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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 2013 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 2013 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Revenue	*4*	**562,886**	18,974
Cost of goods sold and direct cost		**(542,650)**	(8,323)
Gross profit		**20,236**	10,651
Other income		**1,435**	2,771
Other gains or losses	*5*	**6,730**	737
Administrative expenses		**(48,175)**	(25,503)
Impairment loss on exploration and evaluation assets		**(237)**	–
Share of loss of an associate		**–**	(11,852)
Impairment loss on interest in an associate		**–**	(19,110)
Gain on distribution in specie of shares of a subsidiary		**–**	22,311
Loss from operation		**(20,011)**	(19,995)
Finance costs	*7*	**(2,257)**	(1,782)
Loss before taxation		**(22,268)**	(21,777)
Taxation	*8*	**300**	–
Loss for the year	*9*	**(21,968)**	(21,777)

	Note	2013 HK$'000	2012 HK$'000
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**1,259**	(282)
Share of other comprehensive income of an associate		**–**	899
Reclassification adjustment for the cumulative gain included in profit or loss upon distribution in specie of shares of a subsidiary		**–**	(22,311)
Other comprehensive income (expense) for the year		**1,259**	(21,694)
Total comprehensive expenses for the year		**(20,709)**	(43,471)
Loss for the year attributable to:			
Owners of the Company		**(21,471)**	(21,265)
Non-controlling interests		**(497)**	(512)
		(21,968)	(21,777)
Total comprehensive expenses attributable to:			
Owners of the Company		**(20,212)**	(42,930)
Non-controlling interests		**(497)**	(541)
		(20,709)	(43,471)
Loss per share — Basic	*10*	**HK$(0.0147)**	HK$(0.0281)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Fixed assets		**1,634**	749
Intangible assets		**11,011**	–
Exploration and evaluation assets		**5,776**	–
Deposits paid for acquisition of a subsidiary		**–**	1,086
Statutory deposits		**4,107**	4,307
Loans receivable		**406**	700
		22,934	6,842
Current assets			
Accounts receivable	*12*	**97,376**	71,142
Loans receivable		**416**	199
Other receivables, prepayments and deposits		**72,255**	6,210
Pledged fixed deposits (general accounts)		**7,543**	7,530
Bank balances (trust and segregated accounts)		**75,199**	90,345
Bank balances (general accounts) and cash		**177,839**	215,885
		430,628	391,311
Current liabilities			
Accounts payable	*13*	**93,219**	114,007
Other payables and accrued expenses		**28,342**	13,954
Bank overdrafts		**–**	9,156
Amounts due to Directors		**65,878**	41,995
		187,439	179,112
Net current assets		**243,189**	212,199
Total assets less current liabilities		**266,123**	219,041
Non-current liability			
Deferred tax liability		**3,303**	–
Net assets		**262,820**	219,041
Capital and reserves			
Share capital		**148,810**	145,684
Reserves		**142,102**	116,287
Equity attributable to owners of the Company		**290,912**	261,971
Non-controlling interests		**(28,092)**	(42,930)
Total equity		**262,820**	219,041

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 holding company is Triumph Energy Group Limited, which is incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements of the Group for the year ended 31 December 2013 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. 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 HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, 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.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with early application is permitted.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

4. REVENUE

	2013	2012
	HK$'000	*HK$'000*
Sales of natural resources and petrochemicals	**537,326**	–
Commission and brokerage income	**16,815**	13,285
Interest income arising from financial business	**5,673**	3,975
Advisory and consultancy fee	**3,072**	1,714
	562,886	18,974

5. OTHER GAINS OR LOSSES

	2013	2012
	HK$'000	*HK$'000*
Reversal of allowance bad and doubtful debts	**6,305**	431
Net exchange (loss) gain	**(78)**	306
Gain on disposal of a subsidiary	**109**	–
Gains on bargain purchase	**394**	–
	6,730	737

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 2013, 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 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)**

For the year ended 31 December 2012

	Reportable segments		
	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Consolidated *HK$'000*
REVENUE			
Segment revenue	–	18,974	18,974
RESULTS			
Segment loss	(1,342)	(6,389)	(7,731)
Corporate administration costs			(5,395)
Share of loss of an associate			(11,852)
Impairment loss on interest in an associate			(19,110)
Gain on distribution in specie of shares			22,311
Loss before taxation			(21,777)

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, share of loss of an associate, impairment loss on interest in an associate and gain on distribution in specie of shares of a subsidiary. 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 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**

At 31 December 2012

	Reportable segments		
	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	4,902	217,673	222,575
Unallocated assets			175,578
Consolidated total assets			398,153
LIABILITIES			
Segment liabilities	6,620	169,385	176,005
Unallocated liabilities			3,107
Consolidated total liabilities			179,112

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 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)**

For the year ended 31 December 2012

	Reportable segments				
	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 loss or segment assets:					
Additions to fixed assets	–	132	132	–	132
Depreciation	–	415	415	–	415
Reversal of allowance for bad and doubtful debts	–	(431)	(431)	–	(431)
Finance costs	8	1,445	1,453	329	1,782
Interest income	(4)	(3,975)	(3,979)	(3)	(3,982)

Amounts regularly provided to the Board of Directors but not included in the measure of segment loss:

Share of loss of an associate	11,852
Impairment loss on interest in associate	19,110
Gain on distribution in specie of shares of a subsidiary	(22,311)

6. **SEGMENT INFORMATION — continued**

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 statutory deposits and loans receivable, by geographical location of the assets regarding its operations are detailed below:

	Revenue		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**473,989**	18,974	**1,544**	1,835
Tunisia	**–**	–	**5,776**	–
Kenya	**–**	–	**11,011**	–
PRC	**88,897**	–	**90**	–
	562,886	18,974	**18,421**	1,835

Information about major customer

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

	HK$'000
Customer A	222,867
Customer B	187,372
Customer C	58,020

There is no other single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2013 and 2012.

7. **FINANCE COSTS**

	2013	2012
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bank overdrafts	**168**	157
Amounts due to Directors	**2,089**	1,288
Loan from an associate	**–**	337
	2,257	1,782

8. TAXATION

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

	2013	2012
	HK$'000	*HK$'000*
Deferred tax —origination and reversal of temporary difference	**(300)**	–

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2013 and 2012 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 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

	2013	2012
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,000**	1,500
Amortisation	**1,001**	–
Depreciation	**480**	415
Staff cost, including Directors' remuneration	**28,438**	13,926
Contributions to retirement benefits scheme (included in staff costs)	**582**	408
Cost of inventories recognised as expense	**533,428**	–
(Gain) Loss from error trades	**(2)**	9
Interest income on bank deposits (including in other income)	**(65)**	(7)
Operating lease in respect of office premises	**6,332**	4,693
Share of tax expense of an associate (included in share of loss of an associate)	**–**	248

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:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(21,471)**	(21,265)

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,458,914**	755,586

10. LOSS PER SHARE — continued

No adjustment has been made to the basic loss per share presented for the years ended 31 December 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.

No diluted loss per share was presented for the year ended 31 December 2012 as there were no potential ordinary shares during the year ended 31 December 2012 .

11. DIVIDEND

	2013	2012
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Special dividend by way of distribution of shares in a subsidiary	**–**	76,758

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

12. ACCOUNTS RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Accounts receivable consist of:		
Accounts receivable arising from business of trading natural resource and petrochemical	**13,220**	–
Accounts receivable arising from the business of dealing in securities:		
— Cash clients	**31,623**	18,166
Less: Allowance for doubtful debts	**(1,945)**	(3,070)
	29,678	15,096
— Hong Kong Securities Clearing Company Limited ("HKSCC")	**4,108**	7,134
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**2,758**	8,654
Loans to securities margin clients	**45,788**	45,275
Less: Allowance for doubtful debts	**(39)**	(5,228)
	45,749	40,047
Accounts receivable arising from the business of advisory for financial management	**1,863**	211
	97,376	71,142

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$1,023,000 (2012: Nil) which is denominated in US$, a currency other than the functional currency of the relevant group entity.

12. ACCOUNTS RECEIVABLE — continued

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$183,254,000 (2012: HK$143,110,000). The average percentage of collateral over the outstanding balance as at 31 December 2013 is ranged from 103% to 3870% (2012: 122% to 4971%). 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.

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:

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**1,603**	211
More than 90 days	**260**	–
	1,863	211

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

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**28,135**	14,447
91–180 days	**1,543**	649
	29,678	15,096

The accounts receivable from cash clients with a carrying amount of approximately HK$23,397 (2012: HK$8,816,000) 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 (2012: 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 2013 and 2012 with reference to the subsequent settlement received after the end of the reporting period.

12. ACCOUNTS RECEIVABLE — continued

Movement in the allowance for doubtful debts of cash clients

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**3,070**	3,501
Amounts recovered during the year	**(1,125)**	(431)
Balance at end of the year	**1,945**	3,070

Movement in the allowance for doubtful debts of securities margin clients

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,228**	5,228
Impairment losses recognised on receivables	**3**	–
Amounts recovered during the year	**(5,192)**	–
Balance at end of the year	**39**	5,228

Movement in the allowance for doubtful debts of advisory for financial management clients

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**–**	140
Amount written off as uncollectible	**–**	(140)
Balance at end of the year	**–**	–

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.

13. ACCOUNTS PAYABLE

	2013	2012
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
— Cash clients	**80,276**	87,122
— HKSCC	**1,368**	–
Accounts payable to clients arising from the business of dealing in futures contracts	**5,236**	21,698
Amounts due to securities margin clients	**6,339**	5,187
	93,219	114,007

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$75,199,000 (2012: HK$90,345,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year ended 31 December 2013, the total revenue for the Group was approximately HK$562,886,000 (2012: HK$18,974,000). Loss attributable to owners of the Company was approximately HK$21,471,000 (2012: HK$21,265,000). The significant increase in overall revenue was mainly attributable to new trading business for sales of natural resources and petrochemicals which brought additional revenue to the Company in the current year, with trading revenue amounting to HK$537,326,000 (2012: Nil). Revenue of HK$25,560,000 (2012: HK$18,974,000) was generated from financial business, the improvement in revenue was mainly resulted from the great market volatility which provided opportunities for investors, leading to increase in relevant commission and brokerage income compared with the prior year.

PETROCHEMICAL BUSINESS

On 15 December 2013, the Group entered into an agreement to acquire 65% equity interest in Beibuwan Yuchai Energy Chemical Co., Ltd. ("Beibuwan Energy"). The acquisition was completed on 7 March 2014.

Beibuwan Energy has planned to construct an olefins and aromatics manufacturing plant with annual production capacity of 2 million tones at Qinzhou Petrochemical Industrial Park, Qinzhou Port, Guangxi with total area of approximately 2,100 mu, of which 1,873 mu will be used for production while the remaining area will be used for storage. The manufacturing plant shall have 10 heavy oil processing equipments for residue hydro-treating, heavy oil catalytic and gas fractionation etc. and 7 chemical processing equipments for production of styrene, polypropylene, methyl methacrylate, poly(methyl methacrylate), isopropanol, k-resin etc.

The Directors consider that the Acquisition is in line with the strategic development of the Group and can bring long-term and strategic benefits to the Company. The Directors expect that the acquisition of Beibuwan Energy shall have synergy effect with the Group's proposed investments in other petrochemical projects in Guangxi. Together with the complimentary advantages of having large-scale petrochemical projects of China National Petroleum Corporation, and preferential policies for China-ASEAN Free Trade Area, in Qinzhou, Guangxi, it is believed that the acquisition of Beibuwan Energy shall lay a solid foundation and good operating conditions for the Group's long-term development of petrochemical business in Guangxi.

Furthermore, the Directors believe that the acquisition will broaden the Group's income source in the future and facilitate the further cooperation with Yuchai Machinery. Being a shareholder holding 35% equity interest of Beibuwan Energy, Yuchai Machinery has strong financial strength. Yuchai Machinery and its subsidiaries (collectively, the "Yuchai Machinery Group") is the largest independent diesel engine manufacturer in the PRC which generates annual revenue of over RMB40 billion and annual engine sales volume of 550,000 units. Yuchai Machinery Group manufactures a variety of heavy-duty petroleum, diesel and natural gas engines for use in vehicles, ships, construction machinery, agricultural machinery and electricity generating equipment. It has production bases in various areas, such as Fujian, Jiangsu, Anhui and Shandong. It also has an extensive sales and services network comprising over 20,000 employees, 45 domestic and overseas offices, 3,000 service outlets, 95 overseas services agents and over 4,500 sales outlets for parts. Apart from sales in the PRC, products of Yuchai Machinery Group also reach out to Asia, Europe, America, Africa and Oceania with products sold to over 180 countries and regions.

OIL AND GAS BUSINESS

Madagascar Project

On 28 June 2013, Hoifu Group Investment Limited, a wholly-owned subsidiary of the Company, entered into the Agreement with Gloryview Holdings Limited, a company beneficially wholly-owned by Dr. Hui Chi Ming, the chairman and an executive director of the Company. Madagascar Northern Petroleum Company Limited owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101. The acquisition was completed on 22 July 2013.

On 12 October 2006, Madagascar Northern Petroleum Company Limited entered into the Exploration, Exploitation and Oil and Gas Production Sharing Contract (the "Profit Sharing Right") with the National Office for Mining and Strategic Industries ("OMNIS"), in respect of Madagascar Oilfield Block 2101, an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Madagascar Northern Petroleum Company Limited owns 100% of the exploration, exploitation and operations rights as well as the Profit Sharing Right of Madagascar Oilfield Block 2101. 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, Madagascar Northern Petroleum Company Limited 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.

Tunisia Project

On 17 December 2012, the Group entered into an acquisition agreement to acquire the entire share capital of China Oil Resources Company Limited and its subsidiary which is principally engaged in the operating of exploration and exploitation of oil and gas in Tunisia. Through PetroAsian Tunisia, China Oil Resources Company Limited and its subsidiary has 78.03% Participating Interests and 81.03% Paying Interests in the Ksar Hadada Permit, which was granted by the Government of Tunisia in relation to the operating interests in the exploration and exploitation of oil and gas in five identified oil prospects with a total area of approximately 2,252 square kilometers in Ksar Hadada, which lies onshore in southeast Tunisia. Upon completion of the acquisition on 2 April 2013, the Group has obtained the above exploration and exploitation rights and the exploration and evaluation assets approximately equivalent to HK$6,013,000.

Pursuant to the production sharing contract dated 20 December 2003 ("PSC") in relation to the exploration and exploitation of oil and gas in the area under the Ksar Hadada Permit, the Group, among other PSC operators, is entitled to recover up to 45% of the oil production and 55% of the gas production for their expenditures per annum. Depending on the rate of oil and gas production, the PSC contractors will share the remaining oil and gas according to the sharing ratios in the range of 17.5% to 40% for the profit oil and in the range of 20% to 45% for the profit gas as set out in the PSC.

Egypt Project

Regarding the Egypt oil and gas exploration business, the Group has drilled three wells in Block 2 and has found high level of gas and existence of crude oil in the southern part of the block. All the financial obligations required under the eight-year concession agreement in relation to the West Esh El Mallaha (the "WEEM") area were met but the Group is obliged to drill four more wells by September 2014. Given the continual unrest in Egypt, the Group has decided to withhold further investment in Egypt but will choose an appropriate time to further invest.

Due to the fact that the Group has put the further investment on hold, the concession right of WEEM area will expire in March 2014. The Group will submit further application to the relevant authority in Egypt for the extension of the aforesaid concession right. The Group will make further announcement as and when appropriate to keep the existing and potential shareholders informed of the material developments in this matter.

MINERAL MINING BUSINESS

On 1 August 2013, Hoifu Mineral Resources Holdings Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with, among others, Mr. Li Rong Jia for the acquisition of the Sale Shares, which represent 60% equity interest in Zhen Hua Company Limited. The acquisition was completed on 26 August 2013.

Zhen Hua Company Limited owns 100% interest in Kenya Mine 253 and Kenya Mine 341. Zhen Hua Company Limited is a company incorporated in Kenya with limited liability on 5 October 2005 and is principally engaged in the exploration, exploitation and production of minerals. It owns 100% 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. As at the date of the Acquisition Agreement, Zhen Hua Company Limited was owned as to 65% by Mr. Li Rong Jia and 35% by one local person in Kenya, who are third parties independent of the Company and connected persons of the Company.

On 15 April 2011, the Commissioner granted the Licence 253 to the Zhen Hua Company Limited. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, Zhen Hua Company Limited is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253 for a term of one year from 15 April 2011, subject to approval by the Commissioner for renewal. The Licence 253 has been renewed annually by Zhen Hua Company Limited and the latest expiry date is 14 April 2014.

On 3 January 2013, the Commissioner granted the Licence 341 to Zhen Hua Company Limited for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341 for a term of two years from 3 January 2013, subject to approval by the Commissioner for renewal.

After the implementation of the exploration works organized by Zhen Hua Company Limited, it was discovered that there is a large volume of ore zone in Kenya Mine 253 which has a promising copper content. Zhen Hua Company Limited has obtained certain ore from Kenya Mine 253 and such ore has a copper content of 5.29%. Zhen Hua Company Limited has already sold 60 tons of the ore to a corporation in China. The acquisition was completed on 26 August 2013.

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.

Improvement in overall revenue was mainly attributable to increase in commission and brokerage income, and interest income from securities margin loan. The major reason was due to the great market volatility which provided some trading opportunities for investors and the division performance registered slight improvement especially when the rebound emerged in the second half year as more retail investors participated in trading of internet and gambling stocks as well newly listed stocks.

The increase in revenue from provision of advisory and consultancy service was not only attributable to effective cooperation with our long term business partners but also attributable to the continued growth of client base. In terms of corporate finance business, while maintaining the stable growth of business from our existing clients, the division continued to further enhance its business operations in order to provide premium services to our customers and boost customer satisfaction. The division is also actively devoting additional effort in rainmaking to enlarge the customer base.

OTHER BUSINESS

Other than the aforesaid acquisitions, the Group has made a series of other acquisitions, business rationalization and diversification from 2013 on to expand its business scope, especially in the areas of logistics, trading, storage and production of petrochemicals so as to further improve its profitability.

ACQUISITION AFTER THE END OF THE REPORTING PERIOD

On 12 January 2014, the Group entered into the Agreement with, among others, Guangdong Weijing, Shanghai Dianjin and Zhuji Jingshi to acquire 70% of the equity interest in Guangxi Yuchai Petrochemical Co., Ltd. for a total consideration of RMB98.0 million (equivalent to approximately HK$125.4 million), which will be satisfied by payment of cash upon completion of Acquisition.

Guangxi Yuchai Petrochemical Co., Ltd. was established under the laws of PRC as a limited liability company in 2008 with principal activities of manufacturing and sale of hydrocarbon gas, liquefied petroleum gas, solvent oil, aromatic hydrocarbons and petroleum products. Guangxi Yuchai Petrochemical Co., Ltd. has a wholly-owned subsidiary, namely Qinzhou Yuchai Petrochemical Trading Co., Ltd., a company established under the laws of the PRC in 2010 and is principally engaged in the business of sale of lubricants and metal materials as well as import and export of merchandises and technologies.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2013, the Group had shareholders' funds of approximately HK$262,820,000 (2012: HK$219,041,000). The net current assets of the Group were HK$243,189,000 (2012: HK$212,199,000), which consisted of current assets of HK$430,628,000 (2012: HK$391,311,000) and current liabilities of HK$187,439,000 (2012: HK$179,112,000), representing a current ratio of approximately 2.30 (31 December 2012: 2.18).

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 2013, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$177,839,000 (31 December 2012: HK$215,885,000).

As at 31 December 2013, 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 2012: 4.3).

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2013, nil (31 December 2012: HK$5,557,000) of such facilities was utilised by the subsidiary to facilities daily operation.

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 31 December 2013. 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 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.

As at 31 December 2012, bank deposits amounting to approximately HK$7,530,000 was pledged to secure banking facilities granted to a subsidiary and listed securities held by margin clients with market value amounting to approximately HK$12,392,000 were pledged to secure banking facilities granted to a subsidiary.

CAPITAL STRUCTURE

As at 31 December 2013, the total number of issued ordinary shares of the Company was 1,488,104,000 of HK$0.10 each (2012: 1,456,844,000 shares of HK$0.10 each).

HUMAN RESOURCES

As at 31 December 2013, the Group employed a total of 105 staff (2012: 65) of which 27 were commission based (2012: 28) and the total related staff cost amounted to HK$28,438,000 (2012: HK$13,926,000). 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 2013 (2012: 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 2013, 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 2013.

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 2013 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 2013.

Month	Number of shares repurchased	Purchase consideration per share Highest	Purchase consideration per share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
November	740,000	1.45	1.39	1,031,000

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 2013 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 2013 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 2013 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, 28 March 2014

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.