial service, fiscal and taxation policy and land utilization. All these policies will provide a favorable business environment for private energy enterprises, such as our Group, to more easily participate in the market.

With the reduction in non-residential city-gate price announced in November 2015, the average procurement cost of natural gas of the Group has been lowered accordingly. At the same time, the Group actively communicates with related-government departments and customers in different projects and lowered its end-market selling price under the principle of reasonable price difference, in order to proceed with a balanced development between gas sales volume growth and increased unit gross margin. In addition, the Chinese government is pushing forward the "coal-to-gas" policy to battle with the serious smog situation in the North Eastern region. The Group's business in Xihu District, Benxi City, Liaoning Province will also be benefited from the policy. The Group is negotiating with certain potential customers in the district which are considering to switch to use gas-fired boilers in their production. Should such potential customers materialise to use natural gas, it is expected that the gas consumption from such customers and in turn our sales volume of Liaoning project will increase significantly.

The acquisition of Hainan Zhongyou Jiarun is expected to be completed in the second quarter of 2016. Hainan Zhongyou Jiarun currently (1) operates two LNG refueling stations for vehicles and one gasification station using LNG in Hainan Province; (2) operates three LNG refueling stations for vehicles and two movable LNG refueling equipments for vehicles, which will be converted into LNG refueling stations, in Hefei, Anhui Province; and (3) engages in LNG trading business in Anhui Province.

The acquisition of Hainan Zhongyou Jiarun is expected to enable the Group to expand its market share in Hainan Province and broaden its business focus from existing CNG refueling stations to LNG refueling stations. It will also allow us to venture into LNG trading business in the PRC.

Furthermore, on 9 December 2015, the Group entered into a memorandum of understanding in relation to the proposed acquisition of Zhejiang Bochen Group ("Zhejiang Bochen"). Zhejiang Bochen is mainly engaged in (1) distribution of LNG directly to industrial users; (2) LNG trading; and (3) development, construction and operation of gas refueling stations for vehicles in the PRC. Zhejiang Bochen, based in Hangzhou, PRC, is the largest supplier of LNG in Zhejiang province. It signed a long term supplier contract with China National Offshore Oil Corporation("CNOOC") and procures the LNG from the LNG receiving terminal in Ningbo owned by CNOOC (the "Ningbo LNG Terminal"). Currently being the single largest customer of LNG for Ningbo LNG Terminal, Zhejiang Bochen possesses strong bargaining power over other competitors in the region.

Following the completion of the above acquisitions, together with the acquisition of the "Hainan Receiving Terminal Project" completed on 26 October 2015, the Group will further strengthen its LNG business layout, including overseas LNG sources, LNG receiving terminal, logistics, trading and LNG distribution network. This helps build a solid foundation for the Group's LNG business and allows us to engage in the industry chain from different aspects.

At the special general meeting held on 16 March 2016, the allotment and issue of the subscription shares and the convertible bonds to Beijing Gas and the injection of the natural gas project in Guangxi, were approved. Immediately after the issue and allotment of the subscription shares and the consideration shares, Beijing Gas will hold approximately 29.0% of the shareholding in Blue Sky Power.

Beijing Gas is the largest municipal natural gas supplier in terms of a single city and is in a leading position in terms of pipeline scale, volume of gas customers, annual gas consumption and sales proceeds in the PRC. Beijing Gas possesses numerous valuable resources in the natural gas segment, including connections and relationships with local gas sources and downstream distribution networks, and high-quality and mega-sized natural gas projects in the PRC. The Group believes that by leveraging the experience, expertise and resources of Beijing Gas, we can further develop and provide synergy effects to our natural gas business in the PRC.

China is in the middle of an energy transformation, with the central government making a strong push to the increasing use of clean energy. Natural gas is the ideal solution of clean and affordable energy for China and Blue Sky Power is eager to actively promote and provide natural gas to a wide customer base across China where there is huge market potential but is currently underserved.

USE OF PROCEEDS

On 13 March 2015, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 162,500,000 new ordinary shares of HK$0.055 each at the issue price of HK$0.40 per share by way of placing (the "March 2015 Placement") to not less than six placees, who and whose ultimate beneficial owners are independent third parties. As at the date of the placing agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.42 per share.

On 27 March 2015, the March 2015 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was HK$63.0 million, of which (i) HK$29.7 million was used for mergers and acquisitions of natural gas projects including projects located in Yunnan, Shandong, Ningxia and Heilongjiang, (ii) HK$30.3 million was used for capital expenditure for the existing projects of the Group including projects located in Liaoning, Sichuan and Guizhou, and (iii) HK$3.0 million was used for general working capital.

On 29 May 2015, the Company entered into another placing agreement pursuant to which the Company has agreed to issue 100,000,000 new ordinary shares of HK$0.055 each at the issue price of HK$0.43 per share by way of placing (the "June 2015 Placement") to not less than six placees, who and whose ultimate beneficial owners are independent third parties. As at the date of the placing agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.48 per share.

On 18 June 2015, the June 2015 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was HK$41.5 million, of which (i) HK$20.7 million was used for mergers and acquisitions of natural gas projects including projects located in Shandong, Hainan, Guangdong and Heilongjiang; (ii) HK$15.4 million was used for capital expenditure for the existing projects of the Group including projects located in Liaoning, Guizhou and Hubei; and (iii) HK$5.4 million was used for general working capital.

On 13 August 2015, the Company entered into the convertible bond subscription agreement in the principal amount of HK$116.0 million (the "August 2015 Placement") with the subscriber and its ultimate beneficial owners are independent third parties at an initial conversion price of HK$0.40. As at the date of the subscription agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.395 per share.

On 9 September 2015, the August 2015 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was HK$110.0 million, of which (i) HK$101.1 million was used for mergers and acquisitions of natural gas projects including projects located in Shandong, Guangdong and Hainan; (ii) HK$4.0 million was used for capital expenditure for existing projects of the Group including projects located in Liaoning and Heilongjiang; and (iii) HK$4.9 million was used for general working capital.

On 30 November 2015, the Company entered into the convertible bond subscription agreement in the principal amount of HK$15.0 million (the "November 2015 Placement") with the subscriber and its ultimate beneficial owners are independent third parties at an initial conversion price of HK$0.40. As at the date of the subscription agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.49 per share.

On 7 January 2016, the November 2015 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was HK$14.5 million, of which (i) HK$4.0 million was used for mergers and acquisitions of natural gas projects; (ii) HK$8.5 million was used for capital expenditure for existing projects of the Group; and (iii) HK$2.0 million was used for general working capital.

On 4 December 2015, the Company entered into the subscription agreement in the principal amount of HK$200.0 million (the "December 2015 Placement") with the subscriber and its ultimate beneficial owners are independent third parties at an initial conversion price of HK$0.48. As at the date of the subscription agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.55 per share.

On 11 December 2015, the December 2015 Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was HK$190.0 million, of which (i) HK$92.0 million was used for mergers and acquisitions of natural gas projects including projects located in Zhejiang, Hainan and Shandong; (ii) HK$28.4 million was used for capital expenditure for existing projects of the Group including projects located in Liaoning, Guizhou and Sichuan; (iii) HK$19.5 million was used for general working capital and (iv) the balance of HK$50.1 million shall be utilised as proposed, including HK$18.0 million for mergers and acquisition of natural gas projects, HK$20.0 million for capital expenditure of the existing projects of the Group and HK$12.1 million for general working capital.

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$102.7 million as at 31 December 2015 (2014: HK$18.6 million), which was an increase of 452.2% as compared with that as at 31 December 2014.

The Group had total borrowings of HK$450.9 million as at 31 December 2015 (2014: HK$88.2 million). The Group's gearing ratio, which is total borrowings divided by the total assets was 18.7% (2014: 7.1%).

As at 31 December 2015, the Group's bank borrowings of HK$3.7 million were secured by corporate guarantee of the Company. (2014: a charge over certain of the Group's trade receivables of HK$15.7 million).

The Group's non-current assets increased to HK$2,100.1 million (2014: HK$1,114.4 million), primarily due to the addition in interests in associate of HK$221.0 million, goodwill of HK$183.9 million, deposits for acquisition of subsidiaries of HK$127.6 million, available for sales investment of HK$104.7 million, interests in joint ventures of HK$92.4 million, intangible assets of HK$89.3 million, deposits for acquisitions of property, plant and equipment of HK$82.2 million, property, plant and equipment of HK$66.8 million, prepayment of HK$16.6 million and prepaid lease payments of HK$5.9 million.

As at 31 December 2015, the Group's current assets amounted to HK$311.2 million (2014: HK$123.6 million), mainly comprised of trade and other receivables of HK$134.7 million (2014: HK$59.4 million), cash and bank balances of HK$102.7 million (2014: HK$18.6 million), amounts due from joint ventures of HK$51.1 million, and amounts due from non-controlling shareholders of subsidiaries of HK$18.5 million (2014: HK$27.1 million). The Group's current liabilities of HK$226.6 million (2014: HK$184.8 million), mainly comprised of convertible bonds of HK$91.2 million (2014: HK$39.4 million), trade and other payables of HK$77.2 million (2014: HK$82.4 million), amount due to an associate of HK$31.7 million, and amount due to non-controlling shareholders of a subsidiary of HK$14.1 million (2014: HK$14.7 million), embedded derivatives of HK$3.4 million (2014: HK$17.3 million), and bank borrowings of HK$3.7 million (2014: HK$23.7 million).

As at 31 December 2015, the net current assets of the Group amounted to HK$84.6 million (2014: net current liabilities of HK$61.2 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at 1.37 as at 31 December 2015 (2014: 0.67).

During the year ended 31 December 2015 and up to 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 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
5 years corporate bond		
Wong Kit Bing (黃潔冰)	8-Dec-15	1,000
Li Chunxian (李春先)	2-Feb-16	5,000
		23,000
Other corporate bonds		143,000
		166,000

During the year ended 31 December 2015, 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 our business.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and the PRC. As at 31 December 2015, there were 252 (2014: 826) 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, grants discretionary incentive bonuses and/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"), aged 41, 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. Mr. Cheng is responsible for the strategic plans and future direction of the Group. He holds a MBA degree from University of North Carolina, Charlotte and a Bachelor degree in Commerce from the University of Alberta, Canada. Mr. Cheng has over 10 years of experience across mergers and acquisitions, capital markets, and corporate finance and has built a specific focus on investment and management in the energy business in Hong Kong, China and overseas. From 1995 to 2003, Mr. Cheng held various positions which were responsible for corporate finance and property development activities in China. 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 China. Mr. Cheng is currently an executive director 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 47, has been an executive Director of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Sze oversees the overall operations of the sales of book and specialized products of the Group. 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"), aged 51, 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 35, 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

Mr. Hu Xiaoming ("Mr. Hu"), aged 45, has been appointed as an executive Director and chief executive officer of the Company since 6 July 2015. He oversees the overall operations of the sales and natural gas and other related products business of the Group. Mr. Hu obtained his Master Degree in Business Administration from Tsinghua University in 1999. Mr. Hu has over 15 years of experience in the establishment, mergers and acquisitions, operation and management of natural gas enterprises in the PRC. Prior to joining the Company, Mr. Hu was the executive director of China Tian Lun Gas Holdings Limited (stock code: 1600) whose shares are listed on the Stock Exchange, from March 2012 and also the chief executive from June 2012 and he left the company in January 2015. Mr. Hu also held senior positions in ENN Group Co., Ltd from 1999 and left in 2011 as vice-president of the firm, where he was responsible for the strategic investment, marketing operations and daily management.

NON-EXECUTIVE DIRECTOR

Ms. Chung Oi Ling, Stella ("Ms. Chung"), aged 54, had been an executive Director since 1 October 2011 and was re-designated 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 Nan Nan 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 60, 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 52, 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 47, 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.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Siew Chun Fai ("Mr. Siew"), aged 43, 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 38, 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 54, 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 68, 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 *(Chairman of the Board)*
Mr. Sze Chun Lee
Mr. Hung Tao
Mr. Kwok Shek San *(Chief Financial Officer)*
Mr. Hu Xiaoming *(Chief Executive Officer)*
(Appointed on 6 July 2015)

Non-executive Director

Ms. Chung Oi Ling, Stella

Independent Non-executive Directors

Mr. Lim Siang Kai
Mr. Wee Piew
Mr. Ma Arthur On-hing

COMMITTEE MEMBERS

Audit Committee

Mr. Lim Siang Kai *(Chairman)*
Mr. Wee Piew
Mr. Ma Arthur On-hing

Remuneration Committee

Mr. Ma Arthur On-hing *(Chairman)*
Mr. Lim Siang Kai
Mr. Wee Piew

Nomination Committee

Mr. Ma Arthur On-hing *(Chairman)*
Mr. Lim Siang Kai
Mr. Wee Piew
Mr. Cheng Ming Kit

AUTHORISED REPRESENTATIVES

Mr. Kwok Shek San
Mr. Sze Chun Lee

COMPANY SECRETARY

Mr. Siew Chun Fai *(appointed on 1 August 2015)*
Mr. Sit Lak Pun Edmund *(resigned on 1 August 2015)*

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

Room 1411, 14th 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

CORPORATE INFORMATION

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

AUDITOR

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.blueskypower.holdings

STOCK CODES

Hong Kong: 6828
Singapore: UQ7

FINANCIAL HIGHLIGHTS

PROFIT/(LOSS) PER SHARE (HK CENTS)

Profit/(loss) per ordinary share based on loss attributable to owners of the Company:	**Group**	
	FY2014	**FY2015**
(i) Based on the weighted average number of ordinary shares in issue	– (HK2.21) cents	**– HK0.33 cents**
(ii) On a fully diluted basis	– (HK2.21) cents	**– HK0.33 cents**

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$17,160,000 (2014: loss HK$70,763,000) and on the weighted average number of 5,249,341,262 (2014: 3,202,124,237) ordinary shares in issue during the year.

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

The computation of diluted loss per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding share options 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 year ended 31 December 2014 had 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				
	FY2011	FY2012	FY2013	FY2014	**FY2015**
Revenue	257,859	191,874	154,475	200,430	**213,123**

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

	Year ended 31 December				
	FY2011	FY2012	FY2013	FY2014	**FY2015**
Profit/(loss) for the year attributable to owners of the Company	1,142	(14,734)	(58,569)	(70,763)	**17,160**

NET ASSETS VALUE PER SHARE (HK CENTS)

Net asset value per ordinary share based on issued share capital	As at 31/12/2014	**As at 31/12/2015**
Group	HK18.27 cents	**HK25.19 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 2015 and 31 December 2014; and

2. 6,099,640,873 and 4,658,605,900 ordinary shares in issue as at 31 December 2015 and 31 December 2014, respectively.

CORPORATE GOVERNANCE REPORT

The board of Directors (the "Board") of 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 shareholders' value.

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

In line with the CG Code, the Board hereby confirms that the Company has adhered to the principles and guidelines of the CG Code and all deviations from the CG 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 goals, 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 control 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 distributions 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 scheduled to meet at least 4 times a year and as and when warranted by circumstances. Notices of not less than 14 days will be given for regular meetings to provide all Directors with an opportunity to attend and include matters in the agenda. 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. Draft agenda for the board meetings will be circulated to all Directors to enable them to include any other matters in the agenda. The agenda and the accompanying meeting papers will be sent to all Directors at least 3 days in advance or within reasonable time prior to the board meetings.

The number of meetings held in respect of the financial year 2015 and the attendance of the Directors are set out in the table below:

Directors' attendance at Board and Other Committee Meetings

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
Mr. Cheng Ming Kit	9/13	N/A	0/1	N/A	0/4
Mr. Lim Siang Kai	13/13	3/3	1/1	2/2	4/4
Mr. Sze Chun Lee	13/13	N/A	N/A	N/A	1/4
Mr. Wee Piew	13/13	3/3	1/1	2/2	4/4
Ms. Chung Oi Ling, Stella	13/13	N/A	N/A	N/A	0/4
Mr. Hung Tao	8/13	N/A	N/A	N/A	0/4
Mr. Kwok Shek San	13/13	N/A	N/A	N/A	4/4
Mr. Ma Arthur On-hing	12/13	3/3	1/1	2/2	1/4
Mr. Hu Xiaoming(1)	5/7	N/A	N/A	N/A	0/1

Note:

(1) Mr. Hu Xiaoming was appointed as an executive Director and the chief executive officer of the Company with effect from 6 July 2015.

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.

Board Composition and Guidance

The Board comprises:

Executive Directors
Mr. Cheng Ming Kit
Mr. Sze Chun Lee
Mr. Hung Tao
Mr. Kwok Shek San
Mr. Hu Xiaoming (Appointed on 6 July 2015)

Non-executive Director
Ms. Chung Oi Ling, Stella

Independent Non-executive Directors
Mr. Lim Siang Kai
Mr. Wee Piew
Mr. Ma Arthur On-hing

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 nine Directors, with 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 Company has received from each of the independent non-executive Director an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules.

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.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

Role of Chairman and Chief Executive Officer

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive 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 until the appointment of Mr. Hu Xiaoming as an executive Director and CEO of the Company with effect from 6 July 2015. The chairman of the Board and the CEO of the Company are currently two separate positions held by Mr. Cheng Ming Kit and Mr. Hu Xiaoming respectively, with clear distinction in responsibilities. The CEO is responsible for the usual leadership and day-to-day management. 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 CG 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 CG 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)*
Mr. Wee Piew	*(Member)*
Mr. Lim Siang Kai	*(Member)*
Mr. Cheng Ming Kit	*(Member)*

The NC is currently made up of three independent non-executive Directors and one executive Director and chaired by an independent non-executive Director. The NC is scheduled to meet at least once a year. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and 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, the independent non-executive Director;
3. assessing annually the independence of an independent non-executive Director; 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, including but not limited to gender, age, cultural and educational background and professional experience, 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 offer themselves for re-election at least once every three years. Profiles of the Directors are set out on pages 15 to 16 of this annual report. The Directors who are retiring and who, being eligible, will offer themselves for re-election at the forthcoming AGM are named below:

Name of Director	Date of appointment	Due for re-election pursuant to Bye-law 85(2)	Due for re-election pursuant to Bye-law 86(1)
Mr. Cheng Ming Kit	07/05/2014		
Mr. Lim Siang Kai	26/03/2007		✓
Mr. Sze Chun Lee	19/12/2006		✓
Mr. Wee Piew	26/03/2007		✓
Ms. Chung Oi Ling, Stella	01/10/2011		
Mr. Hung Tao	28/10/2013		
Mr. Kwok Shek San	18/07/2014		
Mr. Ma Arthur On-hing	03/11/2014		
Mr. Hu Xiaoming	06/07/2015	✓	

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)*
Mr. Ma Arthur On-hing	*(Member)*

The AC comprises entirely independent non-executive Directors. The AC is scheduled to meet at least twice a year. 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 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/external auditors;

4. ensuring co-ordination between the internal and external 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 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 2015, the AC met twice with the external auditors. The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year 2015, 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 2015 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 2015 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 the year 2015;
- discussion with auditor for financial results and financial position of the Group for the financial year ended 2015; 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 2015, 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	1,700
Non-audit services provided by Deloitte Touche Tohmatsu	570
Non-audit services provided by other auditors	669
	2,939

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 control and believe that, in the absence of any evidence to the contrary, existing internal control, 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)*
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 2015, two meetings of the RC were held. 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 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 101,950,670 share options have been granted during 2015 pursuant to the Scheme.

The independent non-executive Directors are paid a basic fee. 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 2015 is as follows:

	Fee *HK$'000*	Salaries and allowances *HK$'000*	Discretionary bonuses# *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payment *HK$'000*	Total *HK$'000*
2015						
Executive directors						
– Mr. Sze Chun Lee	–	878	146	18	–	1,042
– Mr. Cheng Ming Kit	–	840	–	18	791	1,649
– Mr. Kwok Shek San	–	2,039	–	18	1,156	3,213
– Mr. Hung Tao	–	840	–	18	1,339	2,197
– Mr. Hu Xiaoming (note (a))	–	1,203	–	9	365	1,577
Non-executive director						
– Ms. Chung Oi Ling, Stella	120	–	–	–	791	911
Independent non-executive directors						
– Mr. Lim Siang Kai	292	–	–	–	79	371
– Mr. Wee Piew	212	–	–	–	79	291
– Mr. Ma Arthur On-hing	120	–	–	–	91	211
	`744	5,800	146	81	4,691	11,462

Notes:

(a) appointed as executive director with effect from 6 July 2015.

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, four (2014: five) were Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one individual, which were within the HK$1,000,000 to HK$2,000,000 band during the year ended 31 December 2015, were as follows:

	2014 HK$'000	**2015** **HK$'000**
Salaries and other emoluments	–	**844**
Retirements scheme contributions	–	**18**
Share-based payment expense	–	**366**
	–	**1,228**

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 which present a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. 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.

The minutes of board meetings recorded the matters considered by the Board in details. The minutes of all board meetings and all other committee meetings are kept by the company secretary and are available for inspection by any Director upon request.

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 practise 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 inside information 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 voice 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 Directors 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 Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded.

DEALINGS IN SECURITIES

The Company has complied with the code provisions of the CG Code for the year ended 31 December 2015. The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. In particular, the Directors and officers of the Company may not deal in the Company's securities 30 days and 60 days before the announcements of the Company's half year and full year financial results 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 2015.

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, 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. All Directors are requested to provide the Company with their respective training records pursuant to the CG Code.

During the year, Directors have received the following training:

	Type of training	
Directors	**Reading materials**	**Attending seminar**
Executive directors		
Cheng Ming Kit	✓	
Sze Chun Lee	✓	
Hung Tao	✓	
Kwok Shek San	✓	
Hu Xiaoming	✓	
Non-executive director		
Chung Oi Ling, Stella	✓	
Independent non-executive directors		
Lim Siang Kai	✓	
Wee Piew	✓	✓
Ma Arthur On-hing	✓	

COMPANY SECRETARY

Mr. Siew Chun Fai ("Mr. Siew") is an employee of the Company and was appointed as the company secretary of the Company on 1 August 2015. The biography of Mr. Siew is set out in the section headed "Biographies of Directors and Senior Management". Mr. Siew 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 2015 which fall under Chapter 14A of the Listing Rules are set out in note 40 to the consolidated financial statements.

CONSTITUTIONAL DOCUMENTS

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.

ENVIRONMENTAL PROTECTION

The Group commits to the environmental protection. The demand for energy grows substantially as the Chinese economy continues to develop. In order to rely less on conventional energy resources such as coal and petroleum, the Chinese Government has adopted a series of measures to promote the development and utilization of new energy. It strives to establish an efficient mechanism for energy conservation and emission reduction. Blue Sky Power acts in concert with national environmental protection policies and provides innovative and diversified clean energy solutions in China. The Group is committed to improve air pollution in China and bring back the blue sky, putting into practice of what we always aim: "harmonious co-existence between energy and environment".

During the year, the Company implemented green office practices such as double-sided printing, use of recycled papers and participated in "HK Office Paper Recycling Campaign" to recycle papers for carbon reduction.

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 2015.

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; and (ii) sales of book and specialised products. 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 42 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in Statement from the Chairman as well as the Management Discussion and Analysis on pages 3 to 4 and pages 5 to 14 of this Annual Report. A discussion on the Group's environmental policies are set out in the Corporate Governance Report of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Management Discussion and Analysis on pages 5 to 14 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2015, to the best of the Directors' knowledge, there is no material breach of or non-compliance with applicable laws and regulations by the Group which has a significant impact on its business and operations.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognizes that employees, suppliers and customers are crucial for the Group's sustainable development. We strive to maintain a close relationship with our employees, commit to provide high quality products and services to our customers in order to enhance our competitiveness and strengthen the cooperation with our suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to certain market risk such as interest rate risk, credit risk and liquidity risk. The details are set out in note 43(b) to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2015 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 49 to 51.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2015 (2014: 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 147 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 30 to the consolidated financial statements.

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 2015, 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 48.0% of the total sales for the year and sales to the largest customer included therein amounted to 17.6%. Purchases from the Group's five largest suppliers accounted for 30.5% of the total purchases for the year and purchases from the largest supplier included therein amounted to 13.0%. 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.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are listed on page 18 of this annual report.

In accordance with Bye-law 86 of the Bye-laws, Mr. Sze Chun Lee, Mr. Lim Siang Kai and Mr. Wee Piew 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. Hu Xiaoming shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election.

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 15 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2015, 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 four Directors of the Company and one individual. 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 40 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 2015, 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 31/12/2015
Mr. Cheng Ming Kit	Beneficial owner	49,005,000	0.80%
	Interest of controlled corporation *(note 1)*	903,190,256	14.81%
Mr. Sze Chun Lee	Beneficial owner	1,800,000	0.03%
	Interest of controlled corporation *(note 2)*	196,488,480	3.22%
Mr. Kwok Shek San	Beneficial owner	7,296,000	0.12%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation *(note 3)*	206,340,000	3.38%
Mr. Hu Xiaoming	Beneficial owner	2,640,000	0.04%

Notes:

1. Mr. Cheng Ming Kit holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 903,190,256 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 49,005,000 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 31/12/2015	
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%

Save as disclosed above, as at 31 December 2015, 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 31 to the consolidated financial statements.

The following table discloses movements of the Company's share options during the year ended 31 December 2015:

Category of grantee	Exercise price per share option *HK$*	Date of grant	Exercisable period	Number of share options as at 1 January 2015	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Number of share options as at 31 December 2015
Directors:								
Mr. Cheng Ming Kit	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
Mr. Hung Tao	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	15,000,000	–	–	15,000,000
Mr. Kwok Shek San	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	10,000,000	–	–	10,000,000
Ms. Chung Oi Ling, Stella	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
Mr. Lim Siang Kai	0.286	21 July 2014	21 July 2015 to 20 July 2024	2,490,670	–	–	–	2,490,670
Mr. Wee Piew	0.286	21 July 2014	21 July 2015 to 20 July 2024	2,490,670	–	–	–	2,490,670
Mr. Hu Xiaoming	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	10,000,000	–	–	10,000,000
Mr. Ma Arthur On-hing	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	2,490,670	–	–	2,490,670
				104,608,260	37,490,670	–	–	142,098,930
Employees	0.286	21 July 2014	21 July 2015 to 20 July 2024	14,000,000	–	(3,500,000)	(4,900,000)	5,600,000
	0.349	1 September 2014	1 September 2015 to 31 August 2018	31,449,300	–	–	(6,010,500)	25,438,800
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	64,460,000	–	(3,350,000)	61,110,000
				45,449,300	64,460,000	(3,500,000)	(14,260,500)	92,148,800
Total				150,057,560	101,950,670	(3,500,000)	(14,260,500)	234,247,730
Exercisable at the end of the year								135,647,060
Weighted average exercise price				HK$0.279	HK$0.395	HK$0.286	HK$0.321	HK$0.339
Weighted average share price at dates of exercise				N/A	N/A	HK$0.426	N/A	N/A

Notes:

(i) During the year, a total of 101,950,670 share options were granted, 14,260,500 shares options were lapsed and 3,500,000 share options were exercised.

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 31/12/2015
Grand Powerful Group Limited *(Note 1)*		903,190,256	14.81%
Lee Tsz Hang *(Note 2)*	Beneficial owner	460,645,000	7.55%
Quantum China Asset Management Limited	Corporate interest	404,048,000	6.62%

Note:

1. Grand Powerful Group Limited is wholly-owned by Mr. Cheng Ming Kit, a director of the Company. The interest disclosed represented the same interest as the corporate interest of Mr. Cheng Ming Kit as disclosed under the section headed "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above.

2. Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 127,400,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 333,245,000 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 2015, 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.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions of the Group are set out in note 40 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year, the Company has entered into the following connected transactions which are required to be disclosed in the accordance with Chapter 14A of the Listing Rules:

On 16 July 2015, the Group has entered into sales and purchase agreement with Grand Powerful Group Limited, a company wholly owned by Mr. Cheng Ming Kit, an executive director of the Company, to acquire 100% equity interest in Smart Rainbow Investments Limited and its subsidiaries at a consideration of HK$100,000,000, which shall be fully settled by the allotment and issue of 256,410,256 consideration shares at the issue price of HK$0.39 per share.

Smart Rainbow Investments Limited and its subsidiaries is principally engaged in the investment of LNG receiving terminal and LNG trading business in the PRC. Upon completion, the Company is exploring the opportunities to identify certain overseas LNG sources with competitive pricing, which will allow the Group to venture into LNG trading business in the PRC.

The connected transaction has been approved by the independent shareholders on the special general meeting of the Company held on 14 September 2015 and the transaction was completed on 26 October 2015.

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

During the year ended 31 December 2015, 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 2016. 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 21 to 36 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 2015 except the deviations as disclosed in the Corporate Governance Report.

SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 42 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.

SUBSEQUENT EVENT

Details of events after the balance sheet date of the Group are set out in note 45 to the consolidated financial statements.

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 2015.

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 2015.

The AC has recommended to the Board the reappointment 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 auditor of the Company to fill the vacancy by the resignation of BDO Limited.

The consolidated financial statements for the year ended 31 December 2015 were 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 reappoint Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board of Directors

Mr. Cheng Ming Kit
Director

Mr. Kwok Shek San
Director

23 March 2016

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 2015, 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 2015, 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

23 March 2016

Deloitte.
德勤

TO THE SHAREHOLDERS OF BLUE SKY POWER HOLDINGS LIMITED
(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 49 to 146, which comprise the consolidated statement of financial position as at 31 December 2015, 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 judgment, 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 controls relevant to the entity's preparation of consolidated financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

TO THE SHAREHOLDERS OF BLUE SKY POWER HOLDINGS LIMITED (Continued)
(incorporated in Bermuda with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	5	**213,123**	200,430
Cost of sales		**(210,390)**	(175,661)
Gross profit		**2,733**	24,769
Other gains and losses	7	**9,378**	(6,667)
Other income	8	**4,092**	2,783
Selling and distribution costs		**(8,027)**	(6,156)
Administrative expenses		**(103,058)**	(64,180)
Other expenses		**(4,941)**	(17,873)
Finance costs	9	**(32,393)**	(3,156)
Share of loss of associates		**(316)**	–
Share of loss of joint ventures		**(771)**	–
Gain recognised on disposal of subsidiaries	37	**135,207**	–
Profit (loss) before income tax	10	**1,904**	(70,480)
Income tax credit	11	**4,999**	457
Profit (loss) for the year		**6,903**	(70,023)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain on translation of foreign operations		**(695)**	6,863
Total comprehensive income (expense) for the year		**6,208**	(63,160)
Profit (loss) for the year attributable to:			
Owners of the Company		**17,160**	(70,763)
Non-controlling interests		**(10,257)**	740
		6,903	(70,023)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**14,167**	(63,082)
Non-controlling interests		**(7,959)**	(78)
		6,208	(63,160)
Earnings (loss) per share	14		
– Basic		**HK0.33 cents**	(HK2.21) cents
– Diluted		**HK0.33 cents**	(HK2.21) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Prepaid lease payments	15	**22,204**	16,309
Property, plant and equipment	16	**295,549**	228,775
Investment properties	17	**26,820**	28,430
Intangible assets	18	**564,357**	475,027
Goodwill	19	**501,470**	317,543
Interests in associates	21	**224,169**	3,214
Interests in joint ventures	22	**92,405**	–
Convertible loan to an associate	21	**–**	3,256
Deposits for acquisition of subsidiaries		**169,169**	41,525
Deposits for acquisitions of property, plant and equipment		**82,177**	–
Prepayment		**16,557**	–
Available for sales investment	26	**104,671**	–
Other non-current assets		**545**	300
		2,100,093	1,114,379
Current assets			
Prepaid lease payments	15	**820**	362
Inventories	23	**1,763**	13,932
Trade and other receivables	24	**134,651**	59,384
Amounts due from related companies	25	**–**	2,650
Amounts due from non-controlling shareholders of subsidiaries	25	**18,509**	27,100
Amounts due from joint ventures	22	**51,090**	–
Tax recoverable		**1,590**	1,590
Cash and bank balances	27	**102,737**	18,613
		311,160	123,631
Current liabilities			
Trade and other payables	28	**77,206**	82,440
Bank borrowings	29	**3,694**	23,748
Obligation under finance leases	32	**5,355**	311
Convertible bonds	33	**91,157**	39,427
Embedded derivatives	33	**3,394**	17,341
Amounts due to non-controlling shareholders of a subsidiary	25	**14,062**	14,706
Amounts due to directors	25	**–**	6,809
Amount due to an associate	21	**31,700**	–
		226,568	184,782
Net current assets (liabilities)		**84,592**	(61,151)
Total assets less current liabilities		**2,184,685**	1,053,228

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	30	**335,480**	256,223
Reserves		**1,200,842**	594,997
Equity attributable to owners of the Company		**1,536,322**	851,220
Non-controlling interests		**193,423**	69,136
Total equity		**1,729,745**	920,356
Non-current liabilities			
Obligations under finance leases	32	**9,034**	1,182
Other borrowings	29	**182,500**	21,500
Convertible bonds	33	**127,488**	–
Convertible note	34	**–**	2,006
Deferred tax liabilities	35	**135,918**	108,184
		454,940	132,872
		2,184,685	1,053,228

The consolidated financial statements on pages 49 to 146 were approved and authorised for issue by the Board of Directors on 23 March 2016 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 2015

	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$'000 (Note i)	Other reserve HK$'000	Translation reserve HK$'000	Accumulated profits (losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	114,977	57,617	–	–	(43,048)	–	20,679	43,679	193,904	–	193,904
(Loss) profit 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 from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	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
Profit (loss) for the year	–	–	–	–	–	–	–	17,160	17,160	(10,257)	6,903
Other comprehensive (expense) income for the year	–	–	–	–	–	–	(2,993)	–	(2,993)	2,298	(695)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(2,993)	17,160	14,167	(7,959)	6,208
Issue of shares by way of placing	14,438	93,562	–	–	–	–	–	–	108,000	–	108,000
Transaction cost attributable to issue of shares	–	(2,740)	–	–	–	–	–	–	(2,740)	–	(2,740)
Issue of shares for acquisition of subsidiaries	29,242	180,385	–	–	–	–	–	–	209,627	–	209,627
Issue of convertible bonds	–	–	–	94,077	–	–	–	–	94,077	–	94,077
Transaction cost attributable to issue of convertible bonds	–	–	–	(9,804)	–	–	–	–	(9,804)	–	(9,804)
Issue of convertible notes for acquisition of subsidiaries	–	–	–	91,699	–	–	–	–	91,699	–	91,699
Issue of shares upon conversion of convertible note	30,918	202,096	–	(92,512)	–	–	–	–	140,502	–	140,502
Issue of shares upon conversion of convertible bonds	4,467	27,279	–	–	–	–	–	–	31,746	–	31,746
Issue of shares upon conversion of share options	192	809	–	–	–	–	–	–	1,001	–	1,001
Recognition of equity-settled share-based payments	–	–	8,032	–	–	–	–	–	8,032	–	8,032
Transfer to accumulated losses upon forfeiture of share options	–	–	(1,066)	–	–	–	–	1,066	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(2,557)	(2,557)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(1,205)	–	–	(1,205)	(295)	(1,500)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	129,574	129,574
Capital injection from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	5,524	5,524
At 31 December 2015	**335,480**	**1,131,381**	**12,518**	**84,273**	**(43,048)**	**(1,205)**	**25,367**	**(8,444)**	**1,536,322**	**193,423**	**1,729,745**

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 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit (loss) before income tax		**1,904**	(70,480)
Adjustments for:			
Amortisation of intangible assets		**20,676**	6,704
Amortisation of prepaid lease payments		**331**	223
Amortisation of other non-current assets		**89**	89
Depreciation of investment properties		**1,044**	1,066
Depreciation of property, plant and equipment		**23,600**	8,646
Impairment losses on trade receivables		**94**	542
Impairment losses on other non-current assets		**–**	334
Interest income		**(146)**	(15)
Interest expenses		**32,393**	3,156
Share of loss of associates		**316**	–
Share of loss of joint ventures		**771**	–
Gain recognised on disposal of subsidiaries	37	**(135,207)**	–
Net (gain) loss on disposal of property, plant and equipment		**(2,719)**	207
Expense for equity-settled share-based payments		**8,032**	5,966
Change in fair value of embedded derivatives		**(6,167)**	6,072
Operating cash flows before movements in working capital		**(54,989)**	(37,490)
Decrease in inventories		**13,470**	4,445
Decrease in trade and other receivables		**90,762**	16,690
Decrease in trade and other payables		**(101,636)**	(15,765)
Cash used in operations		**(52,393)**	(32,120)
Income taxes refunded		**–**	1,281
Interest paid		**(9,382)**	(1,141)
Net cash used in operating activities		**(61,775)**	(31,980)
Cash flows from investing activities			
Interest received		**146**	15
Purchases of property, plant and equipment		**(18,838)**	(27,601)
Purchase of investment property		**(111)**	–
Proceeds from disposal of property, plant and equipment		**3,578**	201
Deposits paid for acquisition of subsidiaries		**(166,644)**	(41,525)
Deposits paid for acquisition of property, plant and equipment		**(82,177)**	–
Acquisition of addition interest in subsidiary		**(1,500)**	–
Acquisition of subsidiaries	36	**(55,320)**	(75,965)
Acquisition of associates		**(45,240)**	(3,214)
Purchase of other non-current assets		**(334)**	(300)
Repayment from (advance to) non-controlling shareholders of subsidiaries		**3,076**	(27,100)
Repayment from (advance to) related companies		**2,650**	(2,650)
Advance to joint venture		**(2,287)**	–
Convertible loan to an associate		**–**	(3,256)
Proceed from disposal of subsidiaries	37	**13,103**	–
Net cash used in investing activities		**(349,898)**	(181,395)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from financing activities		
Proceeds from issue of shares by way of placing	**108,000**	104,047
Transaction cost attributable to issue of shares	**(2,740)**	(2,396)
Proceeds from issue of convertible bonds	**316,000**	50,000
Transaction cost attributable to issue of convertible bonds	**(35,420)**	–
Proceeds from capital injection from non-controlling shareholders of a subsidiary	**5,524**	7,514
Prepayment for commission	**(16,557)**	–
Proceeds from exercise of share option	**1,001**	–
Repayment of term loans and collateralised borrowings	**(27,598)**	(15,792)
(Repayment to) advances from directors	**(6,809)**	6,809
(Repayment to) advances from non-controlling shareholders of a subsidiary	**(644)**	14,706
Advance from an associate	**30,750**	–
Borrowings raised, net of transaction costs	**161,000**	31,599
Repayment of obligation under finance lease	**(1,483)**	(151)
Repayment of bank borrowings	**–**	(480)
Repayment of promissory note	**(40,000)**	–
Net cash from financing activities	**491,024**	195,856
Net increase (decrease) in cash and cash equivalents	**79,351**	(17,519)
Cash and cash equivalents as at 1 January	**18,613**	30,346
Effect of foreign exchange rate changes	**4,773**	5,786
Cash and cash equivalents as at 31 December, representing cash and bank balances	**102,737**	18,613

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"). Its 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.

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 Room 1411, 14/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 and (ii) sales of book product and 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")

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

Amendments to IAS 19	Defined Benefit Plans: *Employee Contributions*
Amendments to IFRSs	*Annual Improvements to IFRSs 2010 – 2012 Cycle*
Amendments to IFRSs	*Annual Improvements to IFRSs 2011 – 2013 Cycle*

The adoption of these amendments to IFRSs 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[1]
IFRS 16	Leases[4]
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle[3]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to IAS 1	Disclosure initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[3]
Amendments to IAS 7	Disclosure initiative[5]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[5]
Amendments to IAS 27	Equity method in separate forecast statements[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective for annual periods beginning on or after 1 January 2017

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

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

IFRS 9 "Financial instruments" (Continued)

The directors of the Company anticipate that the application of IFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in equity securities of private company that are currently classified as available for sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from contracts with customers

In May 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.

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.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact in the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The consolidated financial statements have been prepared under historical cost basis except for certain financial instruments that are measured at fair values 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an interest in an associate or a joint venture 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 or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, 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 or joint venture.

An interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the interest in an associate or a joint venture, 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 interest in an associate or a joint venture. When necessary, the entire carrying amount of the interest (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 interest. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture 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 or joint venture 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 or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture 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.

The Group continues to use the equity method when an interest in an associate becomes an investment in a joint venture or an interest in a joint venture becomes and interest in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture 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 or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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. Exchange differences arising, if any, have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than CIP) 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%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position 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"), loans and receivables and available-for-sale ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

- it forms part of a contract containing one or more embedded derivatives, and IAS 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 companies, amounts due from non-controlling shareholders of subsidiaries, amounts due from joint ventures 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).

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity instruments.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

For an AFS equity investment, a significant or prolonged decline in fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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 losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 premium. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds contains liability component and conversion option derivative (Continued)

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 trade and other payables, bank and other borrowings, amount due to non-controlling shareholders of a subsidiary, amounts due to directors and amount due to an associate. 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.

Derecognition

The Group derecognises a financial assets 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 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.

The Group derecognises financial liability when the obligation under the financial liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leases. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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.

The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Income taxes

Income tax represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (Continued)

Income tax represents the sum of the tax currently payable deferred tax (Continued)

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

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 2015, the carrying amount of goodwill and operating rights are approximately HK$501,470,000 and HK$564,357,000 respectively (2014: HK$317,543,000 and HK$475,027,000). Details of the recoverable amount calculation are disclosed in Note 20.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 2015, the carrying amount of property, plant and equipment is approximately HK$295,549,000 (2014: HK$228,775,000).

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 33 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:

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of natural gas and other related products	**105,834**	57,130
Sales of book products and specialised products	**107,289**	143,300
	213,123	200,430

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.

The Group is 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 2015

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Consolidated *HK$'000*
Segment revenue to external customers	105,834	107,289	213,123
Segment profit	102,691	2,721	105,412
Other income and other gains and losses			13,564
Central corporate expenses			(83,145)
Finance costs			(32,393)
Share of loss of associates			(1,534)
Profit before income tax			1,904

Segment profit from the sales of natural gas and other related products for the year ended 31 December 2015 includes of a gain recognised on disposal of subsidiaries of HK$135,207,000. The amount represented the gain on disposal of 15% equity interest in Brightjet Global Limited ("Brightjet") and the gain on disposal of 26.56% equity interest in My Palace Trading Limited ("My Palace"). The details of the disposal are set out in note 37.

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 to external customers	57,130	143,300	200,430
Segment loss (profit)	(8,959)	15,779	6,820
Other income and other gains and losses			(3,342)
Central corporate expenses			(70,802)
Finance costs			(3,156)
Loss before income tax			(70,480)

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 other income, other gains and losses (other than impairment losses on trade receivables which was included in segment (loss) profit), corporate expenses (including but not limited to directors' emoluments), finance costs, share of results of an associate 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

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of natural gas and other related products	**1,923,438**	1,002,276
Sales of book and specialised products	**149,033**	192,364
Total segment assets	**2,072,471**	1,194,640
Interests in associates	**45,888**	3,214
Prepayment	**16,557**	–
Available-for-sales investment	**104,671**	–
Cash and bank balances	**102,737**	18,613
Property, plant and equipment for corporate use	**4,269**	2,550
Prepaid lease payments for corporate use	**5,066**	5,460
Convertible loan to an associate	**–**	3,256
Other unallocated assets	**59,594**	10,277
Consolidated assets	**2,411,253**	1,238,010

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of natural gas and other related products	**251,589**	167,535
Sales of book and specialised products	**15,366**	26,348
Total segment liabilities	**266,955**	193,883
Convertible bonds	**218,645**	39,427
Convertible notes	**–**	2,006
Bank and other borrowings	**186,194**	45,248
Embedded derivatives	**3,394**	17,341
Obligation under finance leases	**1,181**	1,493
Other unallocated liabilities	**5,139**	18,256
Consolidated liabilities	**681,508**	317,654

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

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

- all liabilities are allocated to operating and reportable segments (other than bank and other borrowings, convertible bonds, convertible notes, embedded derivatives, certain obligation under finance leases, 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 2015

	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)	609,512	600	188,073	798,185
Addition to intangible assets	137,906	–	–	137,906
Addition to goodwill	183,927	–	–	183,927
Depreciation of property, plant and equipment	18,752	4,132	716	23,600
Depreciation of investment properties	–	1,044	–	1,044
Amortisation of prepaid lease payments	201	100	30	331
Amortisation of intangible assets	20,676	–	–	20,676
Net gain on disposal of property, plant and equipment	–	2,719	–	2,719
Gain recognised on disposal of subsidiaries	135,207	–	–	135,207
Impairment losses on trade receivables	–	94	–	94

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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 (loss) profit or segment assets:				
Addition to non-current assets (excluding intangible assets and goodwill)	174,993	3,112	6,770	184,875
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	100	30	223
Amortisation of intangible assets	6,704	–	–	6,704
Impairment loss on other non-current assets	–	334	–	334
Impairment losses on trade receivable	–	542	–	542
Net loss on disposal of property, plant and equipment	–	207	–	207

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	
	2015 ***HK$'000***	2014 *HK$'000*
The PRC, including Hong Kong	**184,785**	155,252
United Kingdom	**18,643**	23,506
United States of America	**4,070**	8,884
Germany	**263**	2,600
Others	**5,362**	10,188
	213,123	200,430

Other than investment 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:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**N/A**	27,726
Customer B[1]	**N/A**	23,104
Customer C[1]	**37,488**	N/A
Customer D[2]	**N/A**	22,588
Customer E[2]	**21,613**	N/A

Notes:

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

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

7. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Impairment losses on trade receivables	**(94)**	(542)
Impairment loss on other non-current assets	**–**	(334)
Net exchange gains	**586**	488
Net gain (loss) on disposal of property, plant and equipment	**2,719**	(207)
Change in fair value of embedded derivatives	**6,167**	(6,072)
	9,378	(6,667)

8. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**146**	15
Rental income from investment properties	**1,387**	1,304
Sundry income	**2,559**	1,464
	4,092	2,783

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Finance charges on obligations under finance lease	**1,172**	28
Interests on bank trust receipts loans	**370**	302
Interests on bank borrowings	**–**	320
Interests on other borrowings	**9,012**	491
Interests on amount due to an associate	**950**	–
Interests on convertible notes	**11,688**	1,319
Interests on convertible bonds	**9,201**	696
	32,393	3,156

10. PROFIT(LOSS) BEFORE INCOME TAX

	2015 HK$'000	2014 HK$'000
Profit (loss) before income tax is arrived at after charging:		
Auditor's remuneration	**1,700**	1,400
Amortisation of intangible assets*	**20,676**	6,704
Cost of inventories recognised as expense*	**210,390**	175,661
Depreciation of investment properties	**1,044**	1,066
Depreciation of property, plant and equipment#	**23,600**	8,646
Employee benefit expenses* (including directors' emoluments)		
– Salaries and allowances	**73,259**	54,727
– Contribution to defined contribution plans	**4,827**	3,531
– Share-based payment (included in administrative expenses)	**8,032**	5,966
	86,118	64,224
Amortisation of prepaid lease payments	**331**	223
Operating lease charges on		
– premises	**4,925**	1,326
– motor vehicles	**–**	336
	4,925	1,662
Legal and professional fees (included in other expenses)	**4,506**	17,077

* Included in cost of inventories are depreciation of property, plant and equipment, amortisation of intangible assets and employee benefit expenses of HK$54,959,000 (2014: HK$44,720,000), which have also been included in the respective total amounts as disclosed above.

In the depreciation of property, plant and equipment disclosed in above included depreciation on leased assets of HK$1,100,000 (2014: HK$90,000).

11. INCOME TAX CREDIT

	2015 HK$'000	2014 HK$'000
Current tax – PRC Enterprise Income Tax ("EIT")	–	1,219
Deferred tax (note 35)	(4,999)	(1,676)
Total income tax credit	(4,999)	(457)

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

Under the Law of the PRC EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The income tax credit for the year can be reconciled to the profit (loss) before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Profit (loss) before income tax	1,904	(70,480)
PRC Enterprise Income Tax at 25%	476	(17,620)
Tax effect of expenses not deductible for tax purpose	27,117	16,046
Tax effect of income not taxable for tax purpose	(36,206)	(211)
Tax effect of share of loss of associates and joint ventures	272	–
Tax effect of tax losses not recognised as deferred tax asset	2,139	1,683
Utilisation of tax losses not previously recognised in prior years	–	(272)
Effect of different tax rate of group entities operating in Hong Kong	1,203	(83)
Total income tax credit	(4,999)	(457)

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*
Year ended 31 December 2015						
Executive directors						
– Mr. Sze Chun Lee	–	878	146	18	–	1,042
– Mr. Cheng Ming Kit (note (d))	–	840	–	18	791	1,649
– Mr. Kwok Shek San (note (e))	–	2,039	–	18	1,156	3,213
– Mr. Hung Tao	–	840	–	18	1,339	2,197
– Mr. Hu Xiaoming (note (a))	–	1,203	–	9	365	1,577
Non-executive director						
– Ms. Chung Oi Ling, Stella (note (f))	120	–	–	–	791	911
Independent non-executive directors						
– Mr. Lim Siang Kai	292	–	–	–	79	371
– Mr. Wee Piew	212	–	–	–	79	291
– Mr. Ma Arthur On-hing (note (g))	120	–	–	–	91	211
	744	5,800	146	81	4,691	11,462

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

Directors' and chief executive's emoluments (Continued)

	Fee *HK$'000*	Salaries and allowances *HK$'000*	Discretionary bonuses# *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payment *HK$'000*	Total *HK$'000*
Year ended 31 December 2014						
Executive directors						
– Mr. Sze Chun Lee	–	879	73	18	–	970
– Mr. Chan Wai Ming (note (b))	–	624	62	15	–	701
– Mr. Cheng Ming Kit (note (d))	–	546	46	12	1,037	1,641
– Mr. Lam Shek Kin (note (c))	–	312	48	10	–	370
– Mr. Kwok Shek San (note (e))	–	818	183	9	1,037	2,047
– Mr. Hung Tao	–	840	70	17	1,037	1,964
Non-executive director						
– Ms. Chung Oi Ling, Stella (note (f))	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 (g))	20	–	–	–	–	20
– Ms. Wong Fei Tat (note (h))	108	–	–	–	–	108
	735	4,299	522	91	4,356	10,003

Notes:

(a) appointed as executive director with effect from 6 July 2015.

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

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

(d) 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.

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

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

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

(h) 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.

The executive directors and non-executive director's remuneration shown above were mainly for their services in connection with the management of the affairs of the Group. The independent non-executive directors' remuneration shown above were mainly for their services as directors of the Company.

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

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2014: five) were directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one individual were as follows:

	2015 ***HK$'000***
Salaries and other benefits	**844**
Contributors to retirement benefits schemes	**18**
Share-based payment expense	**366**
	1,228

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 2014 and 2015.

14. EARNINGS (LOSS) PER SHARE

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

	2015 ***HK$'000***	2014 *HK$'000*
Earnings (loss)		
Profit (loss) for the year attributable to the owners of the Company for the purposes of basic and diluted earnings (loss) per share	**17,160**	(70,763)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,249,341,262**	3,202,124,237
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**935,061**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**5,250,276,323**	3,202,124,237

14. EARNINGS (LOSS) PER SHARE (Continued)

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

The computation of diluted loss per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding share options 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 year ended 31 December 2014 had been adjusted to reflect the impact of the share subdivision effected during the year ended 31 December 2014.

15. PREPAID LEASE PAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Land use rights in the PRC	**23,024**	16,671

Analysed for reporting purposes as:

	2015	2014
	HK$'000	*HK$'000*
Non-current asset	**22,204**	16,309
Current asset	**820**	362
	23,024	16,671

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 31 January 2014	118,566	625	–	117,256	5,583	919	–	242,949
Exchange adjustments	949	5	–	–	–	4	–	958
Acquisition of subsidiaries (note 36)	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
Exchange adjustments	(4,129)	(262)	(1,012)	(5,108)	(380)	(100)	(8)	(10,999)
Acquisition of subsidiaries (note 36)	1,275	42,196	17,025	–	1,185	11,345	790	73,816
Disposal of subsidiaries (note 37)	–	(1,978)	–	–	(8,123)	(110)	–	(10,211)
Additions	3,506	10,304	5,992	7,091	3,237	745	2,694	33,569
Disposals/written-off	–	–	–	(750)	(71)	–	(271)	(1,092)
Transfer	7,087	(15,621)	8,534	–	–	–	–	–
At 31 December 2015	147,127	53,001	64,413	172,947	9,079	15,482	3,476	465,525
DEPRECIATION								
At 1 January 2014	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
Exchange adjustments	(722)	–	(22)	(3,348)	(164)	(19)	(3)	(4,278)
Provided for the year	5,380	–	2,851	9,104	1,733	3,816	716	23,600
Disposal of subsidiaries (note 37)	–	–	–	–	(775)	(5)	–	(780)
Eliminated on disposals/written-off	–	–	–	(100)	(9)	–	(124)	(233)
At 31 December 2015	28,898	–	3,536	125,940	6,476	4,436	690	169,976
CARRYING VALUES								
At 31 December 2015	118,229	53,001	60,877	47,007	2,603	11,046	2,786	295,549
At 31 December 2014	115,148	18,362	33,167	51,430	7,540	2,958	170	228,775

The leasehold buildings of the Group are situated in the PRC.

The carrying values of plant and machinery and motor vehicles of HK$47,007,000 and HK$11,046,000, included amounts of HK$11,466,000 (2014: nil) and HK$1,873,000 (2014: HK$1,644,000) in respect of assets held under finance leases respectively.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2014	31,715
Exchange adjustments	254
At 31 December 2014	31,969
Addition	111
Exchange adjustments	(761)
At 31 December 2015	31,319
AMORTISATION	
At 1 January 2014	2,453
Charged for the year	1,066
Exchange adjustments	20
At 31 December 2014	3,539
Charged for the year	1,044
Exchange adjustments	(84)
At 31 December 2015	4,499
CARRYING VALUES	
At 31 December 2015	26,820
At 31 December 2014	28,430

The Group's investment properties are located in the PRC.

Had investment properties been stated on the fair value basis, the carrying amount as at 31 December 2015 would be HK$28,413,000 (2014: HK$29,610,000). Fair value as at 31 December 2015 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 fair value investment properties are classified under level 3 in the fair value hierarchy 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
COST	
At 1 January 2014	–
Acquisition of subsidiaries (note 36)	481,731
At 31 December 2014	481,731
Acquisitions of subsidiaries (note 36)	137,906
Disposal of subsidiaries (note 37)	(28,638)
At 31 December 2015	590,999
AMORTISATION	
At 1 January 2014	–
Charged for the year	6,704
At 31 December 2014	6,704
Charged for the year	20,676
Disposal of subsidiaries (note 37)	(738)
At 31 December 2015	26,642
CARRYING VALUES	
At 31 December 2015	564,357
At 31 December 2014	475,027

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

19. GOODWILL

	HK$'000
COST AND CARRYING VALUES	
At 1 January 2014	–
Acquisition of subsidiaries (note 36)	317,543
At 31 December 2014	317,543
Acquisition of subsidiaries (note 36)	183,927
At 31 December 2015	501,470

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 of subsidiary, joint venture or associate represents a separate CGU for the purpose of goodwill and intangible assets impairment testing. The carrying amounts of goodwill and operating rights of subsidiaries joint ventures or associate engaged in natural gas operations as at 31 December 2015 and 2014 are allocated as follows:

31 December 2015

	Goodwill *HK$'000*	Operating rights *HK$'000*
Subsidiaries engaged in natural gas operations		
Smart Union Holdings Limited ("Smart Union")	–	3,150
Fan Dream Limited ("Fan Dream")	–	9,886
Focus On Group Limited ("Focus On")	49,181	–
Cloud Decade Limited ("Cloud Decade")	268,362	417,367
Shine Great Investments Limited ("Shine Great")	3,549	133,954
Energy Shell Limited ("Energy Shell")	156,525	–
Faster Success Global Limited ("Faster Success")	23,853	–
	501,470	**564,357**
Associate engaged in natural gas operations		
海口鑫元天然氣技術有限公司 Haikou Xinyuan Natural Gas Technology Co., Ltd. ("Haikou Xinyuan")	113,594	–
Joint ventures engaged in natural gas operations		
Brightjet	43,418	–
My Palace	48,919	–
	92,337	**–**

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS (Continued)

31 December 2014

	Goodwill HK$'000	Operating rights HK$'000
Subsidiaries engaged in natural gas operations		
Smart Union	–	3,500
Brightjet	–	13,438
Fan Dream	–	10,241
My Palace	–	14,987
Focus On	49,181	–
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% to 23%. The cash flows for the financial budgets are using an average growth rate ranging from 1% 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 2015 and 2014.

21. INTERESTS IN ASSOCIATES, AMOUNT DUE FROM AN ASSOCIATE AND AMOUNT DUE TO AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Cost of investment in associates		
Listed	16,733	3,214
Unlisted	207,752	–
Share of losses and other comprehensive income	(316)	–
	224,169	3,214
Fair value of listed investment	36,665	9,202
Convertible loan to an associate (note a)	–	3,256
Amount due to an associate	(31,700)	–

As at 31 December 2015 and 2014, the Group had interests in the following associates:

Name of entity	Place of incorporation/ registration and operation	Proportion of nominal value of issued capital and voting rights held by the Group 2015	2014	Principal activity
Triple Energy Limited ("Triple")	Australia	39.7% (Note a)	19.9%	Operating a coal bel methane gas project in the PRC
Haikou Xinyuan	The PRC	48% (Note b)	–	Sales and distribution of LNG through gas refueling station for vehicles
瑞盈信融(深圳)融資租賃有限公司 Ruiying Xinrong (Shenzhen) Finance Lease Co. Ltd. ("Ruiying")	The PRC	25% (Note c)	–	Finance lease
六盤水中石油昆侖燃氣有限公司 Liu Pan Shui Zhong Shi You Kunlun Natural Gas Co., Ltd. ("Liu Pan Shui")	The PRC	20% (Note d)	–	Sales and distribution of LNG through gas refueling station for vehicles

Notes:

(a) 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.

21. INTERESTS IN ASSOCIATES, AMOUNT DUE FROM AN ASSOCIATE AND AMOUNT DUE TO AN ASSOCIATE (Continued)

Notes: (Continued)

(a) (Continued)

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. The loan became part of the consideration for the acquisition of an additional 19.8% equity interest in Triple during the year ended 31 December 2015.

Pursuant to the MOU, Triple proposed 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). Such placement was completed on 28 April 2015.

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 2015 and 2014 as the proposals are still subject to fulfilment of conditions precedent.

On 24 April 2015, the Group converted the convertible loan of A$500,000 (equivalent to approximately HK$3,256,000) to 83,333,333 shares of Triple as mentioned above. On 28 April 2015, the Group paid a consideration of A$1,250,000 (equivalent to approximately HK$7,938,500) for 208,333,333 ordinary shares of Waypost which Waypost agreed to issue under the placement. Upon the completion of the above transactions, the Group holds 39.7% equity interest in Triple.

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 2015 and 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. Adjustments in accordance with Group's accounting policy made for the Group's share of the results of the associate for the effects of significant transactions between these dates and 31 December 2015 and 2014 respectively.

(b) During the year ended 31 December 2015, the Group acquired Haikou Xinyuan through acquisition of 100% equity interest of Well Organising Group Limited ("Well Organising"). The consideration is satisfied by HK$22,000,000 cash and the issue of convertible note with fair value of HK$138,444,000 at the date of acquisition. Haikou Xinyuan which is principally engaged in sales and distribution of natural gas and other related products in the PRC.

21. INTERESTS IN ASSOCIATES, AMOUNT DUE FROM AN ASSOCIATE AND AMOUNT DUE TO AN ASSOCIATE (Continued)

Notes: (Continued)

(c) On 7 Spetember 2015, the Group acquired 25% equity interest of Ruiying from a independent third party at a cost of HK$30,690,000.

(d) During the year ended 31 December 2015, the Group acquired 51% equity interest of Shine Great which hold 40% equity interest in Liu Pan Shui which is a company principally engaged in sales and distribution of natural gas and other related products in the PRC. The details of the acquisition of Shine Great is set out in note 36(a).

Summarised financial information of associates

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Triple

Summarised financial information in respect of Triple as at 30 September 2015 and 30 September 2014 and for the year ended 30 September 2015 and six months ended 30 September 2014 is set out below.

	2015 ***HK$'000***	2014 *HK$'000*
Current assets	**8,761**	3,699
Non-current assets	**39,968**	31,468
Current liabilities	**4,454**	2,181
Revenue	**–**	–
Loss and total comprehensive expense for the year/period	**5,087**	484

	2015 *HK$000*
Net assets of Triple	44,275
Proportion of the Group's Ownership in Triple	39.7%
Other adjustment	(2,374)
Carrying amount of the Group's interest in Triple	15,203

21. INTERESTS IN ASSOCIATES, AMOUNT DUE FROM AN ASSOCIATE AND AMOUNT DUE TO AN ASSOCIATE (Continued)

Summarised financial information of associates (Continued)

Summarised financial information in respect of the other Group's associate as at 31 December 2015 and for the period ended 31 December 2015 are set out below.

Haikou Xinyuan

	HK$'000
Current assets	51,257
Non-current assets	49,314
Current liabilities	12,374
Revenue for the period from the date of acquisition to 31 December 2015	89,545
Profit and total comprehensive income for the period from the date of acquisition to 31 December 2015	6,646

	2015 *HK$000*
Net assets of Haikou Xinyuan	88,197
Proportion of the Group's Ownership in Haikou Xinyuan	48%
Goodwill	113,594
Fair value adjustment	12,261
Carrying amount of the Group's interest in Haikou Xinyuan	168,190

Aggregate information of associates that are not individually material

	2015 *HK$000*
The Group's share of loss for the period from the respective dates of acquisition to 31 December 2015	1,976
Aggregate carrying amount of the Group's interests in these associates	40,776

Amount due to an associate

The amount due to an associate include amount HK$30,750,000 is secured by associate's shares, carried interest at 7% per annum and have maturity of one year.

22. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM JOINT VENTURES

Investments in joint ventures

Details of the Group's investments in joint ventures are as follows:

	2015	2014
	HK$'000	*HK$'000*
Cost of investments in joint ventures		
Unlisted	**93,176**	–
Share of losses and other comprehensive income	**(771)**	–
	92,405	–

Details of the Group's joint ventures at the end of the reporting period are as follow:

Name of entity	Form of entity	Place of registration	Principal place of operation	Proportion of interest held by the Group		Voting rights held by the Group		Principal activity
				2015	2014	**2015**	2014	
Brightjet (Note a)	Incorporated	PRC	PRC	**55%**	N/A	**33%**	N/A	Sales and distribution of LNG
My Palace (Note b)	Incorporated	PRC	PRC	**59.38%**	N/A	**33%**	N/A	Sales and distribution of LNG

Notes:

(a) On 1 April 2015, the Group acquired an additional 15% equity interest in Brightjet, then a non-wholly owned subsidiary of the Group, from the non-controlling shareholder of Brightjet at a consideration of HK$1,500,000. The difference of HK$1,205,000 between consideration paid and the carrying amount of the 15% non-controlling interests was charged to other reserve.

On 15 June 2015, the Group entered into a sales and purchase agreement with an independent third party to dispose of the Group's 15% equity interests in Brightjet at a total cash consideration of HK$12,000,000. Upon the completion of the disposal on 15 June 2015, the Group hold 55% equity interest in Brightjet, and 30% and 15% equity interest of Brightjet are held by two other shareholders respectively. Pursuant to the shareholders' agreement entered into among the Group, and the two other shareholders of Brightjet, on the same date, each of the parties can reserve the rights to appoint or remove one director out of the three directors at the board of directors of Brightjet respectively. The shareholders of Brightjet has also contractually agreed sharing control over Brightjet, as certain decisions about the relevant activities, including but not limited to business, financial and operational matters of Brightjet, require unanimous consents from all of the directors of Brightjet. Accordingly, the Group has joint control over Brightjet and the Group's in equity interest of Brightjet is accounted for as investment in joint venture with effect from that date. The details of disposal of subsidiary are set out in note 37.

(b) On 20 December 2015, the Group entered into a sales and purchase agreement with a third party to dispose of the Group's 26.56% equity interests in My Palace at a total cash consideration of HK$22,000,000. Upon the completion of the disposal, the Group hold 59.38% equity interest in My Palace, and 26.56% and 14.06% equity interest of held by two other shareholders respectively. Pursuant to the shareholders' agreement entered into among the Group and the two other shareholders of My Palace, each of the parties can reserve the rights to appoint or remove one director out of the three directors at the board of directors of My Palace respectively. The shareholders of My Palace has also contractually agreed sharing control over My Palace, as certain decisions about the relevant activities, including but not limited to business, financial and operational matters of My Palace, require unanimous consents from all of the directors of My Palace. Accordingly, the Group has joint control over My Palace and the Group's in equity interest in My Palace is accounted for as investment in joint venture. The details of disposal of subsidiary are set out in note 37.

22. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM JOINT VENTURES (Continued)

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Brightjet

	HK$'000
As at 31 December 2015	
Current assets	16,287
Non-current assets	14,663
Current liabilities	31,295
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	1,562
Current financial liabilities (excluding trade and other payables and provisions)	27,356
Period from 15 June 2015 to 31 December 2015	
Revenue	–
Loss and total comprehensive expense for the period	771

	2015 *HK$000*
Net liabilities of Brightjet	(345)
Proportion of the Group's Ownership in Brightjet	55%
Goodwill	43,418
Carrying amount of the Group's interest in Brightjet	43,228

22. INTERESTS IN JOINT VENTURES AND AMOUNT DUE FROM JOINT VENTURES (Continued)

Summarised financial information of material joint venture (Continued)

My Palace

	HK$'000
As at 31 December 2015	
Current assets	13,819
Non-current assets	23,259
Current liabilities	36,644
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	1,219
Current financial liabilities (excluding trade and other payables and provisions)	31,402
Period from 20 December 2015 to 31 December 2015	
Revenue	–
Loss and total comprehensive expense for the period	–

	2015
	HK$000
Net assets of My Palace	434
Proportion of the Group's Ownership in My Palace	59.38%
Goodwill	48,919
Carrying amount of the Group's interest in My Palace	49,177

Amounts due from joint ventures

The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

23. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	–	8,442
Work-in-progress	–	2,559
Finished goods	1,763	2,931
	1,763	13,932

24. TRADE AND OTHER RECEIVABLES

	Notes	2015 HK$'000	2014 HK$'000
Trade receivables		61,622	56,234
Less: Impairment losses	(a)	(4,063)	(3,969)
Trade receivables – net	(b), (c)	57,559	52,265
Prepayments and other receivables	(e)	77,092	7,119
		134,651	59,384

Notes:

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

	2015 HK$'000	2014 HK$'000
At 1 January	3,969	3,969
Impairment losses recognised	94	542
Amount written off	–	(542)
At 31 December	4,063	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 2015, the Group determined trade receivables of HK$4,063,000 (2014: HK$3,969,000) as individually impaired. Based on this assessment, impairment losses of HK$94,000 (2014: HK$542,000) 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.

24. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) The Group generally allows a credit period of 30 to 120 days (2014: 30 to 120 days) to its trade customers for the sales of book products and specialised products and a credit period of 30 to 90 days to its trade customers for the sales and distribution of natural gas and other related products. 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:

	2015 ***HK$'000***	2014 *HK$'000*
0 – 90 days	**48,482**	37,573
91 – 120 days	**8,622**	10,134
121 – 180 days	**25**	4,095
181 – 365 days	**–**	449
Over 365 days	**430**	14
	57,559	52,265

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

	2015 ***HK$'000***	2014 *HK$'000*
Neither past due nor impaired	**48,482**	38,328
0 – 90 days past due	**8,647**	13,116
91 – 180 days past due	**–**	821
181 – 365 days past due	**430**	–
	57,559	52,265

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.

24. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(d) During the year ended 31 December 2014, 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 and HK$33,000 respectively. There is no such arrangement as at 31 December 2015.

(e) The balance as at 31 December 2015, included (i) a loan receivable of approximately HK$18,699,000 (31 December 2014: Nil) denominated in Renminbi ("RMB"). The loan receivable is short term loan advance to an independent third party, which is unsecured, interest bearing at 12% per annum and repayable within one year. The Group reviewed the recoverable amount of the loan receivable at the end of the reporting period and considered no impairment losses are required; and (ii) the consideration receivable of HK$19,000,000 arising from the disposal of My Palace (as set out in note 37).

25. AMOUNTS DUE FROM (TO) NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, AMOUNTS DUE FROM RELATED COMPANIES AND AMOUNTS 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 companies.

The maximum amount outstanding from related companies during the year were HK$2,650,000 (2014: HK$2,650,000).

26. AVAILABLE FOR SALE INVESTMENT

During the year ended 31 December 2015, the Group entered into agreement with a third party to acquire 10% equity interest of 海南中油深南能源有限公司 Hainan China Petroleum Shennan Energy Co., Limited ("Shennan Energy") through acquisition of the entire equity interest in Smart Rainbow Investments Limited ("Smart Rainbow") at a consideration of HK$100,000,000 (see note 36 for details). The investment in Shennan Energy represent investment in unlisted equity securities issued by a private entity incorporated in the PRC. Shennan Energy owns and operates a LNG receiving terminal in Haikou in Hainan Province, the PRC.

The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

27. CASH AND BANK BALANCES

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2014: 0.01% to 0.35%) per annum.

Included in cash and bank balances of the Group as at 31 December 2015 are bank balances of HK$43,872,000 (2014: HK$4,855,000) 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.

28. TRADE AND OTHER PAYABLES

	Notes	**2015** **HK$'000**	2014 HK$'000
Trade payables	(a)	**17,495**	17,427
Accrued charges and other creditors	(b)	**18,858**	29,102
Construction cost payables		**38,465**	34,214
Trade deposits received		**2,388**	1,697
		77,206	82,440

Notes:

(a) The Group was granted by its suppliers credit periods ranging from 30 to 120 days (2014: 30 to 120 days). Based on invoice dates, ageing analysis of trade payables was as follows:

	2015 **HK$'000**	2014 HK$'000
0 – 90 days	**7,602**	12,411
91 – 180 days	**5,342**	3,827
181 – 365 days	**–**	1,095
Over 365 days	**4,551**	94
	17,495	17,427

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

(c) On 18 September 2015, the Group issued a promissory note of HK$40,000,000 for acquisition of Energy Shell. The promissory note is interest free and repayable on the 18 September 2018. The whole amount of the promissory note was repaid during the year.

29. BANK AND OTHER BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Collateralised bank borrowings	**–**	33
Trust receipt loans	**3,694**	13,153
Term loans	**–**	10,562
Corporate bonds (note)	**182,500**	21,500
	186,194	45,248
Analysed as:		
Secured	**3,694**	18,708
Unsecured	**182,500**	26,540
	186,194	45,248
Carrying amount repayable*:		
Within one year	**3,694**	21,748
More than one year, but not exceeding two years	**–**	2,000
More than two years, but not exceeding five years	**106,500**	–
More than five years	**76,000**	21,500
	186,194	45,248
Less: Amounts due within one year or contain a repayment on demand clause shown under current liabilities	**(3,694)**	(23,748)
Amounts shown under non-current liabilities	**182,500**	21,500
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	**3,694**	3,222
Carrying amount of bank borrowings that are repayable more than one year but contain a repayment on demand clause	**–**	2,000
	3,694	5,222

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

Note: The corporate bonds issued by the Company during the year amounted to HK$161,000,000 (2014: HK$21,500,000) respectively. The bonds are unsecured and have maturity of five to eight years (2014: seven years) until 2023 (2014: 2021) and carry interest at 5% to 8% (2014: 5% to 8%) per annum. Transaction costs of approximately HK$18,508,000 (2014: HK$2,070,000) have been incurred and the corporate bonds carry effective interest at 7.7% (2014: 9.1%) per annum.

29. BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2015 and trust receipt loans are interest-bearing at floating rates. The effective interest rate as at the reporting date is 3.10% (2014: 3.14%) per annum.

As at 31 December 2014, the term loans of HK$5,040,000 were fixed rate borrowings which fall due within one year and borne an average interest at 11% per annum, the remaining term loans borne interests at floating rates ranging from 3.00% to 3.73% 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.

30. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.055 each (1 January 2014: HK$0.55 each)		
Authorised share capital		
At 1 January 2014	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 and 31 December 2015	91,000,000,000	5,005,000
Issued and fully paid share capital		
At 1 January 2014	209,049,373	114,977
Issue of shares by way of placing (note ii)	40,018,000	22,010
Issue of shares upon conversion of convertible notes (note iii)	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 iv)	62,288,170	3,426
Issue of shares upon conversion of convertible notes (note iii)	81,726,700	4,495
At 31 December 2014	4,658,605,900	256,223
Issue of shares by way of placing (note v)	**262,500,000**	**14,438**
Issue of shares upon conversion of convertible notes and convertible bonds (note vi)	**643,354,980**	**35,385**
Issue of shares for acquisition of subsidiaries (note vii)	**531,679,993**	**29,242**
Issue of shares upon exercise of share options (note viii)	**3,500,000**	**192**
At 31 December 2015	**6,099,640,873**	**335,480**

30. 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 4,514,591,030 of HK$0.055 each. Details of Share Subdivision are disclosed in the circular issued by the Company on 16 September 2014.

(ii) 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.

(iii) 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 34.

(iv) 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$0.399 per share, respectively, as part of the consideration for the acquisition of subsidiaries. Details are set out in note 36.

(v) In March 2015 and June 2015, the Company issued, by way of placing, 162,500,000 ordinary shares and 100,000,000 ordinary shares of HK$0.055 each at the issue price of HK$0.40 and HK$0.43 respectively and the net proceeds (after legal and professional costs) from such issues amounted to approximately HK$63,355,000 and HK$41,905,000 respectively. An amount of approximately HK$54,417,000 and HK$36,406,000 in excess of par value were credited to share premium.

(vi) During the year ended 31 December 2015, a total of 643,354,980 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the convertible notes and convertible bonds of the Company. Details are set out in note 33.

(vii) On 15 September 2015, 23 October 2015, and 26 October 2015, the Company issued 251,250,000, 24,019,737 and 256,410,256 new ordinary shares of HK$0.055 each at the issue price of HK$0.40, HK$0.384 and HK$0.394 per share, respectively, as part of the consideration for the acquisition of subsidiaries. Details are set out in note 36.

(viii) During the year ended 31 December 2015, a total of 3,500,000 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the share options of the Company. Details are set out in note 31.

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

31. 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").

31. 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.

31. 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 2015:

Category of grantee	Exercise price per share option HK$ (note i)	Date of grant	Exercisable period	Number of share options as at 1 January 2015	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Number of share options as at 31 December 2015
Directors:								
Mr. Cheng Ming Kit	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
Mr. Hung Tao	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	15,000,000	–	–	15,000,000
Mr. Kwok Shek San	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	10,000,000	–	–	10,000,000
Ms. Chung Oi Ling, Stella	0.286	21 July 2014	21 July 2015 to 20 July 2024	24,906,730	–	–	–	24,906,730
Mr. Lim Siang Kai	0.286	21 July 2014	21 July 2015 to 20 July 2024	2,490,670	–	–	–	2,490,670
Mr. Wee Piew	0.286	21 July 2014	21 July 2015 to 20 July 2024	2,490,670	–	–	–	2,490,670
Mr. Hu Xiaoming	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	10,000,000	–	–	10,000,000
Mr. Ma Arthur On-hing	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	2,490,670	–	–	2,490,670
				104,608,260	37,490,670	–	–	142,098,930
Employees	0.286	21 July 2014	21 July 2015 to 20 July 2024	14,000,000	–	(3,500,000)	(4,900,000)	5,600,000
	0.349	1 September 2014	1 September 2015 to 31 August 2018	31,449,300	–	–	(6,010,500)	25,438,800
	0.395	23 July 2015	23 July 2016 to 22 July 2019	–	64,460,000	–	(3,350,000)	61,110,000
				45,449,300	64,460,000	(3,500,000)	(14,260,500)	92,148,800
Total				150,057,560	101,950,670	(3,500,000)	(14,260,500)	234,247,730
Exercisable at the end of the year								135,647,060
Weighted average exercise price				HK$0.279	HK$0.395	HK$0.286	HK$0.321	HK$0.339
Weighted average share price at dates of exercise				N/A	N/A	HK$0.426	N/A	N/A

31. 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, Stella	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 Tat	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, 1 September 2014 and 23 July 2015 using the Binominal model appropriately were HK$20,390,000, HK$3,240,000 and HK$14,152,000 respectively.

31. 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	23 July 2015
Grant date share price (adjusted for the Share Subdivision)	HK$0.285	HK$0.341	HK$0.395
Exercise price (adjusted for the Share Subdivision)	HK$0.286	HK$0.349	HK$0.395
Option life	10 years	4 years	4 years
Expected volatility	45%	37%	46%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.95%	1.02%	1.00%

The share options granted during the year ended 31 December 2015 and 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$8,032,000 (2014: HK$5,966,000) 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.

32. OBLIGATIONS UNDER FINANCE LEASES

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	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable under finance leases:				
Within one year	**6,534**	358	**5,355**	311
In more than one year but not more than two years	**6,666**	358	**5,975**	323
In more than two years but not more than five years	**3,553**	896	**3,059**	859
	16,753	1,612	**14,389**	1,493
Less: Future finance charges	**(2,364)**	(119)	**–**	–
Present value of lease obligations	**14,389**	1,493	**14,389**	1,493
Less: Amount due for settlement within one year (shown under current liabilities)			**(5,355)**	(311)
Amount due for settlement after one year			**9,034**	1,182

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

33. CONVERTIBLE BONDS

(a) Convertible Bonds I

On 17 October 2014, the Company issued HK$50,000,000 8% convertible bonds (the "Convertible Bonds I"). The bond holders are entitled to convert the Convertible Bonds I into ordinary shares of the Company at any time between the 6 months from the date of issue of the Convertible Bonds I and 30 days before their maturity date on 17 October 2017 at a conversion price of HK$3.94 per convertible share, subject to adjustment and resets in accordance with the terms and conditions of the Convertible Bonds I. If the Convertible Bonds I 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 I 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.

33. CONVERTIBLE BONDS (Continued)

(a) Convertible Bonds I (Continued)

The Convertible Bonds I 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 I for the year is set out as below:

	Liability component	**Conversion and other embedded derivatives**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2014	–	–	–
Issued during the year	38,731	11,269	50,000
Interest charged	696	–	696
Loss arising on change in fair value	–	6,072	6,072
As at 31 December 2014	39,427	17,341	56,768
Converted during the year	(26,290)	(7,780)	(34,070)
Interest charged	2,325	–	2,325
Gain arising on change in fair value	–	(6,167)	(6,167)
As at 31 December 2015	15,462	3,394	18,856

The methods and assumptions applied for the valuation of the Convertible Bonds I 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 I is 17.3%.

33. CONVERTIBLE BONDS (Continued)

(a) Convertible Bonds I (Continued)

(2) Valuation of conversion option and issuer and bondholders early redemption options for Convertible Bonds I

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

	17 October 2014	31 December 2014	31 December 2015
Stock price (adjusted for Share Subdivision)	HK$0.400	HK$0.435	HK$0.510
Exercise price (adjusted for Share Subdivision)	HK$0.394	HK$0.394	HK$0.394
Volatility	48%	46%	35%
Option life	36 months	34 months	22 months
Risk-free interest rate	0.574%	0.900%	0.323%

(b) Convertible Bonds II

On 9 September 2015, the Company issued unsecured convertible bonds of HK$116,000,000 ("Convertible Bonds II").The Convertible Bonds II will mature on the date falling on the third anniversary of the date of issuance of the Convertible Bonds II at a conversion price of HK$0.4 per convertible share subject to anti-dilutive adjustment. The principal amount of the Convertible Bond II which remains outstanding on their maturity date shall be automatically redeemed by the Company at 124% of its outstanding principal amount. The bondholders are entitled to early redeem whole or part of the outstanding principal amount of the Convertible Bond II at 120% of the principal amount when the Group fails to meet certain requirements in relation to financial performance of the Group, subject further to the condition relating to price and trading volume of the Company's shares being met, as set out in the Convertible Bonds II agreement dated 13 August 2015. In the opinion of the directors of the Company, taking into accounts the conditions to be met for exercisability of the holders' put options, the fair value of the early redemption option of the Convertible Bonds II is insignificant.

The Convertible Bonds II contain liability and equity components. The equity component is presented in consolidated statement of changes in equity under the heading "Convertible note equity reserve". The effective interest rate of the liability component of the Convertible Bonds II is 26.7%.

The movement of the liability component of the Convertible Bonds II for the year is set out as below:

	HK$'000
As at 1 January 2015	–
Issued during the year	75,557
Transaction cost attributable to liability component of convertible bond	(5,637)
Interest charged	5,775
As at 31 December 2015	75,695

33. CONVERTIBLE BONDS (Continued)

(c) Convertible Bonds III

On 11 December 2015, the Company issued 5% unsecured convertible bonds of HK$200,000,000 ("Convertible Bond III").The Convertible Bond III will mature on the interest payment date falling on or nearest to 9 December 2018 at a conversion price of HK$0.48 per convertible share subject to anti-dilutive adjustment. The principal amount of the Convertible Bond III which remains outstanding on their maturity date shall be automatically redeemed by the Company on their maturity date at a redemption amount in accordance with the following formula:

Redemption amount = outstanding principal amount of such Convertible Bond III being redeemed $\times$ $(1.095)^N - AI$

Where:

"N" = a fraction the numerator of which is the number of calendar days between the issue date and the applicable date of redemption and the denominator of which is 365; and

"AI" = Interest accrued and paid in respect of such Convertible Bond III (excluding any default interest payable), prior to the applicable date of redemption.

The Convertible Note III contains two components, liability and equity components. The equity component is presented in consolidated statement of changes in equity under the heading "Convertible note equity reserve". The effective interest rate of the liability component is 15.9% per annum.

The movement of the liability component of the Convertible Bonds III for the year is set out as below:

	HK$'000
As at 1 January 2015	–
Issued during the year	146,366
Transaction cost attributable to issue of convertible bond	(19,979)
Interest charged	1,101
As at 31 December 2015	127,488

34. CONVERTIBLE NOTE

(a) Convertible Note I

As part of the consideration for the acquisition of Cloud Decade as disclosed in note 36(a), convertible note with principal amount of HK$498,432,000 was issued on 30 July 2014 with conversion price of HK$2.36 per convertible share subject to anti-dilutive adjustment (the “Convertible Note I”) to the vendor. The fair value of the Convertible Note I at the date of acquisition of Cloud Decade was HK$590,000,000. 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 I and its maturity date, which is on the third anniversary of the date of issue of the Convertible Note I. If the Convertible Note I 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 I bears no interest.

The Convertible Note I contains two components, liability and equity components. The equity component is presented in consolidated statement of changes 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 I for the year is set out below:

	HK$'000
As at 1 January 2014	–
Issued during the year	319,000
Converted during the year	(318,313)
Interest charged	1,319
As at 31 December 2014	2,006
Converted during the year	(2,046)
Interest charged	40
As at 31 December 2015	–

(b) Convertible Note II

As part of the consideration for the acquisition of Haikou Xinyuan as disclosed in note 21, convertible note with principal amount of HK$143,000,000 was issued on 28 January 2015 with conversion price of HK$0.408 per convertible share subject to anti-dilutive adjustment (the “Convertible Note II”) to the vendor. The fair value of the Convertible Note II at the date of acquisition of Haikou Xinyuan was HK$138,444,000. 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 II and its maturity date, which is on the third anniversary of the date of issue of the Convertible Note II. If the Convertible Note II has not been converted, it will be redeemed on maturity date at the entire principal amount. The Convertible Note II bears no interest.

34. CONVERTIBLE NOTE (Continued)

(b) Convertible Note II (Continued)

The Convertible Note II contains two components, liability and equity components. The equity component is presented in consolidated statement of changes in equity under the heading "convertible note equity reserve". The effective interest rate of the liability component is 19.8% per annum.

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

	HK$'000
As at 1 January 2015	–
Issued during the year	80,680
Converted during the year	(87,180)
Interest charged	6,500
As at 31 December 2015	–

(c) Convertible Note III

As part of the consideration for the acquisition of Shine Great as disclosed in note 36(a), convertible note with principal amount of HK$77,805,108 was issued on 24 February 2015 with conversion price of HK$0.379 per convertible share subject to anti-dilutive adjustment (the "Convertible Note III") to the vendor. The fair value of the Convertible Note III at the date of acquisition of Shine Great was HK$80,063,000. 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 III and its maturity date, which is on the third anniversary of the date of issue of the Convertible Note III. If the Convertible Note III has not been converted, it will be redeemed on maturity date at the entire principal amount. The Convertible Note III bears no interest.

The Convertible Note III contains two components, liability and equity components. The equity component is presented in consolidated statement of changes in equity heading "convertible note equity reserve". The effective interest rate of the liability component is 18.0% per annum.

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

	HK$'000
As at 1 January 2015	–
Issued during the year	46,128
Converted during the year	(51,276)
Interest charged	5,148
As at 31 December 2015	–

35. 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:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**108,184**	–
Acquisition of subsidiaries (note 36)	**32,733**	109,860
Recognised in profit or loss (note 11)	**(4,999)**	(1,676)
At 31 December	**135,918**	108,184

At 31 December 2015, deferred tax liabilities have been recognised in relation to the Group's taxable temporary differences of HK$37,051,000 (2014: HK$17,055,000). The Group also has tax losses arising in Hong Kong of approximately HK$25,798,000 (2014: HK$12,430,000) 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 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.

36. ACQUISITION OF SUBSIDIARIES

(a) Acquisitions accounted for business combinations

For the year ended 31 December 2015

During the year ended 31 December 2015, 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 acquisition 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 combination:			
Shine Great	February 2015	51%	134,863
Energy Shell	September 2015	100%	158,000
Faster Success	October 2015	100%	15,990

The acquisition-related costs of HK$1,271,000 (2014: 6,145,000) were recognised as expenses in the current year, within other operating expenses.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions accounted for business combinations (Continued)

For the year ended 31 December 2015 (Continued)

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

	Shine Great *HK$'000*	Energy Shell *HK$'000*	Faster Success *HK$'000*	Total *HK$'000*
Fair value of the purchase consideration:				
– settled by cash (note a)	54,800	17,500	6,863	79,163
– settled by issue of Convertible Note III (note 34)	80,063	–	–	80,063
– settled by issue of promissory note	–	40,000	–	40,000
– settled by issue of shares of the Company (note b)	–	100,500	9,127	109,627
Total consideration	134,863	158,000	15,990	308,853
Non-controlling interests	126,165	–	–	126,165
Acquiree's provisional fair value of net identifiable assets acquired (see below)	(257,479)	(1,475)	7,863	(251,091)
Provisional goodwill	3,549	156,525	23,853	183,927

Note:

(a) Included the payable of HK$37,800,000 by the Group to Shine Great for the subscription of the share capital of Shine Great as enlarged by the subscription shares, which is recognised as other receivable in Shine Great and other payable in the Group at the date of acquisition.

(b) The fair value of the consideration settled by issue of shares of the Company was determined by the market price of the Company's shares at the acquisition dates.

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$126,165,000.

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

Acquirees' provisional fair values at respective acquisition dates:

	Shine Great *HK$'000*	Energy Shell *HK$'000*	Faster Success *HK$'000*	Total *HK$'000*
Net assets (liabilities) acquired:				
Intangible assets	137,906	–	–	137,906
Property, plant and equipment	54,970	13,670	5,176	73,816
Prepaid lease payments	4,184	–	2,897	7,081
Inventories	221	1,080	–	1,301
Trade and other receivables	153,315	5,395	136	158,846
Interest in an associate	12,331	–	–	12,331
Cash and bank balances	3,097	3,576	156	6,829
Other payables	(64,609)	(22,246)	(16,228)	(103,083)
Bank and other borrowings	(7,544)	–	–	(7,544)
Obligations under finance leases	(250)	–	–	(250)
Deferred taxation	(32,733)	–	–	(32,733)
Non-controlling interests	(3,409)	–	–	(3,409)
	257,479	1,475	(7,863)	251,091

36. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions accounted for business combinations (Continued)

For the year ended 31 December 2015 (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:

	Shine Great	Energy Shell	Faster Success	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Purchase cash consideration	54,800	17,500	6,863	79,163
Cash and bank balances acquired	(3,097)	(3,576)	(156)	(6,829)
Deposits paid for acquisition of subsidiaries (Note)	(17,000)	–	–	(17,000)
	34,703	13,924	6,707	55,334

Note: Part of the cash consideration was paid in advance to the vendor during the year ended 31 December 2014, and the amount was recorded as deposits for acquisition of subsidiaries in the consolidated statement of financial position as at 31 December 2014.

Goodwill arose from the above acquisition 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 acquisition is expected to be deductible for tax purposes.

The acquired subsidiary contributed HK$32,862,000 to the Group's turnover and incurred loss of HK$7,570,000 for the period between the respective dates of acquisition and the end of the reporting period.

Had the above acquisition been effected at the beginning of the reporting period, the total amount of revenue of the Group for the year ended 31 December 2015 would have been approximately HK$289,125,000 and the amount of the profit for the year would have been approximately HK$15,558,000. 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 acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions accounted for business combinations (Continued)

For the year ended 31 December 2014

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

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

	Focus On	Cloud Decade	Total
	HK$'000	*HK$'000*	*HK$'000*
Fair value of the purchase consideration:			
– settled by cash	55,000	17,000	72,000
– settled by issue of Convertible Note I (note 34)	–	590,000	590,000
Total consideration	55,000	607,000	662,000
Non-controlling interests	3,880	–	3,880
Acquiree's provisional fair value of net identifiable assets acquired (see below)	(9,699)	(338,638)	(348,337)
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$3,880,000.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions accounted for business combinations (Continued)

For the year ended 31 December 2014 (Continued)

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

Acquirees' fair values at acquisition dates:

	Focus On	Cloud Decade	Total
	HK$'000	*HK$'000*	*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	(7,683)	(51,782)	(59,465)
Deferred taxation	–	(109,860)	(109,860)
Non-controlling interests	(14,847)	(42,968)	(57,815)
	9,699	338,638	348,337

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
Cash and bank balances 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.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisitions accounted for business combinations (Continued)

For the year ended 31 December 2014 (Continued)

The 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.

(b) Acquisition of assets through acquisition of subsidiaries

For the year ended 31 December 2015

During the year ended 31 December 2015, the Group acquired the following subsidiary which hold an investment in an investee that holds 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 as the commercial operation of the investee had yet commenced at the date of acquisition, therefore, the acquisition has been accounted for as acquisition of assets rather than business combination. The primary reason for the below acquisition 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 Rainbow	October 2015	100%	100,000

36. ACQUISITION OF SUBSIDIARIES (Continued)

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

For the year ended 31 December 2015 (Continued)

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

	Smart Rainbow *HK$'000*
Fair value of net assets acquired:	
Trade and other receivables	646
Available for sale investment	104,668
Cash and bank balances	14
Other payables	(5,328)
	100,000
Fair value of the purchase consideration:	
– settled by issue of shares of the Company (note)	100,000

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 shares at the acquisition date.

Net cash inflow arising on acquisitions:

	Smart Rainbow *HK$'000*
Purchase cash consideration	–
Cash and bank balances acquired	(14)
	(14)

36. ACQUISITION OF SUBSIDIARIES (Continued)

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

For the year ended 31 December 2014

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

36. ACQUISITION OF SUBSIDIARIES (Continued)

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

For the year ended 31 December 2014 (Continued)

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

	Smart Union HK$'000	Fan Dream HK$'000	My Palace HK$'000	Brightjet HK$'000	Total 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	–	(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 shares at the respective acquisition dates.

Net cash outflow (inflow) arising on acquisitions:

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

37. DISPOSAL OF SUBSIDIARIES

As part of the transactions under the sales and purchase agreements set out in note 22, the Group disposed of 15% and 26.56% equity interest in Brightjet and My Palace at a consideration of HK$12,000,000 and HK$22,000,000 respectively. The net (liabilities) assets of Brightjet and My Palace at the respective dates of disposal were as follows:

Net liabilities of Brightjet disposed of	*HK$'000*
Property, plant and equipment	635
Intangible assets	13,437
Trade and other receivables	5,284
Cash and bank balances	678
Amounts due from group companies	5,040
Amounts due to group companies	(24,214)
Trade and other payables	(6,768)
	(5,908)
Gain on disposal of Brightjet	
Cash consideration received	12,000
Fair value of the retained 55% equity interest of Brightjet	44,000
Non-controlling interests	1,276
Less: Net liabilities disposed of	5,908
	63,184

Net assets of My Palace disposed of	*HK$'000*
Property, plant and equipment	8,796
Intangible assets	14,463
Trade and other receivable	7,085
Cash and bank balances	1,219
Amount due from non-controlling shareholder	5,515
Amounts due to group companies	(29,629)
Trade and other payables	(5,241)
Obligation under finance lease	(1,774)
	434
Gain on disposal of My Palace	
Cash consideration received	22,000
Fair value of the retained 59.38% equity interest of My Palace	49,176
Non-controlling interests	1,281
Less: Net assets disposed of	(434)
	72,023
Net cash inflow arising on disposal of Brightjet and My Palace	
Cash consideration received	34,000
Less: Cash consideration receivables	(19,000)
Less: Cash and bank balances disposed of	(1,897)
	13,103

According to the shareholders' agreement of Brightjet and My Palace, the Group have joint control with the other shareholders. The fair values of the Group's retained equity interest in Brightjet and My Palace were approximately HK$44,000,000 and HK$49,176,000 respectively, have been regarded as cost of interests in joint ventures. The details of the interests in joint ventures are set out in note 22.

38. COMMITMENTS

Capital commitments

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

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided:		
– property, plant and equipment	**41,239**	80,853
– acquisition of subsidiaries	**96,000**	363,984
	137,239	444,837

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:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**3,815**	1,877
In the second to fifth year inclusive	**6,583**	409
More than five years	**4,121**	–
	14,519	2,286

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:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**638**	1,314
In the second to fifth year inclusive	**319**	1,690
	957	3,004

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.

39. 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.

40. 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:

	2015 ***HK$'000***	2014 *HK$'000*
Finance cost in related to finance lease obligation with an associate (note)	**274**	–
Interest paid to an associate	**950**	–
Key management personnel remuneration		
Short-term employee benefits	**9,009**	6,682
Post-employment benefits	**197**	145
Share based payments	**4,967**	4,356
	14,173	11,183

Note: During the year ended 31 December 2015, the Group entered into finance lease agreement with one of the associates, details are disclosed in note 16.

During the year ended 31 December 2015, the Group has entered into sales and purchase agreement with Grand Powerful Group Limited, a company wholly owned by Mr. Cheng Ming Kit, an executive director of the Company, to acquire 100% equity interest in Smart Rainbow at a consideration of HK$100,000,000 (see note 36(b) for the details of the acquisition).

40. RELATED PARTY TRANSACTIONS (Continued)

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.

41. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2015, as part of the consideration for the acquisition of subsidiaries, convertible note with fair value amounted to HK$218,507,000 (2014: HK$590,000,000 was issued.

(ii) During the year ended 31 December 2015, as part of the consideration for the acquisition of subsidiaries, 531,679,993 (2014: 62,288,170) ordinary shares with aggregate fair values amounted to HK$209,627,000 (2014: HK$23,468,000) were issued.

(iii) During the year ended 31 December 2015, all of the issued convertible note with aggregate principal amounts of approximately HK$220,805,000 (2014: HK$496,932,000) have been converted into 643,354,980 (2014: 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$14,731,000 (2014: HK$1,493,000).

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

As at 31 December 2015 and 2014

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
				2015 %	2014 %	
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**	100	Investment holding
Brightjet	British Virgin Islands (“BVI”)/Hong Kong	Incorporated	55 ordinary shares of US$1 each	**–** (note 37)	55	Investment holding
Fan Dream	BVI/ Hong Kong	Incorporated	100 ordinary shares of US$1 each	**100**	100	Investment holding
My Palace	BVI/Hong Kong	Incorporated	55 ordinary shares of US$1 each	**–** (note 37)	85.94	Investment holding
Focus On	BVI/Hong Kong	Incorporated	60 ordinary shares of US$1 each	**60**	60	Investment holding
Cloud Decade	BVI/Hong Kong	Incorporated	100 ordinary shares of US$1 each	**100**	100	Investment holding
Waypost	BVI/Hong Kong	Incorporated	100 ordinary shares of US$1 each	**60**	60	Investment holding
Shine Great	BVI/Hong Kong	Incorporated	10,000,000 ordinary shares of US$1 each	**51** (note 36(a))	–	Investment holding
Well Organising	BVI/Hong Kong	Incorporated	1 ordinary share of US$1 each	**100** (note 21)	–	Investment holding
Energy Shell	BVI/Hong Kong	Incorporated	1 ordinary share of US$1 each	**100** (note 36(a))	–	Investment holding
Faster Success	BVI/Hong Kong	Incorporated	1 ordinary share of US$1 each	**100** (note 36(a))	–	Investment holding

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

As at 31 December 2015 and 2014 (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 2015 %	2014 %	Principal activities
Smart Rainbow	BVI/Hong Kong	Incorporated	1 ordinary share of US$1 each	**100** (note 36(b))	–	Investment holding
貴州坤煜經貿有限公司	PRC	Wholly-foreign owned enterprise	Registered capital RMB68,000,000	**100** (note 36(a))	–	Sales and distribution of natural gas and other related products
德州華鑫 (Dezhou Huaxin Natural Gas Company Limited)	PRC	Sino-foreign owned enterprise	Registered capital US$5,705,000	**60**	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	**–** (note 37) (note a)	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**	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**	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	**–** (note 37) (note b)	75	Sales and distribution of natural gas and other related products

Notes:

(a) The entity is a non-wholly owned subsidiary of Brightjet.

(b) The entity is a non-wholly owned subsidiary of My Palace.

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.

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

As at 31 December 2015 and 2014 (Continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015** *HK$'000*	2014 *HK$'000*	**2015** *HK$'000*	2014 *HK$'000*
Shine Great and its subsidiaries ("Shine Great Group")	BVI	**51%**	–	**(2,507)**	–	**114,239**	–
Individually immaterial subsidiaries with non-controlling interests	N/A	**N/A**	N/A	**(7,750)**	740	**79,184**	69,136
				(10,257)	740	**193,423**	69,136

Summarised financial information in respect of Shine Great Group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Shine Great Group	*HK$'000*
As at 31 December 2015	
Current assets	36,473
Non-current assets	258,349
Current liabilities	40,681
Non-current liabilities	21,001
Equity attributable to owners of the Company	118,901
Non-controlling interest	114,239
For the period from date of acquisition to 31 December 2015	
Revenue	12,146
Loss for the year	5,116
Loss for the year attributable to:	
Owners of the Company	2,609
Non-controlling interests	2,507
	5,116
Total comprehensive expenses for the year attributable to:	
Owners of the Company	2,187
Non-controlling interests	2,102
	4,289

43. 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:

	2015 ***HK$'000***	2014 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**280,383**	102,365
Available for sales investment	**104,671**	–
Financial assets at FVTPL	**–**	3,256
Financial liabilities		
Amortised cost	**525,419**	188,939
Embedded derivative	**3,394**	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 companies, amount due from joint ventures, 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, amount due to an associate, 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.

43. 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	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States Dollars ("US$")	**10,487**	34,913	**9,271**	513
Australian Dollars	**2**	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.

	2015	2014
	HK$'000	*HK$'000*
Decrease in loss for the year	**–**	163

43. 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 and bank borrowing is considered immaterial. Accordingly, no sensitivity analysis is presented.

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.

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 profit for the year (as a result of changes in fair value of conversion and other embedded derivatives of convertible bonds) would be:

	2015	2014
	HK$'000	*HK$'000*
10% higher in Company's share price		
Increase in post-tax profit		
(2014: increase in post-tax loss for the year)	**143**	6,183
10% lower in Company's share price		
Decrease in post-tax profit		
(2014: decrease in post-tax loss for the year)	**1,517**	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.

43. 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 for the sales of book products and specialised products, and a credit period of 30 to 90 days for the sales and distribution of natural gas. 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 joint ventures. 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% (2014: 16%) and 50% (2014: 65%) of total trade receivables as at 31 December 2015 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.

43. 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.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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 2014 and 2015. 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.

43. 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	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total undiscounted cash flow	Carrying amount at 31 December 2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015							
Trade and other payables	–	74,818	–	–	–	74,818	74,818
Short-term bank borrowings	4.1	3,705	–	–	–	3,705	3,694
Convertible bonds*	6.3	11,440	19,440	326,000	–	356,880	218,645
Amount due to non-controlling shareholders of a subsidiary	–	14,062	–	–	–	14,062	14,062
Amount due to an associate	7	32,902	–	–	–	32,902	31,700
Obligation under finance leases	2	6,534	6,666	3,553	–	16,753	14,389
Long-term borrowings	8	14,600	15,768	179,008	103,397	312,773	182,500
		158,061	41,874	508,561	103,397	811,893	539,808

	Weighted average interest rate	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total undiscounted cash flow	Carrying amount at 31 December 2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	1,720	1,858	2,007	25,477	31,062	21,500
		132,622	6,216	58,403	25,477	222,718	190,432

* 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.

43. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement

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 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Embedded conversion and other options of convertible bonds	**–**	**–**	**3,394**	**3,394**

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

There were no transfer between Level 1 and 2 in both year.

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	**36**	62
Prepayment	**16,557**	–
Amount due from a subsidiary	**179,307**	–
Amounts due from subsidiaries	**41,073**	–
Investments in subsidiaries	**1,187,578**	10
	1,424,551	72
Current assets		
Other receivables	**36,624**	603
Amounts due from subsidiaries	**–**	614,973
Amounts due from fellow subsidiaries	**238,243**	173,308
Amounts due from related parties	**–**	2,027
Bank balance and cash	**67,270**	994
	342,137	791,905
Current liabilities		
Other payables	**1,509**	11,350
Amounts due from fellow subsidiaries	**41,481**	2,191
Amounts due to directors	**–**	3,800
Convertible bonds	**91,157**	39,427
Embedded derivative	**3,394**	17,341
	137,541	74,109
Net current assets	**204,596**	717,796
Total assets less current liabilities	**1,629,147**	717,868
Capital and reserves		
Share capital (note 30)	**335,480**	256,223
Reserves	**983,679**	438,139
Total equity	**1,319,159**	694,362
Non-current liabilities		
Bank and other borrowing	**182,500**	21,500
Convertible bonds	**127,488**	–
Convertible note	**–**	2,006
	309,988	23,506
	1,629,147	717,868

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's share capital and reserve

	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$'000	Accumulated profits (losses) HK$'000	Total HK$'000
At 1 January 2014	114,977	57,617	–	–	(43,048)	(109,731)	19,815
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	(45,851)	(45,851)
Issue of shares by way of placing	22,010	82,037	–	–	–	–	104,047
Transaction cost attributable to issue of shares	–	(2,396)	–	–	–	–	(2,396)
Issue of shares for acquisition of subsidiaries	3,426	20,042	–	–	–	–	23,468
Issue of convertible note for acquisition of subsidiaries	–	–	–	271,000	–	–	271,000
Issue of shares upon conversion of convertible note	115,810	472,690	–	(270,187)	–	–	318,313
Recognition of equity-settled share-based payments	–	–	5,966	–	–	–	5,966
Transfer to accumulated losses upon forfeiture of share options	–	–	(414)	–	–	414	–
At 31 December 2014	256,223	629,990	5,552	813	(43,048)	(155,168)	694,362
Loss for the year and total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(47,343)**	**(47,343)**
Issue of shares by way of placing	**14,438**	**93,562**	**-**	**-**	**-**	**-**	**108,000**
Transaction cost attributable to issue of shares	**-**	**(2,740)**	**-**	**-**	**-**	**-**	**(2,740)**
Issue of shares for acquisition of subsidiaries	**29,242**	**180,385**	**-**	**-**	**-**	**-**	**209,627**
Issue of convertible bond	**-**	**-**	**-**	**94,077**	**-**	**-**	**94,077**
Transaction cost attributable to issue of convertible note	**-**	**-**	**-**	**(9,804)**	**-**	**-**	**(9,804)**
Issue of convertible note for acquisition of subsidiaries	**-**	**-**	**-**	**91,699**	**-**	**-**	**91,699**
Issue of shares upon conversion of convertible note	**30,918**	**202,096**	**-**	**(92,512)**	**-**	**-**	**140,502**
Issue of shares upon conversion of convertible bonds	**4,467**	**27,279**	**-**	**-**	**-**	**-**	**31,746**
Issue of shares upon conversion of share option	**192**	**809**	**-**	**-**	**-**	**-**	**1,001**
Recognition of equity-settled share-based payments	**-**	**-**	**8,032**	**-**	**-**	**-**	**8,032**
Transfer to accumulated losses upon forfeiture of share options	**-**	**-**	**(1,066)**	**-**	**-**	**1,066**	**-**
At 31 December 2015	**335,480**	**1,131,381**	**12,518**	**84,273**	**(43,048)**	**(201,445)**	**1,319,159**

45. SUBSEQUENT EVENTS

(i) On 30 November 2015, the Company entered into the a convertible bond subscription agreement with a subscriber pursuant to which the subscriber conditionally agreed to subscribe, and the Company conditionally agreed to issue convertible bond with an aggregate principal amount of HK$15,000,000. The conversion price is HK$0.40 per convertible share subject to anti-dilutive adjustment. The convertible bond will be matured in January 2019 with an early redemption option by the bondholders. The transaction was completed on 7 January 2016.

(ii) On 11 December 2015, 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 Fox Smart Limited and its subsidiaries (the "Fox Smart Group"). The total consideration is amounted to HK$136,000,000 to be satisfied by (a) cash of HK$40,000,000; (b) promissory note of HK$20,000,000 and by (c) consideration shares of HK$76,000,000. Fox Smart Group is principally engaged in sales and distribution of natural gas and other related products in PRC. At the date hereof, the transaction has not been completed yet.

(iii) On 5 January 2016, the Company entered into an acquisition agreement with independent vendor, pursuant to which the Group shall acquire the entire equity interests in the target company for the purpose of acquiring 51% equity interest in Beijing Gas Group (Teng County) Co., Ltd. (the "Project Company"). The Project Company is principally engaged in the distribution natural gas to the industrial parks, residential users and commercial users in the Guangxi Province in the PRC. The total consideration amounted to HK$152,000,000 which will be satisfied by the allotment and issue of 337,777,778 consideration shares. At the date hereof, the transaction has not been completed yet.

(iv) On 5 January 2016, the Company entered into the share subscription agreement with Beijing Gas Group Co., Ltd. ("Beijing Gas"). According to the terms and subject to the conditions of the share subscription agreement, Beijing Gas agreed to conditionally subscribe and pay for 2,155,555,555 fully paid subscription shares at the subscription price of HK$0.45 per subscription share. At the date hereof, the share subscription has not been completed yet.

(v) On 5 January 2016, the Company entered into the convertible bonds subscription agreement with Beijing Gas pursuant to which Beijing Gas conditionally agreed to subscribe, and the Company conditionally agreed to issue convertible bond with an aggregate principal amount of HK$350,000,000. Based on the initial conversion price of HK$0.45 per convertible share (subject to anti-dilutive adjustment), a maximum of 777,777,777 conversion shares will be allotted and issued upon full conversion. The convertible bond will be matured on the third anniversary of the issued date and bears interest at 4.5% per annum. At the date hereof, the issue of the convertible bond has not been completed yet.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2011 *HK$'000*	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*	**2015** ***HK$'000***
Revenue	257,859	191,874	154,475	200,430	**213,123**
Profit (loss) before income tax	4,602	(13,794)	(60,489)	(70,480)	**1,904**
Income tax credit (charge)	(3,460)	(940)	1,920	457	**4,999**
Profit (loss) for the year	1,142	(14,734)	(58,569)	(70,023)	**6,903**
Attributable to:					
Owners of the Company	1,142	(14,734)	(58,569)	(70,763)	**17,160**
Non-controlling interests	–	–	–	740	**(10,257)**
	1,142	(14,734)	(58,569)	(70,023)	**6,903**
Earnings (loss) per share					
Basic (in HK cents)	0.08	(0.88)	(2.91)	(2.21)	**0.33**
Diluted (in HK cents)	0.08	(0.88)	(2.91)	(2.21)	**0.33**

ASSETS AND LIABILITIES

	At 31 December				
	2011 *HK$'000*	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*	**2015** ***HK$'000***
Total assets	319,485	279,377	241,711	1,238,010	**2,411,253**
Total liabilities	(109,269)	(62,026)	(47,807)	(317,654)	**(681,508)**
	210,216	217,351	193,904	920,356	**1,729,745**
Equity attributable to owners of the Company	210,216	217,351	193,904	851,220	**1,536,322**
Non-controlling interests	–	–	–	69,136	**193,423**
	210,216	217,351	193,904	920,356	**1,729,745**

PARTICULARS OF PROPERTIES

	Use	Unexpired lease term
Leasehold property held for investment	Industrial	Medium
Workshop C		(42 years)
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		