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## ANNOUNCEMENT OF 2016 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 2016 are as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2016*

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	4	136,569	171,996
Cost of goods sold and direct cost		(66,709)	(100,645)
Gross profit		69,860	71,351
Other income	5	26,892	3,156
Other gains or losses	6	(3,301)	(3,298)
Selling and distribution expenses		(1,048)	(2,512)
Administrative expenses		(73,416)	(65,060)
Impairment loss on exploration and evaluation assets		(2,003)	(593)
Impairment loss on goodwill		–	(25,950)
Profit/(Loss) from operation		16,984	(22,906)
Finance costs	8	(6,457)	(5,685)
Profit/(Loss) before taxation		10,527	(28,591)
Taxation	9	(7,382)	(5,783)
Profit/(Loss) for the year	10	3,145	(34,374)

	<b>2016</b>	2015
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other comprehensive (expenses)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	<b>(31,719)</b>	(50,917)
Fair value gain on available-for-sale securities	<b>144</b>	–
	<u>(31,575)</u>	<u>(50,917)</u>
Other comprehensive expenses for the year		
	<b>(31,575)</b>	(50,917)
Total comprehensive expenses for the year	<b><u>(28,430)</u></b>	<b><u>(85,291)</u></b>
Profit/(Loss) for the year attributable to:		
Owners of the Company	<b>(4,621)</b>	(36,480)
Non-controlling interests	<b>7,766</b>	2,106
	<u>3,145</u>	<u>(34,374)</u>
Total comprehensive expenses attributable to:		
Owners of the Company	<b>(21,027)</b>	(84,278)
Non-controlling interests	<b>(7,403)</b>	(1,013)
	<u>(28,430)</u>	<u>(85,291)</u>
Loss per share – Basic	<i>11</i> <b><u>HK\$(0.0026)</u></b>	<b><u>HK\$(0.0225)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		2016	2015
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Fixed assets		<b>177,230</b>	176,953
Investment properties		<b>432,639</b>	–
Intangible assets		<b>43,782</b>	51,414
Exploration and evaluation assets		<b>2,886</b>	4,889
Available-for-sale securities		<b>1,440</b>	–
Deposit paid for acquisition of fixed assets		–	8,730
Statutory deposits		<b>4,055</b>	4,276
Loans receivable		<b>12,483</b>	655
Prepaid land leases		<b>6,546</b>	7,169
		<b>681,061</b>	254,086
<b>Current assets</b>			
Inventories		<b>57,062</b>	1,100
Prepaid land leases		<b>169</b>	180
Accounts receivable	<i>13</i>	<b>138,993</b>	147,346
Loans receivable		<b>127</b>	589
Other receivables, prepayments and deposits		<b>177,910</b>	345,322
Pledged fixed deposits (general accounts)		<b>5,229</b>	5,216
Bank balances (trust and segregated accounts)		<b>156,816</b>	88,209
Bank balances (general accounts) and cash		<b>132,903</b>	50,390
		<b>669,209</b>	638,352

	<i>Notes</i>	<b>2016</b> <b><i>HK\$'000</i></b>	2015 <i>HK\$'000</i>
<b>Current liabilities</b>			
Accounts payable	<i>14</i>	<b>174,237</b>	126,380
Other payables and accrued expenses		<b>93,837</b>	48,918
Amounts due to Directors		<b>153,638</b>	174,877
Tax payable		<b>12,240</b>	7,866
		<u><b>433,952</b></u>	<u>358,041</u>
<b>Net current assets</b>		<u><b>235,257</b></u>	<u>280,311</u>
<b>Total assets less current liabilities</b>		<u><b>916,318</b></u>	<u>534,397</u>
<b>Non-current liability</b>			
Deferred tax liability		<u><b>11,911</b></u>	<u>13,991</u>
<b>Net assets</b>		<u><b>904,407</b></u>	<u>520,406</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>252,128</b>	165,024
Reserves		<u><b>519,708</b></u>	<u>215,080</u>
Equity attributable to owners of the Company		<b>771,836</b>	380,104
Non-controlling interests		<u><b>132,571</b></u>	<u>140,302</u>
<b>Total equity</b>		<u><b>904,407</b></u>	<u>520,406</u>

## **NOTES:**

### **1. GENERAL**

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

The consolidated financial statements of the Group for the year ended 31 December 2016 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) mineral mining, oil and gas exploration and production, (3) the provision of financial services and (4) property investment.

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

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

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

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

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Application of new and revised standards and interpretations

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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.

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

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

#### 4. REVENUE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of mineral	103,774	103,097
Sales of natural resources and petrochemicals	–	30,570
Rental income	6,591	–
Commission and brokerage income	10,987	26,239
Interest income arising from financial business	9,951	10,166
Advisory and consultancy fee	5,266	1,924
	<u>136,569</u>	<u>171,996</u>

#### 5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income from bank	7	495
Sundry income	1,140	321
Handling charge income	1,456	2,340
Placing income	800	–
Dividend income	118	–
Introduction income ( <i>Note</i> )	23,371	–
	<u>26,892</u>	<u>3,156</u>

*Note:* The introduction income represent a rewarding in respect to a referrer in the sale and purchase of the 45% equity interest of Hebei Panbao Zeolite Technology Co., Ltd.

**6. OTHER GAINS OR LOSSES**

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Other receivables written off	–	(11,232)
Reversal/(Provision) of allowance for bad and doubtful debts	<b>2,512</b>	(6,288)
Net exchange loss	<b>(5,105)</b>	(51)
Loss on disposal of a subsidiary	<b>(817)</b>	(5,888)
Fair value change on profit guarantee	–	(7,542)
Gain/(Loss) on disposal of fixed assets	<b>109</b>	(6,225)
Gain on bargain purchase	–	30,497
Others	–	3,431
	<hr/>	<hr/>
	<b>(3,301)</b>	<b>(3,298)</b>
	<hr/> <hr/>	<hr/> <hr/>



## 7. 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 2016, certain operating segments have been introduced, the chief operating decision maker have re-organised the business activities of the Group into four reportable segments accordingly – (1) trading business, (2) mineral mining, oil and gas business (3) financial business and (4) property investment. 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 service, 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
Property investment	–	rental income

### Segment revenues and results

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

*For the year ended 31 December 2016*

	<b>Trading business HK\$'000</b>	<b>Mineral mining, oil and gas business HK\$'000</b>	<b>Financial business HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>REVENUE</b>					
Segment revenue	<u>–</u>	<u>105,240</u>	<u>26,204</u>	<u>5,125</u>	<u>136,569</u>
<b>RESULTS</b>					
Segment profit/(loss)	<u>(2,919)</u>	<u>39,910</u>	<u>2,904</u>	<u>(1,910)</u>	<u>37,985</u>
Corporate administration costs					(27,458)
Profit before taxation					<u>10,527</u>

## 7. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

For the year ended 31 December 2015

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>				
Segment revenue	<u>30,570</u>	<u>103,097</u>	<u>38,329</u>	<u>171,996</u>
<b>RESULTS</b>				
Segment profit/(loss)	<u>(9,644)</u>	<u>28,102</u>	<u>(573)</u>	17,885
Corporate administration costs				(39,791)
Other receivable written off				(11,232)
Impairment of goodwill				(25,950)
Gain on bargain purchase				<u>30,497</u>
Loss before taxation				<u>(28,591)</u>

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

### Segment assets and liabilities

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

At 31 December 2016

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	<u>129,300</u>	<u>302,753</u>	<u>322,510</u>	<u>560,810</u>	1,315,373
Unallocated assets					<u>34,897</u>
Consolidated total assets					<u>1,350,270</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>4,288</u>	<u>97,787</u>	<u>264,387</u>	<u>4,700</u>	371,162
Unallocated liabilities					<u>74,701</u>
Consolidated total liabilities					<u>445,863</u>

## 7. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

At 31 December 2015

	Trading business <i>HK\$'000</i>	Mineral mining, oil and gas business <i>HK\$'000</i>	Financial business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>				
Segment assets	<u>276,192</u>	<u>365,873</u>	<u>247,184</u>	889,249
Unallocated assets				<u>3,189</u>
Consolidated total assets				<u>892,438</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>37,098</u>	<u>76,119</u>	<u>188,520</u>	301,737
Unallocated liabilities				<u>70,295</u>
Consolidated total liabilities				<u>372,032</u>

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

- all assets are allocated to operating segments other than 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.

## 7. SEGMENT INFORMATION (Continued)

### Other segment information

For the year ended 31 December 2016

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property investment 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	-	10,933	924	19	11,876	92	11,968
Impairment loss on exploration and evaluation assets	-	2,003	-	-	2,003	-	2,003
Amortisation	-	5,049	-	-	5,049	-	5,049
Depreciation	14	3,326	282	4,441	8,063	402	8,465
Reversal of allowance for bad and doubtful debts	-	-	(2,512)	-	(2,512)	-	(2,512)
Finance costs	-	98	4,508	-	4,606	1,851	6,457
Interest income	(3)	(4)	(9,951)	-	(9,958)	-	(9,958)

For the year ended 31 December 2015

	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	-	19,485	-	19,485	-	19,485
Deposit paid for acquisition of land use rights	119,363	-	-	119,363	-	119,363
Impairment loss on exploration and evaluation assets	-	593	-	593	-	593
Amortisation	-	3,837	-	3,837	-	3,837
Depreciation	-	5,176	396	5,572	331	5,903
Provision of allowance for bad and doubtful debts	-	-	6,288	6,288	-	6,288
Other receivables written off	-	-	-	-	11,232	11,232
Impairment loss on goodwill	-	-	-	-	25,950	25,950
Gain on bargain purchase	-	-	-	-	(30,497)	(30,497)
Finance costs	-	-	5,685	5,685	-	5,685
Interest income	(482)	(12)	(10,166)	(10,660)	-	(10,660)

## 7. 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 and China, while oil and gas business are based in 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 available-for-sales securities, statutory deposits and loans receivable, by geographical location of the assets regarding its operations are detailed below:

	Revenue		Non-current assets	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>26,204</b>	38,329	<b>6,105</b>	1,817
Tunisia	–	–	<b>2,886</b>	4,889
Kenya	–	–	<b>3,804</b>	6,206
PRC	<b>107,441</b>	133,667	<b>530,724</b>	108,235
Madagascar	<b>2,924</b>	–	<b>123,585</b>	128,008
	<b>136,569</b>	171,996	<b>667,104</b>	249,155

### Information about major customer

Revenue from customers of the year ended 31 December 2016 and 2015 contributing over 10% of the total revenue of the Group are generated from mining business as follow:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	<b>43,268</b>	46,165
Customer B	–	17,282
Customer C	<b>29,286</b>	–
Customer D	<b>28,102</b>	–

There is no other single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2016 and 2015.

## 8. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bank overdrafts	105	40
Amounts due to directors	<u>6,352</u>	<u>5,645</u>
	<u><u>6,457</u></u>	<u><u>5,685</u></u>

## 9. TAXATION

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax – enterprise income tax provision for the year	8,719	8,746
Deferred tax – origination and reversal of temporary difference	<u>(1,337)</u>	<u>(2,963)</u>
	<u><u>7,382</u></u>	<u><u>5,783</u></u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2016 and 2015 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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.

## 10. PROFIT/(LOSS) FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit/(Loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,180	1,080
Amortisation	5,049	3,837
Depreciation	8,465	5,903
Staff cost, including Directors' remuneration	32,794	31,127
Contributions to retirement benefits scheme (included in staff costs)	764	781
Cost of inventories recognised as expense	62,323	88,342
(Gain)/Loss from error trades	(3)	12
Interest income on bank deposits (included in other income)	(7)	(494)
Operating lease in respect of office premises	<u>6,912</u>	<u>5,450</u>

## 11. LOSS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(4,621)</u>	<u>(36,480)</u>
	<b>Number of shares</b>	
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,749,158</u>	<u>1,621,958</u>

No diluted loss per share was presented as there were no potential ordinary shares during the year ended 31 December 2016 and 2015.

## 12. DIVIDEND

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

### 13. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts receivable consist of:		
Accounts receivable arising from business of trading natural resource and petrochemical	–	20,955
Accounts receivable arising from business of investment properties	<b>1,681</b>	–
Accounts receivable arising from mineral business	<b>56,855</b>	2,540
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	<b>17,275</b>	23,840
<i>Less: Allowance for doubtful debts</i>	<b>(4,296)</b>	(6,786)
	<b>12,979</b>	17,054
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	<b>4,086</b>	7,891
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	<b>3,416</b>	2,726
Loans to securities margin clients	<b>58,951</b>	93,505
<i>Less: Allowance for doubtful debts</i>	<b>(63)</b>	(86)
	<b>58,888</b>	93,419
Accounts receivable arising from the business of advisory for financial management	<b>1,088</b>	225
Accounts receivables from brokers	–	2,536
	<b>138,993</b>	147,346



### 13. ACCOUNTS RECEIVABLE (Continued)

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from trading business aged within 90 days.

#### Accounts receivable from mineral business

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 180 days	55,938	1,342
More than 180 days	<u>917</u>	<u>1,198</u>
	<u><u>56,855</u></u>	<u><u>2,540</u></u>

Included in the accounts receivable from mineral business is HK\$56,855,000 (2015: HK\$2,540,000) which is denominated in RMB, a functional currency of the relevant group entity.

The average credit period for accounts receivable from investment property business is 30 days. The accounts receivable from investment property business aged within 90 days, which is denominated in RMB, a functional currency of the relevant group entity.

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC and brokers 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 OCBC 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\$194,491,000 (2015: HK\$263,005,000). The average percentage of collateral over the outstanding balance as at 31 December 2016 is ranged from 113% to 7,467% (2015: 111% to 3,883%). 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.

### 13. ACCOUNTS RECEIVABLE (Continued)

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 90 days	<b>243</b>	125
More than 90 days	<b>845</b>	100
	<b><u>1,088</u></b>	<u>225</u>

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

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 90 days	<b>11,175</b>	10,774
91 – 180 days	<b>1,804</b>	6,280
	<b><u>12,979</u></b>	<u>17,054</u>

The accounts receivable from cash clients with a carrying amount of approximately HK\$6,139,000 (2015: HK\$12,286,000) 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 (2015: 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 2016 and 2015 with reference to the subsequent settlement received after the end of the reporting period.

### 13. ACCOUNTS RECEIVABLE (Continued)

#### Movement in the allowance for doubtful debts of cash clients

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning of the year	6,786	502
Provided for the year	–	6,597
Amounts recovered during the year	(2,489)	(303)
Amounts written off as uncollectible	(1)	(10)
	<u>4,296</u>	<u>6,786</u>

#### Movement in the allowance for doubtful debts of securities margin clients

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning of the year	86	91
Provided for the year	15	1
Amounts recovered during the year	(38)	(6)
	<u>63</u>	<u>86</u>

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.

#### 14. ACCOUNTS PAYABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accounts payable from mineral business	4,301	29,489
Accounts payable arising from the business of dealing in securities:		
– Cash clients	157,198	83,159
– HKSCC	3,769	–
Accounts payable to clients arising from the business of dealing in futures contracts	3,797	6,678
Amounts due to securities margin clients	5,172	7,054
	<u>174,237</u>	<u>126,380</u>

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\$156,816,000 (2015: HK\$88,209,000) 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.

#### 14. ACCOUNTS PAYABLE (Continued)

##### Accounts payable from mineral business

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 90 days	830	883
90 – 180 days	<u>3,471</u>	<u>28,606</u>
	<u><b>4,301</b></u>	<u><b>29,489</b></u>

Included in the accounts payable from mineral business is HK\$4,325,000 (2015: HK\$29,489,000) which is denominated in RMB, a functional currency of the relevant group entity.

#### 15. SHARE CAPITAL

	Number of shares <i>'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.10 each Authorised: At 31 December 2015 and 2016	<u><b>10,000,000</b></u>	<u><b>1,000,000</b></u>
Issued and fully paid:		
At 1 January 2015	<b>1,543,452</b>	154,345
Share repurchased and cancelled ( <i>note a</i> )	<b>(17,214)</b>	(1,721)
Issue on 16 February 2015 ( <i>note b</i> )	<b>30,000</b>	3,000
Issue on 16 March 2015 ( <i>note c</i> )	<b>30,000</b>	3,000
Issued in consideration for the acquisition ( <i>note d</i> )	<u><b>64,000</b></u>	<u>6,400</u>
At 31 December 2015	<b>1,650,238</b>	165,024
Share repurchased and cancelled ( <i>note a</i> )	<b>(14,672)</b>	(1,467)
Issue on 28 July 2016 ( <i>note e</i> )	<b>50,000</b>	5,000
Issued in consideration for the acquisition ( <i>note f</i> )	<u><b>835,714</b></u>	<u>83,571</u>
At 31 December 2016	<u><b>2,521,280</b></u>	<u><b>252,128</b></u>

## 15. SHARE CAPITAL (Continued)

Notes:

- a) During the year ended 31 December 2015 and 2016, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follow:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
November 2014	40,000	1.03	1.03	41
December 2014	8,810,000	1.04	0.94	8,766
April 2015	322,000	1.02	N/A	328
May 2015	30,000	1.18	N/A	35
August 2015	<u>8,012,000</u>	1.19	0.90	<u>8,439</u>
	17,214,000			17,609
January 2016	14,672,000	0.7	0.5	8,326

Except the shares repurchased during November and December in 2015 which have not been cancelled in 2014, all the above shares repurchased were cancelled during the period.

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

- b) Pursuant to subscription agreement dated 6 February 2015 entered into between Mr. Zhu Yongwen ("Subscribers") and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at price of HK\$1.23 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. The net proceeds from subscription is intended to be used for general working capital.

## 15. SHARE CAPITAL (Continued)

*Notes: (Continued)*

- c) Pursuant to subscription agreement dated 9 February 2015 entered into between Mr. Zhu Yongwen (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at price of HK\$1.20 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. The net proceeds from subscription is intended to be used for general working capital.
- d) During the year ended 31 December 2015, the Company has issued 64,000,000 ordinary shares for acquiring 100% equity interest of New Praise International Limited.
- e) Pursuant to subscription agreement dated 14 July 2016 entered into between Mr. Weng Tao (“Subscribers”) and the Company, Subscribers subscribed for 50,000,000 new shares of HK\$0.10 in the Company at price of HK\$0.70 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 14 July 2016. All the issued shares rank pari passu in all respects “with other shares in issue. The net proceeds raised are intended to be used for general working capital and future business development and investments of the Group.
- f) During the year ended 31 December 2016, the Company has issued 835,714,284 ordinary shares for acquiring 100% equity interest of Millhaven Holdings Limited.

## 16. Acquisition and disposal of subsidiary

### a) Acquisition of a subsidiary

#### *Acquisition of a subsidiary not constituting a business*

In November 2016, the Group acquired the entire equity interest in 北京盈和房地產綜合開發有限公司 (「北京盈和」) for a consideration of RMB50 million in cash and issuance of 835,714,798. The principal assets of 北京盈和 comprises investment properties situated in the PRC. This acquisition of a subsidiary has been accounted for as acquisition of assets as 北京盈和 principally engaged in property holding and does not have operations as at the acquisition date. The net assets acquired are as follows:

	<i>HKD'000</i>
Investment properties	435,054
Bank balances and cash	12,268
Trade and other payables	<u>(3,356)</u>
	<u>443,966</u>
Satisfied by:	
Cash consideration	56,208
Issue of shares	<u>387,758</u>
	<u>443,966</u>
Cash outflow arising on acquisition:	
Cash consideration	56,208
Bank balances and cash acquired	<u>(12,268)</u>
	<u>43,940</u>



## 16. Acquisition and disposal of subsidiary (Continued)

### b) Disposal of a subsidiary

During the year ended 31 December 2016, the Group disposed 100% equity interest in 天津市攀寶舜天國際貿易有限公司 (Tianjin Panbao International Trading Limited\*) which engaged in trading business to an independent third party for the consideration of RMB3,000,000. The net assets of the subsidiary at the date of disposal were as follow:

Consideration received:

	<b>2016</b>
	<i>HK\$'000</i>
Cash received	3,506
<b>Analysis of assets and liabilities as at the date of disposal:</b>	
Property, plant and equipment	3
Trade and other receivable	58,414
Inventroy	300
Bank balances and cash	60
Trade and other payables	<u>(54,454)</u>
Net assets disposed of	<u>4,323</u>
Loss on disposal of subsidiary	<u><u>(817)</u></u>
Satisfied by:	
Cash consideration	<u>3,506</u>
	<u><u>3,506</u></u>
Net Cash inflow arising on disposal:	
Cash consideration	3,506
Less: Bank balances and cash disposed of	<u>(60)</u>
	<u><u>3,446</u></u>

\* *For identified purpose only*

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

During the financial year, the total revenue for the Group was approximately HK\$136,569,000, representing an decrease of approximately HK\$35,427,000 or 20.6% as compared with approximately HK\$171,996,000 in 2015. This was mainly due to the decrease in financial business and cease of trading business in sales of natural resources and petrochemicals.

The loss attributable to the owners of the Company for the year ended 31 December 2016 was approximately HK\$4,621,000 (2015: approximately HK\$36,480,000), decreased by approximately HK\$31,859,000 or approximately 87% as compared to last year. The improvement was mainly resulted from (1) the other income of approximately HK\$23,000,000 (RMB20,000,000) recorded for the year ended 31 December 2016 and (2) the no impairment losses on goodwill for the year ended 31 December 2016 (2015: HK\$25,950,000).

To reward the Company as a referrer in the sale and purchase of the minority interest of 45% Equity Interest of Hebei Panbao Zeolite Technology Company Limited (“Equity Interest”), Hoifu United Group Limited (the “Purchaser”) has agreed to pay the Company an introduction fee of RMB60.0 million. According to the relevant sale and purchase agreement (the “S&P”), RMB20.0 million (equivalent to approximately HK\$23.4 million) should be paid after entered into the S&P by the Purchaser and the vendor and therefore be recognized as other income during the financial year. The remaining RMB40.0 million (equivalent to approximately HK\$46.8 million) shall be paid upon completion of the acquisition of the Equity Interest which happened in March 2017. As a result, the remaining RMB40.0 million introduction fee income will be recognized in the financial year of 2017.

## **BUSINESS REVIEW**

### **Mining and production of zeolite business**

The principal activities of Hebei Panbao Zeolite Technology Company Limited (“Hebei Panbao”) are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products.

The revenue generated from Hebei Panbao was quite stable for the year, staying at the level of approximately HKD103.8 million (2015 HKD103.1 million) with a higher profit margin product mix, comparing with last year’s product mix which the gross profit margin increased to 40% for the year ended 31 December 2016. (2015: 34%).

### **Investment property**

This new business segment was established for the rental income of leasing the Property covers an area of approximately 16,360.03 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC, which includes (i) the 1st and 2nd floor of the commercial podium of Block 2 with an area of approximately 1,323.61 sq.m.; and (ii) the car park and storage rooms at the basement of Block 1 to Block 6 with an area of approximately 15,036.42 sq.m.. The car park comprises of two storey with a total of 384 parking spaces. Primely located between the Second Ring and Third Ring in Beijing.

These rental incomes have consolidated into the Group’s revenue in late of 2016 because the acquisition was completed by end of November 2016. As such, only a one month rental income of approximately HK\$1,700,000 was recorded for the year ended 31 December 2016.

The tenant has agreed to lease the entire area of the Property for a period of two years commencing from 15 June 2016 and ending on 15 June 2018 which amount to RMB28,000,000. Beside this, pursuant to another lease agreement on advertising signage board on the external walls of office building, the lease of the advertising signage board will provide the additional monthly rental income of RMB400,000 for a two-year period expiring on 15 July 2018.

## **Oil and gas and mineral mining business**

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

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 have renewed during the year and the latest expiry dates are 14 April 2017 and 2 January 2017 respectively. During the year, a wholly-owned subsidiary of the Group, entered into a contracting agreement for mining and stripping of copper and gold deposits with China Energy Guangxi Power Engineering Construction Co., Ltd. Pursuant to the Agreement, Guangxi Power Engineering shall be responsible for the engineering construction for mining and processing of Kenya Copper Mine 253 and Kenya Gold Mine 341, including the provision of management personnel, equipments and other facilities. The contracting fee shall be settled by cash, ordinary shares of the Company or convertible notes to be issued by the Company or any combination of the above.

## **Financial Business**

The revenue derived from financial business recorded a decrease of 31.6% from approximately HK\$38,329,000 of last year to approximately HK\$26,204,000 for the year ended 31 December 2016.

It was obvious that the investment sentiment remained cautious and most retail investors sidelined for the most of time during the year of 2016. The average market turnover traded on the Hong Kong Stock Exchange was only at around HK\$50 billion level daily and the activities were dominated by the index arbitrated trading and speculation on newly listed shares. HS Index hit year low in early 2016 and managed to rebound thereafter on see-saw pattern despite the challenges of regional tensions in South China Sea, the withdrawal of Britain from European Union and the election of Trump to the new US president.

The Group has always aimed to enhance its service capacity in the financial services industry and to pursue new opportunities in the financial services industry in order to enhance values to the shareholders of the Company. As a result, the Group entered into a promoters' agreement with co-promoters pursuant to which the parties thereto conditionally agreed to set up a joint venture securities company (the "JV Securities Company") in Guangzhou Pilot FreeTrade Zone, Nanshan area under the framework of CEPA. The Group conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% equity interest thereof for an aggregate subscription price of RMB350 million (the "JV Investment"). The Board believes that the JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. The JV Investment, when materialized, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in the PRC.

The setup of the JV securities Company is subject to the approval of China Securities Regulatory Commission (the "CSRC"). The formal application was made to the CSRC on 16 June 2016.

## **Revenue**

During the financial year, the total revenue for the Group was approximately HK\$136,569,000, representing a decrease of approximately HK\$35,427,000 or 20.6% as compared with approximately HK\$171,996,000 in 2015. This was mainly due to the decrease in financial business and cease of trading business in sales of natural resources and petrochemicals.

The gross profit margin in 2016 was approximately 51.1% which was higher 9.6% than that of 2015 (2015: 41.5%).

## **Administration expenses**

Administrative expenses increased to HK\$73,416,000 in 2016 from HK\$65,060,000 in 2015, representing a year-on-year increase of 12.8%. It was due to increase in number of staff and office expenses as well as legal and professional fees on acquisitions during the year.

## **Other gains and losses**

The other gains and losses remained stable. It mainly included the provision for the allowance for bad and doubtful debts and exchange loss.

The provision for the allowance for bad and doubtful debts is a general provision arising from financial business. As the accounts receivable derived from the financial business decreased by 35% from approximately HKD124,000,000 for the year of 2015 to approximately HKD80,500,000 for the year ended 31 December 2016, therefore decreased in making general provision compared for the year ended 31 December 2016 than that of 2015.

Exchange loss approximately amounted to HKD5,105,000 for the year ended 31 December 2016 was arising from depreciation of RMB due to the consideration for the acquisition of property located in Beijing was settled during the year.

## **Other income**

The Group has recorded an other income of approximately HK\$23,371,000 (RMB20,000,000) for the year ended 31 December 2016 (2015: Nil), being the introduction fee of rewarding Guangdong Hoifu (being the wholly-owned subsidiary of the Company) as a referrer in the sale and purchase of the 45% equity interest of Hebei Panbao Zeolite Technology Co., Ltd.

## **MAJOR ACQUISITION**

### **Millhaven**

On 13 June 2016, the Group entered into agreement to acquire the entire equity interest in the Millhaven Holdings Limited together with its interest in relating to a property (the “Beijing Property”) which covers an area of 16,360.03 square meter at the Rong Ning Yuan Community of 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC, which includes (i) the 1st and 2nd floor of the commercial podium of Tower 2 with an area of 1,323.61 square meter; and (ii) the car park and storage rooms at the basement of Tower 1 to Tower 6 with an area of 15,036.42 square meter. The car park comprises of two storey with a total of 384 parking spaces. Primely located between the Second Ring and Third Ring in Beijing, the Beijing Property enjoys comprehensive ancillaries in the neighborhood.

## **PROSPECT**

Looking forward into 2017, a further slowdown of China’s economic growth is expected. It will be a critical year for the Group to build on the investment strategic adjustments of 2016 which will lay a sound foundation for our sustainable growth in the future. We will push forward our development strategies to create greater value for the Group and the shareholders the Company as a whole.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 31 December 2016, the equity attributable to the owners of the Company increased approximately to HK771,836,000, representing an increase of approximately HK391,732,000 from that of 31 December 2015. The net current assets of the Group were HK\$235,257,000 (31 December 2015: HK\$280,311,000), which consisted of current assets of HK\$669,209,000 (31 December 2015: HK\$638,352,000) and current liabilities of HK\$433,952,000 (31 December 2015: HK\$358,041,000), representing a current ratio of approximately 1.54 (31 December 2015: 1.78).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, financial institutions and equity financing. During the year, the Group obtained a short-term bank borrowing which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 31 December 2016, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK\$132,903,000 (31 December 2015: HK\$50,390,000).

## **EXCHANGE RATE RISK**

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

## **CONTINGENT LIABILITIES**

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2016, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2015: nil).



## **CHARGE ON ASSETS**

The Group held banking facilities from various banks as at 31 December 2016. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 31 December 2016, bank deposits amounting to approximately HK\$5,229,000 (31 December 2015: HK\$5,216,000) were pledged to secure banking facilities granted to a subsidiary.

## **HUMAN RESOURCES**

As at 31 December 2016, the Group employed a total of 355 staff (2015: 212) of which 26 were commission based (2015: 40) and the total related staff cost amounted to HK\$32,794,000 (2015: HK\$31,127,000). 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.

## **CAPITAL STRUCTURE**

As at 31 December 2016, the total number of issued ordinary shares of the Company was 2,521,280,885 of HK\$0.10 each (31 December 2015: 1,650,238,601 shares of HK\$0.10 each).

## **SHARES PLACEMENT**

Pursuant to a subscription agreement dated 14 July 2016 entered into between Mr. Weng Tao (“Subscriber”) and the Company, Subscriber subscribed for 50,000,000 new shares of HK\$0.10 in the Company at a price of HK\$0.70 per share. The subscription price represents (i) a premium of approximately 1.45% over the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on 14 July 2016, being the date of the Subscription Agreement; (ii) a premium of approximately 4.48% over the average closing price of HK\$0.67 per Share for the last five trading days immediately prior to and including the date of the Subscription Agreement; (iii) a premium of approximately 7.86% over the average closing price of HK\$0.649 per Share for the last ten trading days immediately prior to and including the date of the Subscription Agreement; and (iv) a premium of approximately 201.72% over the net asset value of approximately HK\$0.232 per Share.

The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 June 2016. All the issued shares rank pari passu in all respects with other shares in issue. Details of the subscription have been disclosed in the announcement dated on 14 July 2016.

The gross proceeds from the Subscription will be HK\$35,000,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$34,800,000, which is intended to be used for general working capital.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the year ended 31 December 2016, the Company has repurchased 14,672,000 shares from the market at a share price range from HK\$0.50 to HK\$0.70 with total considerations amounted to HK\$8,326,160. The details of repurchase of the Company’s shares have been disclosed in the note 15(a) of the consolidated financial statements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the financial year, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the financial year.

## **CORPORATE GOVERNANCE**

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. 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.

## **REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDIT COMMITTEE AND AUDITOR**

The Audit Committee has reviewed with the management of the Company and the Group's auditor, Elite Partners CPA Limited, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

## **FINAL DIVIDEND**

The Board does not recommend payment of any final dividend for the year ended 31 December 2016 (2015: Nil).

## **PUBLICATION OF 2016 FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The 2016 final results announcement is published on the website of the Company at [www.hoifuenergy.com](http://www.hoifuenergy.com) under the section “Announcement” of Corporate Information and Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) “Latest Listed Company Information”. The 2016 final report will be dispatched to shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 30 March 2017

*As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises seven executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Xu Jun Jia, Mr. Cao Yu, 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.*