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

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)
(Singapore Stock Code: UQ7)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Blue Sky Power Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**213,123**	200,430
Cost of sales		**(210,390)**	(175,661)
Gross profit		**2,733**	24,769
Other gains and losses	6	**9,378**	(6,667)
Other income	7	**4,092**	2,783
Selling and distribution costs		**(8,027)**	(6,156)
Administrative expenses		**(103,058)**	(64,180)
Other expenses		**(4,941)**	(17,873)
Finance costs	8	**(32,393)**	(3,156)
Share of loss of associates		**(316)**	–
Share of loss of joint ventures		**(771)**	–
Gain recognised on disposal of subsidiaries		**135,207**	–
Profit (loss) before income tax	9	**1,904**	(70,480)
Income tax credit	10	**4,999**	457
Profit (loss) for the year		**6,903**	(70,023)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain on translation of foreign operations		**(695)**	6,863
Total comprehensive income (expense) for the year		**6,208**	(63,160)
Profit (loss) for the year attributable to:			
Owners of the Company		**17,160**	(70,763)
Non-controlling interests		**(10,257)**	740
		6,903	(70,023)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**14,167**	(63,082)
Non-controlling interests		**(7,959)**	(78)
		6,208	(63,160)
Earnings (loss) per share	12		
– Basic		**HK0.33 cents**	(HK2.21) cents
– Diluted		**HK0.33 cents**	(HK2.21) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Prepaid lease payments		**22,204**	16,309
Property, plant and equipment		**295,549**	228,775
Investment properties		**26,820**	28,430
Intangible assets		**564,357**	475,027
Goodwill		**501,470**	317,543
Interests in associates		**224,169**	3,214
Interests in joint ventures		**92,405**	–
Convertible loan to an associate		**–**	3,256
Deposits for acquisition of subsidiaries		**169,169**	41,525
Deposits for acquisitions of property, plant and equipment		**82,177**	–
Prepayment		**16,557**	–
Available for sales investment		**104,671**	–
Other non-current assets		**545**	300
		2,100,093	1,114,379
Current assets			
Prepaid lease payments		**820**	362
Inventories		**1,763**	13,932
Trade and other receivables	*13*	**134,651**	59,384
Amounts due from related companies		**–**	2,650
Amounts due from non-controlling shareholders of subsidiaries		**18,509**	27,100
Amounts due from joint ventures		**51,090**	–
Tax recoverable		**1,590**	1,590
Cash and bank balances		**102,737**	18,613
		311,160	123,631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Current liabilities			
Trade and other payables	*14*	**77,206**	82,440
Bank borrowings	*15*	**3,694**	23,748
Obligation under finance leases		**5,355**	311
Convertible bonds		**91,157**	39,427
Embedded derivatives		**3,394**	17,341
Amount due to non-controlling shareholders of a subsidiary		**14,062**	14,706
Amounts due to directors		**–**	6,809
Amount due to an associate		**31,700**	–
		226,568	184,782
Net current assets (liabilities)		**84,592**	(61,151)
Total assets less current liabilities		**2,184,685**	1,053,228
Capital and reserves			
Share capital	*16*	**335,480**	256,223
Reserves		**1,200,842**	594,997
Equity attributable to owners of the Company		**1,536,322**	851,220
Non-controlling interests		**193,423**	69,136
Total equity		**1,729,745**	920,356
Non-current liabilities			
Obligations under finance leases		**9,034**	1,182
Other borrowings	*15*	**182,500**	21,500
Convertible bonds		**127,488**	–
Convertible note		**–**	2,006
Deferred tax liabilities		**135,918**	108,184
		454,940	132,872
		2,184,685	1,053,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are primary listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its listing status in the Singapore Exchange Securities Trading Limited ("SGX-ST") was changed from primary listing to secondary listing with effect from 2 July 2014.

The address of its registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1411, 14/F., New World Tower I, 16-18 Queen's Road Central, Hong Kong respectively.

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

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

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

In the current year, the Group has applied all of the Amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2015. The adoption of these amendments to IFRSs had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

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

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[4]
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle[3]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to IAS 1	Disclosure initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[3]
Amendments to IAS 7	Disclosure initiative[5]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[5]
Amendments to IAS 27	Equity method in separate financial statements[3]

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

IFRS 9 "Financial instruments"

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

Key requirements of IFRS 9 are described below:

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

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

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

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

IFRS 15 Revenue from contracts with customers

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

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

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

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

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

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. The financial information in this announcement do not include all the information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

4. SEASONALITY OF OPERATIONS

Seasonal fluctuation exists in our natural gas business. The demand is generally higher in the second half of the year due to the winter heating consumption.

Seasonal fluctuation exists in our sales of book and specialised products and in the overall printing industry. The demand is generally higher in the second half of the year when our customers will normally place more orders to us so as to meet their greater sales demand during Christmas and New Year holidays. The revenue from sales of book and specialised products of HK$48.5 million recorded in the first half of the year and HK$58.8 million recorded in the second half of the year.

5. SEGMENT INFORMATION

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

The Group is organised into the following operating and reportable segments:

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

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

Segment revenue and results

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

For the year ended 31 December 2015

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

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

For the year ended 31 December 2014

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Consolidated *HK$'000*
Segment revenue to external customers	57,130	143,300	200,430
Segment (loss) profit	(8,959)	15,779	6,820
Other income and other gains and losses			(3,342)
Central corporate expenses			(70,802)
Finance costs			(3,156)
Loss before income tax			(70,480)

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of other income, other gains and losses (other than impairment losses on trade receivables which was included in segment (loss) profit), corporate expenses (including but not limited to directors' emoluments), finance costs, share of results of an associate and income tax expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

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

Segment liabilities

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

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

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

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

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

Other segment information

For the year ended 31 December 2015

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets (excluding intangible assets and goodwill)	609,512	600	188,073	798,185
Addition to intangible assets	137,906	–	–	137,906
Addition to goodwill	183,927	–	–	183,927
Depreciation of property, plant and equipment	18,752	4,132	716	23,600
Depreciation of investment properties	–	1,044	–	1,044
Amortisation of prepaid lease payments	201	100	30	331
Amortisation of intangible assets	20,676	–	–	20,676
Net gain on disposal of property, plant and equipment	–	2,719	–	2,719
Gain recognised on disposal of subsidiaries	135,207	–	–	135,207
Impairment losses on trade receivables	–	94	–	94

For the year ended 31 December 2014

	Sales of natural gas and other related products *HK$'000*	Sales of book and specialised products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment (loss) profit or segment assets:				
Addition to non-current assets (excluding intangible assets and goodwill)	174,993	3,112	6,770	184,875
Addition to intangible assets	481,731	–	–	481,731
Addition to goodwill	317,543	–	–	317,543
Depreciation of property, plant and equipment	3,904	4,122	620	8,646
Depreciation of investment properties	–	1,066	–	1,066
Amortisation of prepaid lease payments	93	100	30	223
Amortisation of intangible assets	6,704	–	–	6,704
Impairment loss on other non-current assets	–	334	–	334
Impairment losses on trade receivable	–	542	–	542
Net loss on disposal of property, plant and equipment	–	207	–	207

Geographical information

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

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

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

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

Information about major customers

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

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

Notes:

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

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

6. OTHER GAINS AND LOSSES

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

7. OTHER INCOME

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

8. FINANCE COSTS

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

9. PROFIT(LOSS) BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Profit (loss) before income tax is arrived at after charging:		
Auditor's remuneration	**1,700**	2,266
Amortisation of intangible assets*	**20,676**	6,704
Cost of inventories recognised as expense*	**210,390**	175,661
Depreciation of investment properties	**1,044**	1,066
Depreciation of property, plant and equipment*#	**23,600**	8,646
Employee benefit expenses* (including directors' emoluments)		
– Salaries and allowances	**73,259**	54,727
– Contribution to defined contribution plans	**4,827**	3,531
– Share-based payment (included in administrative expenses)	**8,032**	5,966
	86,118	64,224
Amortisation of prepaid lease payments	**331**	223
Operating lease charges on		
– premises	**4,926**	1,326
– motor vehicles	**–**	336
	4,926	1,662
Legal and professional fees (included in other expenses)	**4,506**	17,077

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

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

10. INCOME TAX CREDIT

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

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

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

11. DIVIDEND

The Board did not recommend a payment of dividend for the years ended 31 December 2014 and 2015.

12. EARNINGS (LOSS) PER SHARE

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

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

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

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

The computation of diluted loss per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding share options as their exercise would result in a decrease in loss per share.

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

13. TRADE AND OTHER RECEIVABLES

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

Notes:

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

	2015 HK$'000	2014 HK$'000
At 1 January	**3,969**	3,969
Impairment losses recognised	**94**	542
Amount written off	**–**	(542)
At 31 December	**4,063**	3,969

At each reporting date, the Group reviews its trade receivables for impairment on both an individual and collective basis. As at 31 December 2015, the Group determined trade receivables of HK$4,063,000 (2014: HK$3,969,000) as individually impaired. Based on this assessment, impairment losses of HK$94,000 (2014: HK$542,000) are recognised during the year. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments or have been past due for more than one year and have not responded to repayment demands.

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

(b) The Group generally allows a credit period of 30 to 120 days (2014: 30 to 120 days) to its trade customers for the sales of book products and specialised products and a credit period of 30 to 90 days to its trade customers for the sales and distribution of natural gas and other related products. Before accepting any new customers, the Group performs credit check to assess the potential customer's credit quality and defines credit limits by customers. Based on invoice dates, which approximate the respective revenue recognition dates, ageing analysis of trade receivables (net of impairment losses) was as follows:

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

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

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

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

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

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

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

14. TRADE AND OTHER PAYABLES

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

Notes:

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

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

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

15. BANK AND OTHER BORROWINGS

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

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

Note: The corporate bonds issued by the Company during the year amounted to HK$161,000,000 (2014: HK$21,500,000) respectively. The bonds are unsecured and have maturity of five to eight years (2014: seven years) until 2023 (2014: 2021) and carry interest at 5% to 8% (2014: 5% to 8%) per annum.

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

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

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

16. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.055 each (1 January 2014: HK$0.55 each)		
Authorised share capital		
At 1 January 2014	909,090,909	500,000
Increase in authorised shares	8,190,909,091	4,505,000
Share subdivision *(note i)*	81,900,000,000	–
At 31 December 2014 and 31 December 2015	91,000,000,000	5,005,000
Issued and fully paid share capital		
At 1 January 2014	209,049,373	114,977
Issue of shares by way of placing *(note ii)*	40,018,000	22,010
Issue of shares upon conversion of convertible notes *(note iii)*	202,391,730	111,315
	451,459,103	248,302
Share subdivision *(note i)*	4,063,131,927	–
	4,514,591,030	248,302
Issue of shares for acquisition of subsidiaries *(note iv)*	62,288,170	3,426
Issue of shares upon conversion of convertible notes *(note iii)*	81,726,700	4,495
At 31 December 2014	4,658,605,900	256,223
Issue of shares by way of placing *(note v)*	262,500,000	14,438
Issue of shares upon conversion of convertible notes and convertible bonds *(note vi)*	643,354,980	35,385
Issue of shares for acquisition of subsidiaries *(note vii)*	531,679,993	29,242
Issue of shares upon conversion of share options *(note viii)*	3,500,000	192
At 31 December 2015	**6,099,640,873**	**335,480**

Notes:

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

Pursuant to special resolution passed on 8 October 2014, each of the Company's authorised and issued shares of par value HK$0.55 each were subdivided into ten shares of par value of HK$0.055 each ("Share Subdivision"). The Share Subdivision is effective on 15 October 2014, the authorised share capital of the Company was divided into 91,000,000,000 shares of HK$0.055 each and the issued share capital of the Company was divided into 4,514,591,030 of HK$0.055 each. Details of Share Subdivision are disclosed in the circular issued by the Company on 16 September 2014.

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

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

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

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

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

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

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

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

17. CAPITAL COMMITMENTS

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

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

18. RELATED PARTY TRANSACTIONS

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

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

Note: During the year ended 31 December 2015, the Group entered into finance lease agreement with one of the associates.

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

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

19. SUBSEQUENT EVENTS

(i) On 30 November 2015, the Company entered into a convertible bond subscription agreement with the subscriber, pursuant to which the subscriber conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bond with an aggregate principal amount of HK$15,000,000. The transaction was completed on 7 January 2016.

(ii) On 11 December 2015, a wholly owned subsidiary of the Company entered into a conditional acquisition agreement with an independent vendor, pursuant to which the Group shall acquire the entire equity interests in Fox Smart Limited and its subsidiaries (the "Fox Smart Group"). The total consideration is amounted to HK$136,000,000 to be satisfied by (a) cash of HK$40,000,000; (b) promissory note of HK$20,000,000 and (c) consideration shares of HK$76,000,000. Fox Smart Group is principally engaged in sales and distribution of natural gas and other related products in PRC. At the date hereof, the transaction has not been completed yet.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

NATURAL GAS INDUSTRY IN THE PRC

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

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

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

BUSINESS REVIEW

Natural gas business of the Company

The Group is an integrated natural gas provider and distributor that offers innovative and diversified clean energy solutions across China. We focus on gas sourcing and the downstream natural gas end-user distribution business which encompasses (i) construction and operation of compressed natural gas ("CNG") and liquefied natural gas ("LNG") refueling stations for vehicles; (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities; and (iii) distribution and trading of CNG and LNG. In 2015, the Group continued to actively expand its natural gas business.

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

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

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

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

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

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

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

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

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

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

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

In 2015, the Group recorded a total gas sales volume of approximately 17.8 million cubic meter, mainly attributable to gas sales in Liaoning Province, Shandong Province and Guizhou Province. In addition, total gas sales volume from the associate of the Group, Hainan Xinyuan Group, amounted to 19.35 million cubic meter for the year. The Company is in the process of completing the acquisition of Fox Smart Ltd, in which it will indirectly hold the equity interest in Hainan Zhongyou Jiarun. Total gas sales from its business of Hainan Zhongyou Jiarun in Hainan Province and Anhui Province amounted to 13.96 million cubic meter in 2015.

Printing Business of the Company

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

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

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

FINANCIAL REVIEW

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

Gross Profit Margin and Segment Profit

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

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

Other Gains and Losses and Other Income

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

Gain recognised on disposal of subsidiaries

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

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

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

Operating Expenses

(a) Selling and Distribution Costs

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

(b) Administrative expenses

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

(c) Other expenses

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

(d) Finance costs

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

(e) Income tax credit/(expense)

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

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

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

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

FUTURE DEVELOPMENT AND PROSPECTS

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

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

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

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

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

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

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

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

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

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

Blue Sky Power will continue to strengthen the supply chain of natural gas while expanding the reach to a wider customer base across more provinces in China. China is in the middle of an energy transformation, with the central government making a strong push to the increasing use of clean energy. Natural gas is the ideal solution of clean and affordable energy for China and Blue Sky Power is eager to actively promote and provide natural gas to a wide customer base across China where there is huge market potential which is currently underserved. Blue Sky Power's innovative approach and value proposition in meeting the growing demand with diversified supply and distribution of natural gas is reflected in the strong backing that we have attracted from the likes of renowned institutional investors and experienced industry participants. Their backing also provides us with the financial strength to pursue continued acquisitions within the industry as we seek complementary assets to strengthen our industry value chain and further improve profitability for the Group.

The Group will spare no effort to continue to explore potential merger and acquisition opportunities and cooperation opportunities with our strategic industry partners (such as Beijing Gas), which can enhance the market presence and financial return of the Group.

USE OF PROCEEDS

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

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

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

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

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

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

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

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

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

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group maintained bank deposits, bank balances and cash amounting to HK$102.7 million as at 31 December 2015 (2014: HK$18.6 million), which was an increase of 452.2% as compared with that as at 31 December 2014.

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

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

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

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

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

During the year ended 31 December 2015 and up to the date of this announcement, the Company has entered into separate agreements with independent third parties in respect of the issue of the corporate bonds by the Company and details of the subscription are as follows:

Subscribers	**Issue Date**	**Principal amount** *(HK$'000)*
7 years corporate bond		
Chen Hong (陳虹)	2-Jan-15	2,000
Yan Qiaomin (嚴巧敏)	14-Jan-15	1,000
Liang Dingjiao (梁定郊)	24-Feb-15	4,000
Jiang Chunyan (江春燕)	11-Mar-15	10,000
5 years corporate bond		
Wong Kit Bing (黃潔冰)	8-Dec-15	1,000
Li Chunxian (李春先)	2-Feb-16	5,000
		23,000
Other corporate bonds		143,000
		166,000

During the year ended 31 December 2015, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. We would implement a balanced financing plan to support the operation of our business.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and the PRC. As at 31 December 2015, there were 252 (2014: 826) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, grants discretionary incentive bonuses and/or share options to eligible staff based on their performance and contributions to the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises three members, namely Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The audit committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2015.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2015.

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the Model Code throughout the year ended 31 December 2015.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL RESULTS

This results announcement is published on the websites of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.blueskypower.holdings). A notice convening the annual general meeting of the Company will be despatched to the shareholders of the Company together with the 2015 Annual Report and available on the aforesaid websites in due course.

By order of the Board
Blue Sky Power Holdings Limited
Cheng Ming Kit
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ming Kit, Mr. Sze Chun Lee, Mr. Hung Tao, Mr. Kwok Shek San and Mr. Hu Xiaoming; the non-executive director of the Company is Ms. Chung Oi Ling Stella; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing.