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Hoifu Energy Group Limited
凱富能源集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 7)

ANNOUNCEMENT OF 2014 FINAL RESULTS

RESULTS

The Board of Directors (the "Board") of Hoifu Energy Group Limited (the "Company") announced that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*4*	**313,127**	562,886
Cost of goods sold and direct cost		**(295,548)**	(542,650)
Gross profit		**17,579**	20,236
Other income		**3,972**	1,435
Other gains or losses	*5*	**946**	6,730
Administrative expenses		**(57,951)**	(48,175)
Impairment loss on exploration and evaluation assets		**(294)**	(237)
Loss from operation		**(35,748)**	(20,011)
Finance costs	*7*	**(3,726)**	(2,257)
Loss before taxation		**(39,474)**	(22,268)
Taxation	*8*	**721**	300
Loss for the year	*9*	**(38,753)**	(21,968)

	Note	2014 HK$'000	2013 HK$'000
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(4,854)**	1,259
Other comprehensive (expense) income for the year		**(4,854)**	1,259
Total comprehensive expenses for the year		**(43,607)**	(20,709)
Loss for the year attributable to:			
Owners of the Company		**(37,756)**	(21,471)
Non-controlling interests		**(997)**	(497)
		(38,753)	(21,968)
Total comprehensive expenses attributable to:			
Owners of the Company		**(41,633)**	(20,212)
Non-controlling interests		**(1,974)**	(497)
		(43,607)	(20,709)
Loss per share — Basic	*10*	**HK$(0.0249)**	HK$(0.0147)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Fixed assets		**8,528**	1,634
Intangible assets		**8,609**	11,011
Exploration and evaluation assets		**5,482**	5,776
Deposits paid for acquisition of a subsidiary	*12*	**34,134**	–
Deposit paid for acquisition of land use rights	*13*	**137,456**	–
Goodwill	*14*	**25,950**	–
Statutory deposits		**4,125**	4,107
Loans receivable		**288**	406
		224,572	22,934
Current assets			
Accounts receivable	*15*	**108,410**	97,376
Loans receivable		**2,445**	416
Other receivables, prepayments and deposits		**76,741**	72,255
Pledged fixed deposits (general accounts)		**5,204**	7,543
Bank balances (trust and segregated accounts)		**88,636**	75,199
Bank balances (general accounts) and cash		**78,015**	177,839
		359,451	430,628
Current liabilities			
Accounts payable	*16*	**109,908**	93,219
Other payables and accrued expenses		**19,416**	28,342
Amounts due to Directors		**86,969**	65,878
		216,293	187,439
Net current assets		**143,158**	243,189
Total assets less current liabilities		**367,730**	266,123
Non-current liability			
Deferred tax liability		**2,582**	3,303
Net assets		**365,148**	262,820
Capital and reserves			
Share capital	*17*	**154,345**	148,810
Reserves		**165,940**	142,102
Equity attributable to owners of the Company		**320,285**	290,912
Non-controlling interests		**44,863**	(28,092)
Total equity		**365,148**	262,820

NOTES:

1. GENERAL

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

The consolidated financial statements of the Group for the year ended 31 December 2014 comprise the Company and its subsidiaries (together the "Group"). The Company is an investment holding company. The principal activities of the Group are (1) the trading of natural resources and petrochemicals; (2) oil and gas exploration and production; and (3) the provision of financial services.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule")

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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

3. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") — continued**

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Deprecation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with early application is permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.

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

HKFRS 15 Revenue from Contracts with Customers

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

The core principle of HKFRS 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 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 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 HKFRS 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 HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 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 HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The amendments can be applied immediately and become mandatory for annual periods beginning on or after 1 January 2016.

Other than as disclosed above, the Directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the consolidated financial statements.

The Group has commenced an assessment of the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position. In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with Section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4. REVENUE

	2014	2013
	HK$'000	*HK$'000*
Sales of natural resources and petrochemicals	**287,695**	537,326
Commission and brokerage income	**16,592**	16,815
Interest income arising from financial business	**6,447**	5,673
Advisory and consultancy fee	**2,393**	3,072
	313,127	562,886

5. OTHER GAINS OR LOSSES

	2014	2013
	HK$'000	*HK$'000*
Reversal of allowance bad and doubtful debts	**1,443**	6,305
Net exchange loss	**(497)**	(78)
Gain on disposal of a subsidiary	**–**	109
Gains on bargain purchase	**–**	394
	946	6,730

6. SEGMENT INFORMATION

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

During the year ended 31 December 2014, certain operating segments have been introduced, the chief operating decision maker have re-organised the business activities of the Group into three reportable segments accordingly — (1) trading business, (2) mineral mining, oil and gas business and (3) financial business. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to segments and to access their performance.

Trading business — sales of natural resources and petrochemicals

Mineral mining, oil and gas business — exploration and production of mineral, oil and gas

Financial business — provision of financial services, including stockbroking, futures and options broking, mutual funds, insurance-linked investment plans and provision of corporate financial services and immigration consultancy services, and securities margin financing

6. **SEGMENT INFORMATION — continued**

Segment revenues and results

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

For the year ended 31 December 2014

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

For the year ended 31 December 2013

	Reportable segments			
	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Consolidated *HK$'000*
REVENUE				
Segment revenue	537,326	–	25,560	562,886
RESULTS				
Segment profit (loss)	2,708	(2,698)	4,325	4,335
Corporate administration costs				(26,603)
Loss before taxation				(22,268)

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

6. **SEGMENT INFORMATION — continued**

Segment assets and liabilities

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

At 31 December 2014

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

At 31 December 2013

	Reportable segments			
	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	199,909	21,492	186,213	407,614
Unallocated assets				45,948
Consolidated total assets				453,562
LIABILITIES				
Segment liabilities	11,625	10,189	162,702	184,516
Unallocated liabilities				6,226
Consolidated total liabilities				190,742

6. **SEGMENT INFORMATION — continued**

Segment assets and liabilities — continued

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

- all assets are allocated to operating segments other than deposits paid for acquisition of a subsidiary, bank balances and cash for administrative purpose and other assets including other receivables, prepayments and deposits of head office.

- all liabilities are allocated to operating segments, other payables and accrued expenses in relation to corporate administration costs.

Other segment information

For the year ended 31 December 2014

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

6. **SEGMENT INFORMATION — continued**

Other segment information — continued

For the year ended 31 December 2013

	Reportable segments					
	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit (loss) or segment assets:						
Additions to fixed assets	100	–	199	299	1,064	1,363
Addition to exploration and evaluation assets	–	6,013	–	6,013	–	6,013
Addition to intangible assets	–	12,012	–	12,012	–	12,012
Impairment loss on exploration and evaluation assets	–	237	–	237	–	237
Amortisation	–	1,001	–	1,001	–	1,001
Depreciation	12	–	334	346	134	480
Reversal of allowance for bad and doubtful debts	–	–	(6,305)	(6,305)	–	(6,305)
Finance costs	–	–	2,257	2,257	–	2,257
Interest income	(56)	–	(5,673)	(5,729)	(9)	(5,738)

Geographical information

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

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

	Revenue		**Non-current assets**	
	2014 ***HK$'000***	2013 *HK$'000*	**2014** ***HK$'000***	2013 *HK$'000*
Hong Kong	**281,182**	473,989	**1,869**	1,544
Tunisia	**–**	–	**5,482**	5,776
Kenya	**–**	–	**8,609**	11,011
PRC	**31,945**	88,897	**170,065**	90
	313,127	562,886	**186,025**	18,421

6. SEGMENT INFORMATION — continued

Information about major customer

Revenue from customers of the year ended 31 December 2014 and 2013 contributing over 10% of the total revenue of the Group are all generated from trading business and as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**255,750**	222,867
Customer B	**–**	187,372
Customer C	**–**	58,020
Customer D	**31,945**	–

There is no other single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2014 and 2013.

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bank overdrafts	**5**	168
Amounts due to directors	**3,721**	2,089
	3,726	2,257

8. TAXATION

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

	2014	2013
	HK$'000	*HK$'000*
Deferred tax — origination and reversal of temporary difference	**(721)**	(300)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2014 and 2013 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

No PRC Enterprise Income Tax was provided for the year ended 31 December 2014 and 2013 as the relevant group entities incurred a loss for PRC Enterprise Income Tax purposes for the year.

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

9. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,050**	1,000
Amortisation	**2,402**	1,001
Depreciation	**848**	480
Staff cost, including Directors' remuneration	**34,123**	28,438
Contributions to retirement benefits scheme (included in staff costs)	**685**	582
Cost of inventories recognised as expense	**286,893**	533,428
Gain from error trades	**(2)**	(2)
Interest income on bank deposits (included in other income)	**(245)**	(65)
Operating lease in respect of office premises	**8,704**	6,332

10. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(37,756)**	(21,471)

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,518,628**	1,458,914

No adjustment has been made to the basic loss per share presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share presented.

11. DIVIDEND

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

12. DEPOSITS PAID FOR ACQUISITION OF A SUBSIDIARY

The deposit represents an investment deposits paid for acquiring 55% equity interest of Hebei Panbao Zeolite Technology Co., Limited ("Hebei Zeolite"). On 8 October 2014, the Group has entered into sales and purchase agreement with independent third parties to acquire 55% equity interest of Hebei Zeolite with total consideration of HK$34,134,007 which has been satisfied by issuing 29,174,365 shares of the Company. Hebei Zeolite is principally engaged in mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. The transaction was completed on 11 February 2015.

13. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

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

14. GOODWILL

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

The Group

	2014
	HK$'000
COST:	
At 1 January	**–**
Arising on acquisition of a subsidiary	**26,082**
Exchange difference	**(132)**
At 31 December	**25,950**

15. ACCOUNTS RECEIVABLE

	2014	2013
	HK$'000	*HK$'000*
Accounts receivable consist of:		
Accounts receivable arising from business of trading natural resource and petrochemical	**1,162**	13,220
Accounts receivable arising from the business of dealing in securities:		
— Cash clients	**33,189**	31,623
Less: Allowance for doubtful debts	**(502)**	(1,945)
	32,687	29,678
— Hong Kong Securities Clearing Company Limited ("HKSCC")	**3,256**	4,108
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**2,805**	2,758
Loans to securities margin clients	**67,911**	45,788
Less: Allowance for doubtful debts	**(91)**	(39)
	67,820	45,749
Accounts receivable arising from the business of advisory for financial management	**680**	1,863
	108,410	97,376

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from trading of natural resources and petrochemicals aged within 90 days. Included in the accounts receivable from business of trading natural resource and petrochemical is HK$1,162,000 (2013: HK$1,023,000) which is denominated in US$, a currency other than the functional currency of the relevant group entity.

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

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

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank Limited plus 3% equivalent to 8.25% per annum for both years. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK$215,070,000 (2013: HK$183,254,000). The average percentage of collateral over the outstanding balance as at 31 December 2014 is ranged from 101% to 5263% (2013: 103% to 3870%). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customer default the payment as requested by the Group. The Group had provided the allowance for doubtful debts for securities margin clients with reference to the portfolio held and the subsequent settlement of each customer.

15. ACCOUNTS RECEIVABLE — continued

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

	2014	2013
	HK$'000	*HK$'000*
0–90 days	**330**	1,603
More than 90 days	**350**	260
	680	1,863

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

Accounts receivable from cash clients

	2014	2013
	HK$'000	*HK$'000*
0–90 days	**31,303**	28,135
91–180 days	**1,384**	1,543
	32,687	29,678

The accounts receivable from cash clients with a carrying amount of approximately HK$15,359,000 (2013: HK$23,397,000) are past due but not impaired at the end of the reporting period. The average age of the amount past due but not impaired is within 30 days (2013: within 30 days). In the opinion of the Directors, no significant accounts receivable from advisory for financial management clients and cash clients are impaired at 31 December 2014 and 2013 with reference to the subsequent settlement received after the end of the reporting period.

Movement in the allowance for doubtful debts of cash clients

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,945**	3,070
Amounts recovered during the year	**(1,443)**	(1,125)
Balance at end of the year	**502**	1,945

15. ACCOUNTS RECEIVABLE — continued

Movement in the allowance for doubtful debts of securities margin clients

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning of the year	**39**	5,228
Impairment losses recognised on receivables	**52**	3
Amounts recovered during the year	**–**	(5,192)
Balance at end of the year	**91**	39

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

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

16. ACCOUNTS PAYABLE

	2014	2013
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
— Cash clients	**94,093**	80,276
— HKSCC	**2,869**	1,368
Accounts payable to clients arising from the business of dealing in futures contracts	**5,023**	5,236
Amounts due to securities margin clients	**7,923**	6,339
	109,908	93,219

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

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

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

The accounts payable amounting to approximately HK$88,636,000 (2013: HK$75,199,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

17. SHARE CAPITAL

	Number of shares	
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 December 2013 and 2014	10,000,000	1,000,000
Issued and fully paid:		
At 1 January 2013	1,456,844	145,684
Share repurchased and cancelled *(note a)*	(740)	(74)
Issue on 6 December 2013 *(note b)*	32,000	3,200
At 31 December 2013	1,488,104	148,810
Share repurchased and cancelled *(note c)*	(23,252)	(2,325)
Exercised of share option *(note d)*	30,000	3,000
Issued in consideration for the acquisition *(note e)*	19,426	1,943
Issued in consideration for the acquisition *(note f)*	29,174	2,917
At 31 December 2014	1,543,452	154,345

Notes:

(a) During the year ended 31 December 2013, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
November 2013	740,000	1.45	1.39	1,031

The above shares were cancelled on 29 November 2013.

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

(b) Pursuant to 2 subscription agreement dated 21 November 2013 entered into between Mr. Chen Weiwen, Mr. Fan Chun Sing ("Subscribers") and the Company, Subscribers subscribed for 32,000,000 new shares of HK$0.10 in the Company at a price of HK$1.42 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 27 June 2013. All the issued shares rank pari passu in all respects with other shares in issue.

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

Month of repurchase	No. of ordinary shares of HK$0.10 each	Price per share Highest	Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
April 2014	15,004,000	1.88	1.54	26,052
May 2014	7,748,000	1.56	1.19	10,733
July 2014	500,000	1.03	1.00	509
November 2014*	40,000	1.03	1.03	41
December 2014*	8,810,000	1.04	0.94	8,766

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

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

* The shares repurchased during November and December have not been cancelled.

(d) On January 2014, a total of 30,000,000 share option was exercised at an exercise price of HK$1.38, and a total of 30,000,000 shares was issued with aggregated nominal value of HK$3,000,000.

(e) During the year ended 31 December 2014, the Company has issued 19,426,624 ordinary shares at price of HK$2.14 each for acquiring 65% equity interest of a Beibuwan Yuchai.

(f) During the year ended 31 December 2014, the Company has issued 29,174,365 ordinary shares at price of HK$1.17 each for acquiring 55% equity interest of Hebei Panbao.

18. NON-ADJUSTING POST BALANCE SHEET EVENTS

On 8 October 2014, the Group has entered into an sales and purchase agreement with independent third parties for acquiring 55% equity interest of Heibei Panbao with total consideration of HK$34,134,007 which is satisfied by issuing 29,174,365 shares of the Company. Heibei Panbao is principally engaged in mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. The transaction was completed on 11 February 2015.

On 6 February 2015, the Company entered into a Subscription Agreement with an independent third party to issue 30,000,000 shares of the Company at HK$1.23 each.

On 9 February 2015, the Company entered into a Subscription Agreement with an independent third party to issue 30,000,000 shares of the Company at HK$1.2 each.

On 24 March 2015, the Company and an independent third party have entered into sales and purchase agreement for the disposal of 100% equity interest in Karl Thomason Energy Limited and all its subsidiaries with consideration amounted HK$3,000,000. The Karl Thomason Energy Limited and its subsidiaries are engaged in investment in oilfield exploration in Egypt.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year ended 31 December 2014, the total revenue for the Group was approximately HK$313,127,000 (2013: HK$562,886,000). Loss attributable to owners of the Company was approximately HK$37,756,000 (2013: HK$21,471,000). The significant decrease in overall revenue was mainly attributable to the impact of oversupply of coal in the mainland China and declining coal prices. Revenue of HK$25,432,000 (2013: HK$25,560,000) was generated from financial business which no material fluctuation in revenue compared with the prior year.

FINANCIAL REVIEW

Revenue

The Group's consolidated revenue for the year was approximately HK$313.1 million (2013: HK$562.9 million) representing a year on year decrease of 44.4% as compared to the same period last year. This is due to severe situations of the slow recovery of world and China economy, weak domestic demand for the Group's main products such as coals. The weak demand gave rise to more intensified market competition which resulted in extra pressure on coal prices and sales were achieved at the expense of leaner margins. Facing this harsh business environment, the Group however was cautious about screening customers and adopted appropriate market strategies to maximize both revenue and operating profit as well as to minimize credit risks.

Administration expenses

Administration expenses, which represented approximately 18.5% (2013: 8.6%) of the Group's revenue, increased by approximately 20.3% to approximately HK$58.0 million for the year from approximately HK$48.2 million for the year ended 31 December 2013. The increase was mainly attributable to the increases in the staff costs, rents of offices, as well as legal and professional fees on acquisitions during the year under review.

Other gains and losses

During the year under review, the Group recorded other gains of approximately HK$0.9 million (2013: other gains of approximately HK$6.7 million), decreased by approximately 85.9% or by approximately HK$5.8 million. The decrease in other gains was mainly due to the fact that a reversal of allowance bad and doubtful debts of approximately HK$6.3 million, a one-off gain, was recognised last year while only HK$1.4 million was noted dring the year under review.

OIL AND GAS, AND MINERAL MINING BUSINESS

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

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

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 have renewed during the year and the latest expiry dates are 14 April 2016 and 15 January 2016 respectively.

During the year, he Group had endeavored to carry out the exploration works in Madagascar oilfield block 2101 and Kenya Mine 253 & 341.

FINANCIAL BUSINESS

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

There was no material fluctuation in the overall revenue compared with last year as the increase in interest income from financial business was offset by the decrease in advisory and consultancy fee.

The improvement in interest income was mainly attributable to the great market volatility which provided opportunities for investors. On the other hand, the decrease in revenue from provision of advisory and consultancy service was mainly due to weaker demand for transactions amid the cautious sentiment in the light of uncertain Quantitative Easing policy in USA comparing with last year.

MATERIAL ACQUISITION

On 8 & 31 October 2014 the Group entered into agreements to acquire 55% equity interest in Hebei Panbao Zeolite Technology Co., Ltd. (河北攀寶沸石科技有限公司) ("Heibei Panbao"). The principal activities Hebei Panbao are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. Hebei Panbao has obtained the mining license of zeolite from the Bureau of Land and Resources of Zhangjiakou Municipal for the period from 23 April 2014 to 23 February 2017 in a zeolite mine located in Chicheng County, Zhangjiakou City, Hebei Province, the PRC with a total area of approximately 0.135 square kilometers and mining depth ranged between 1,450 meters and 1,300 meters. The Group intends to restructure the capital funding of Hebei Panbao to increase RMB30,000,000 into the capital of Hebei Panbao, of which RMB15,000,000 is intended to be used for the expansion of the production plant and facilities and the remaining RMB15,000,000 is intended to be used for general working capital. Upon completion of the expansion, the production capacity of the mine is expected to reach or exceed 300,000 tons per annum. This transaction was completed on 11 February 2015.

PROSPECT

From a long term perspective, China's economic transformation has just begun. The Company is cautiously optimistic about the future and domestic demand recovery is expected to pick up again. The Company will actively react to it. Currently, the Company is focusing on the development of the new projects acquired. Leveraging the potential of these projects and the extensive experience of the management, we believe we can capture the enormous opportunities provided by the domestic demand recovery for the natural resources and petrochemicals in the future and bring value to our shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2014, the Group had shareholders' funds of approximately HK$365,148,000 (2013: HK$262,820,000). The net current assets of the Group were HK$143,158,000 (2013: HK$243,189,000), which consisted of current assets of HK$359,451,000 (2013: HK$430,628,000) and current liabilities of HK$216,293,000 (2013: HK$187,439,000), representing a current ratio of approximately 1.66 (31 December 2013: 2.30).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, loan from financial institutions, and equity financing. During the period, the Group obtained short-term bank borrowings which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 31 December 2014, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$78,015,000 (31 December 2013: HK$177,839,000).

As at 31 December 2014, the Group's gearing ratio, expressed as a percentage of total borrowings (including bank loans and overdrafts) over shareholders' funds, was at a level of nil (31 December 2013: nil).

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2014, nil (31 December 2013: nil) of such facilities was utilised by the subsidiary to facilitate daily operation.

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 31 December 2014. The Group's banking facilities were secured by guarantees given by the Group's bank deposits, margin clients' listed securities and the Company.

As at 31 December 2014, bank deposits amounting to approximately HK$5,204,000 was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged.

As at 31 December 2013, bank deposits amounting to approximately HK$7,543,000 was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged.

CAPITAL STRUCTURE

As at 31 December 2014, the total number of issued ordinary shares of the Company was 1,543,452,000 of HK$0.10 each (2013: 1,488,104,000 shares of HK$0.10 each).

HUMAN RESOURCES

As at 31 December 2014, the Group employed a total of 105 staff (2013:105) of which 28 were commission based (2013: 27) and the total related staff cost amounted to HK$34,123,000 (2013: HK$28,438,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the financial year 2014, except that the Chairman and the Managing Director who are appointed for a term of 3 years respectively are not subject to rotation or taken into account in determining the number of directors to retire in each annual general meeting in accordance with the Bye-Laws of the Company. This constitutes a deviation from code provision A.4.2. of the Code. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

During the financial year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors of the Company. Based on specific enquiry of the Directors of the Company, all Directors have complied with the required standard as set out in the Mode Code throughout the year ended 31 December 2014.

Throughout the accounting period covered by this announcement, the Company has complied with the minimum requirements of the Listing Rules relating to the appointment of at least 3 Independent Non-Executive Directors and one of which have appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated results for the year ended 31 December 2014 of the Group. The Audit Committee is composed of 3 Independent Non-Executive Directors of the Company.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S SECURITIES

Save for the company's purchases of its own shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares on the Stock Exchange during the year ended 31 December 2014.

Month	Number of shares repurchased	Purchase consideration per share Highest	Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
April	15,004,000	1.88	1.54	26,051,800
May	7,748,000	1.56	1.19	10,733,020
July	500,000	1.03	1.00	509,340
November	40,000	1.03	1.03	41,200
December	8,810,000	1.04	0.94	8,765,980
	32,102,000			46,101,340

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

PUBLICATION OF 2014 FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the Company's website (www.hoifuenergy.com) and the Stock Exchange's website (www.hkexnews.hk). The 2014 Annual Report of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises five executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Lam Kwok Hing and Mr. Nam Kwok Lun; and three independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David.