NewOcean Energy Holdings Limited
(新海能源集團有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock Code: 342)
website: http://www.newoceanhk.com

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHT

- Revenue from operations for the year was down by 20.98% reflecting the substantially low price for energy products compared with last year to approximately HK$15,515 million. The total sales volume of energy products increased by 37.36% to approximately 3,886,000 tons.

- Gross profits increased by 33.59% to approximately HK$1,840 million with gross profit margin improved from 7.01% in 2014 to 11.86% in 2015.

- Profit for the year attributable to the owners of the Company from operations decreased by 15.95% to approximately HK$757 million mainly due to the net exchange loss of approximately HK$292 million arising from the depreciation of RMB in the second half year of 2015.

- Basic earnings per share from operations decreased by 16.39% to HK$0.51.

- Equity attributable to owners of the Company increased by 9.76% to approximately HK$5,350 million.

The Board of Directors (the "Board") of NewOcean Energy Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014 as follows:

* *For identification purposes only.*

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	*3*	**15,514,990**	19,633,037
Cost of sales		**(13,675,086)**	(18,255,810)
Gross profit		**1,839,904**	1,377,227
Other gains and losses	*5*	**(343,596)**	15,677
Other income	*5*	**113,141**	248,534
Selling and distribution expenses		**(352,071)**	(251,656)
Administrative expenses		**(282,310)**	(228,938)
Finance costs	*6*	**(194,953)**	(226,210)
Share of profits of joint ventures		**2,631**	1,713
Share of profits (losses) of associates		**13,009**	(14,129)
Profit before taxation	*8*	**795,755**	922,218
Taxation	*7*	**(36,783)**	(21,312)
Profit for the year		**758,972**	900,906
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(210,056)**	4,810
Items that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on available for sale investment		**8,932**	(37,503)
Reclassified to profit or loss upon the disposal of certain amount of available for sale investment		**17,898**	7,588
		(183,226)	(25,105)
Total comprehensive income for the year		**575,746**	875,801

	Note	2015 HK$'000	2014 HK$'000
Profit for the year attributable to:			
Owners of the Company		**756,643**	900,270
Non-controlling interests		**2,329**	636
		758,972	900,906
Total comprehensive income attributable to:			
Owners of the Company		**573,529**	875,168
Non-controlling interests		**2,217**	633
		575,746	875,801
Earnings per share			
Basic	*9*	**HK$0.51**	HK$0.61
Diluted	*9*	**HK$0.51**	HK$0.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,506,653**	1,642,891
Land use rights		**266,611**	268,426
Prepaid lease payments for coast		**7,214**	8,527
Goodwill		**658,648**	668,139
Other intangible assets		**357,310**	417,720
Interests in associates		**15,960**	71,766
Interests in joint ventures		**21,332**	19,969
Available for sale investment		**37,770**	81,958
Deposits paid		**663,005**	120,472
Deferred tax assets		**3,197**	7,312
		3,537,700	3,307,180
Current assets			
Inventories		**260,285**	444,082
Trade debtors and bills receivable	*10*	**2,518,348**	3,053,093
Other debtors, deposits and prepayments	*10*	**1,890,558**	1,414,734
Amounts due from associates		**124,303**	342,586
Amount due from a joint venture		**1,078**	-
Derivative financial instruments		**12,378**	1,222
Land use rights		**11,701**	11,313
Prepaid lease payments for coast		**822**	872
Properties held for sales		**157,754**	185,035
Properties under development for sales		**211,959**	224,936
Pledged bank deposits		**1,108,142**	3,522,442
Bank balances and cash		**1,569,937**	1,738,621
		7,867,265	10,938,936
Current liabilities			
Trade creditors and bills payable	*11*	**641,816**	1,378,694
Other creditors and accrued charges		**214,952**	353,592
Amount due to an associate		**8,706**	-
Amount due to a joint venture		**479**	509
Derivative financial instruments		**25,785**	3,600
Tax liabilities		**60,031**	49,369
Borrowings secured by pledged bank deposits - repayable within one year	*12*	**1,370,614**	4,101,395
Borrowings secured by other assets – repayable within one year	*12*	**11,227**	11,227
Borrowings unsecured – repayable within one year	*12*	**1,532,972**	2,126,914
		3,866,582	8,025,300
Net current assets		**4,000,683**	2,913,636
Total assets less current liabilities		**7,538,383**	6,220,816

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Capital and reserves			
Share capital	*13*	**148,040**	148,040
Share premium and other reserves		**5,202,383**	4,726,560
Equity attributable to owners of the Company		**5,350,423**	4,874,600
Non-controlling interests		**38,193**	31,184
Total equity		**5,388,616**	4,905,784
Non-current liabilities			
Deferred tax liabilities		**116,012**	131,147
Borrowings secured by other assets – repayable over one year	*12*	**30,404**	41,631
Borrowings unsecured – repayable over one year	*12*	**2,003,351**	1,142,254
		2,149,767	1,315,032
		7,538,383	6,220,816

Notes:

1. **General**

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Uniocean Investments Limited ("Uniocean"), a company incorporated in the British Virgin Islands. The Company acts as an investment holding company. The principal activities of the Group are the sales and distribution of liquefied petroleum gas ("LPG") and natural gas ("NG"), oil products business and sales of electronic products.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars ("HK$"), the presentation currency for the consolidated financial statements.

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")**

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRS	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRS	Annual improvements to HKFRSs 2011-2013 cycle

The application of the new and revised 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.

New and revised HKFRSs in issue but not yet effective

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[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016.

[2] Effective for annual periods beginning on or after 1 January 2018.

[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 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 HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 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 that 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 values at the end of subsequent accounting periods. In addition, under HKFRS 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, HKFRS 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 HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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 listed 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.

HKFRS 15 "Revenue from contracts with customers"

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

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 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 HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In the opinion of the directors, the application of the other new and revised standards and interpretations issued but not yet effective is not expected to have a material effect on the consolidated financial statements.

3. Revenue

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount, related taxes and returns, sales of properties and rental income of oil vessels and LPG bottles and subcontracting fee for the year. An analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of LPG	**8,460,373**	12,617,037
Sales of oil products	**6,331,336**	5,201,885
Sales of electronic products	**659,404**	1,699,397
Sales of properties	**35,731**	54,997
Rental of LPG bottles	**18,744**	34,926
Rental of oil vessels	**-**	12,152
Subcontracting fee	**9,402**	12,643
	15,514,990	19,633,037

4. Segment information

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature and location 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 currently organises into the following major operating segments, each of which represents an operating and reportable segment of the Group:

1. Sales and distribution of LPG – This segment derives its revenue from selling of LPG to various customers including industrial customers, auto-gas operators, overseas wholesaler customers, bottled LPG end-users, auto-gas end-users etc. The operation is carried out in Hong Kong, the People's Republic of China ("PRC") and Macau for both onshore and offshore customers.

2. Oil products business – This segment derives its revenue from selling of oil products to both wholesaler and retailer customers and leasing of oil vessels.

3. Sales of electronic products – This segment derives its revenue from trading of electronic products such as integrated circuit and mobile phones etc.

During the year of 2014, the Group began to venture into sales and distribution of NG industry, but still in preliminary stage, the segment information reported below includes assets related to the sales and distribution of NG business.

Segment revenues and results

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

For the year ended 31 December 2015

	Sales and distribution of LPG *HK$'000*	**Oil products business** *HK$'000*	**Sales of electronic products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**8,488,519**	**6,331,336**	**659,404**	**15,479,259**
Segment profit	**799,457**	**144,905**	**21,345**	**965,707**
Share of profits of associates	**13,009**	**-**	**-**	**13,009**
Share of profits of joint ventures	**2,631**	**-**	**-**	**2,631**
	815,097	**144,905**	**21,345**	**981,347**
Other income				**110,808**
Profit from property investment and development in the PRC				**18,354**
Central administration costs				**(59,734)**
Loss on disposal of available for sale investment				**(17,898)**
Directors' emoluments				**(8,479)**
Changes in fair values of derivative financial instruments				**(33,690)**
Finance costs				**(194,953)**
Profit before taxation				**795,755**

For the year ended 31 December 2014

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	12,664,606	5,214,037	1,699,397	19,578,040
Segment profit	667,855	154,759	97,015	919,629
Share of profits (losses) of associates	8,953	(23,082)	-	(14,129)
Share of profit of a joint venture	1,713	-	-	1,713
	678,521	131,677	97,015	907,213
Other income				231,229
Profit from property investment and development in the PRC				28,712
Central administration costs				(48,067)
Loss on disposal of available for sale investment				(2,528)
Directors' emoluments				(9,074)
Changes in fair values of derivative financial instruments				19,083
Gain on deemed disposal of associates				21,860
Finance costs				(226,210)
Profit before taxation				922,218

The accounting policies of the reportable segments are the same as the Group's accounting policies. All of the segment revenue reported above is from external customers, associates or joint ventures. Segment profit represents the profit earned by each segment without allocation of interest income, profit from property investment and development in the PRC, central administration costs, loss on disposal of available for sale investment, directors' emoluments, changes in fair values of derivative financial instruments, gain on deemed disposal of associates and finance costs.

The total reportable segment revenue can be reconciled to the revenue as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Total reportable segment revenue	**15,479,259**	19,578,040
Add: Revenue from property investment and development in the PRC	**35,731**	54,997
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**15,514,990**	19,633,037

The Group has a subsidiary engages in the property investment and development in the PRC and the revenue generate from this business is included as the consolidated revenue of the Group. The operating result and other financial information of this subsidiary are not reviewed by the CODM for the purpose of resources allocation and performance assessments.

Segment assets and liabilities

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

Segment assets

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of LPG	**4,333,157**	3,997,348
Sales and distribution of NG	**148,626**	26,550
Oil products business	**3,177,649**	3,618,852
Sales of electronic products	**98,660**	293,590
Total segment assets	**7,758,092**	7,936,340
Available for sale investment	**37,770**	81,958
Deferred tax assets	**3,197**	7,312
Pledged bank deposits	**1,108,142**	3,522,442
Bank balances and cash	**1,569,937**	1,738,621
Derivative financial instruments	**12,378**	1,222
Properties under development for sales	**211,959**	224,936
Properties held for sales	**157,754**	185,035
Other unallocated assets	**545,736**	548,250
Consolidated assets	**11,404,965**	14,246,116

Segment liabilities

	2015	2014
	HK$'000	*HK$'000*
Sales and distribution of LPG	**462,493**	1,125,849
Oil products business	**384,021**	489,800
Sales of electronic products	**120**	120
Total segment liabilities	**846,634**	1,615,769
Derivative financial instruments	**25,785**	3,600
Tax liabilities	**60,031**	49,369
Deferred tax liabilities	**116,012**	131,147
Borrowings	**4,948,568**	7,423,421
Other unallocated liabilities	**19,319**	117,026
Consolidated liabilities	**6,016,349**	9,340,332

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

- all assets are allocated to reportable segments (other than available for sale investment, deferred tax assets, pledged bank deposits, bank balances and cash, derivative financial instruments, and certain deposits paid, certain other receivables, properties under development for sales, properties held for sales and certain property, plant and equipment); and

- all liabilities are allocated to reportable segments (other than current and deferred tax liabilities, borrowings, derivative financial instruments 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 and distribution of LPG *HK$'000*	Sales and distribution of NG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Addition to non-current assets *(Note)*	**42,327**	**144,751**	**407,699**	**-**	**27,099**	**621,876**
Depreciation of property, plant and equipment	**81,787**	**-**	**5,668**	**-**	**1,132**	**88,587**
Amortisation of other intangible assets	**26,284**	**-**	**17,120**	**-**	**-**	**43,404**
Amortisation of land use rights	**2,617**	**-**	**1,083**	**-**	**7,106**	**10,806**
Amortisation of prepaid lease payments for coast	**860**	**-**	**-**	**-**	**-**	**860**
Loss on disposal and written off of property, plant and equipment	**4,587**	**-**	**45**	**-**	**-**	**4,632**

For the year ended 31 December 2014

	Sales and distribution of LPG *HK$'000*	Sales and distribution of NG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Addition to goodwill	-	-	372,022	-	-	372,022
Addition to non-current assets *(Note)*	89,009	26,550	243,672	-	84,402	443,633
Depreciation of property, plant and equipment	81,135	-	3,371	-	676	85,182
Amortisation of other intangible assets	27,050	-	-	-	-	27,050
Amortisation of land use rights	2,380	-	1,092	-	7,151	10,623
Amortisation of prepaid lease payments for coast	867	-	-	-	-	867
Loss on disposal and written off of property, plant and equipment	865	-	10	-	-	875

Note: Non-current assets excluded financial instruments and deferred tax assets.

Geographical information

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

Information about the Group's revenue from external customers is presented based on customers' location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**3,867,146**	3,712,747	**666,571**	612,055
The PRC (excluding Hong Kong)	**7,864,302**	11,509,177	**2,828,316**	2,601,949
Other countries	**3,783,542**	4,411,113	**1,846**	3,906
Total	**15,514,990**	19,633,037	**3,496,733**	3,217,910

Note: Non-current assets excluded deferred tax assets and available for sale investment.

Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group in year 2015 and corresponding figures in 2014 are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**N/A[3]**	3,421,478
Customer B[2]	**N/A[3]**	2,060,439
Customer C[2]	**2,068,000**	N/A[3]

Notes:

1 Revenue related to the oil products business.
2 Revenue related to the LPG business.
3 The corresponding revenue did not contribute over 10% of the total sales of the Group.

5. Other gains and losses and other income

	2015	2014
	HK$'000	*HK$'000*
Change in fair values of derivative financial instruments	**(33,690)**	19,083
Loss on disposal of available for sale investment	**(17,898)**	(2,528)
Net exchange loss *(Note)*	**(292,008)**	(22,738)
Gain on deemed disposal of associates	**-**	21,860
Other gains and losses	**(343,596)**	15,677
Interest income on pledged RMB bank deposits	**87,866**	168,173
Interest income	**22,942**	63,056
Others	**2,333**	17,305
Other income	**113,141**	248,534

Note: The amount included net exchange loss arising from pledged RMB bank deposits for United States Dollars ("USD") borrowings amounted to approximately HK$123,453,000 (2014: HK$8,583,000).

6. Finance costs

	2015	2014
	HK$'000	*HK$'000*
Interests on bank trust receipts loans and other loans	**69,004**	79,237
Interests on bank loans pledged with RMB bank deposits	**51,775**	98,125
Interests on bank borrowings wholly repayable within five years	**74,174**	48,848
	194,953	226,210

7. Taxation

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	HK$'000	*HK$'000*
Other regions in the PRC		
Current tax	**40,640**	34,030
Deferred tax		
Current year	**(3,857)**	(12,718)
	36,783	21,312

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. There is no provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and other subsidiaries had no assessable profits arising in Hong Kong or the assessable profits are wholly absorbed by tax losses brought forward.

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%.

8. Profit before taxation

	2015 *HK$'000*	2014 *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of land use rights (included in administrative expenses)	**10,806**	10,623
Amortisation of prepaid lease payments for coast (included in cost of sales)	**860**	867
Amortisation of other intangible assets (included in selling and distribution expenses)	**43,404**	27,050
Auditor's remuneration	**4,130**	3,874
Depreciation of property, plant and equipment	**88,587**	85,182
Loss on disposal and written off of property, plant and equipment	**4,632**	875
Minimum lease payments under operating leases:		
- Premises	**37,274**	11,520
Gross rental income from leasing of oil vessels, office premises, leasehold land and warehouses	**(1,518)**	(17,304)
Less: Direct operating expenses	**88**	3,483
	(1,430)	(13,821)
Staff costs		
Directors' fees	**330**	330
Directors' other emoluments	**8,149**	9,294
Contributions to retirement benefits schemes excluding HK$105,000 (2014: HK$100,000) included in directors' emoluments	**6,171**	4,230
Staff salaries and bonus	**111,339**	68,246
	125,989	82,100

9. Earnings per share

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

	2015 *HK$'000*	2014 *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**756,643**	900,270

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,480,398,216**	1,482,576,298
Effect of dilutive ordinary shares		
Share options	**17,514,459**	18,888,180
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,497,912,675**	1,501,464,478

10. Trade debtors, bills receivable, other debtors, deposits and prepayments

	2015	2014
	HK$'000	*HK$'000*
Trade debtors	**2,477,122**	3,009,943
Bills receivable	**41,226**	43,150
	2,518,348	3,053,093

The Group allows an average credit period of 90 days. The bills receivable are matured within the range of 30 days to 180 days for the years ended 31 December 2015 and 2014. The following is an aged analysis of trade debtors and bills receivable at the end of the reporting period presented based on the invoice date, which approximated the respective revenue recognition dates:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**1,263,989**	1,089,026
31 to 60 days	**316,609**	563,023
61 to 90 days	**297,171**	111,832
91 to 180 days	**584,914**	957,868
Over 180 days	**55,665**	331,344
	2,518,348	3,053,093

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly. Included in the Group's trade debtors and bills receivable balance are receivables with aggregate carrying amount of approximately HK$2,283,925,000 (2014: HK$2,587,465,000), which are neither past due nor impaired.

Included in the Group's trade debtors balance are debtors with aggregate carrying amount of approximately HK$234,423,000 (2014: HK$465,628,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over the balances. The trade debtors past due but not provided for were either subsequently settled as at the date of this report or no historical default of payments by the respective customers. The average age of these receivables is 129 days (2014: 206 days). As at 31 December 2015 and 2014, the Group has no provision for allowance for doubtful debts.

Aging of trade debtors based on the invoice date which are past due but not impaired

	2015	2014
	HK$'000	*HK$'000*
31 to 60 days	**27,013**	-
61 to 90 days	**29,539**	93,410
91 to 180 days	**160,556**	74,407
Over 180 days	**17,315**	297,811
Total	**234,423**	465,628

Included in other debtors, there are trade deposits paid to suppliers of approximately HK$1,530,080,000 (2014: HK$956,833,000) in relation to the purchase of LPG and oil products which will be delivered within one year commencing from the date of the signed purchase contract.

Also, approximately HK$24,138,000 (2014: HK$72,627,000) included in other debtors are interest receivables from pledged bank deposits and bank deposits, those amounts will be received monthly or when the pledged bank deposits are released.

Included in other debtors, there was a loan advance to an independent third party to provide short term loans of approximately RMB82,319,000 (2014: RMB82,319,000) equivalent to approximately HK$98,627,000 (2014: HK$104,664,000). The loan advance is carried at fixed interest rate of 5% and repayable within one year.

11. Trade creditors and bills payable

	2015	2014
	HK$'000	*HK$'000*
Trade creditors	**261,981**	1,209,525
Bills payable	**379,835**	169,169
	641,816	1,378,694

The aged analysis of trade creditors and bills payable is as follows presented based on invoice date:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**430,564**	815,956
31 to 60 days	**72,582**	107,080
61 to 90 days	**884**	143,285
91 to 180 days	**136,584**	312,174
Over 180 days	**1,202**	199
	641,816	1,378,694

12. Borrowings

	2015 HK$'000	2014 HK$'000
Bank trust receipts loans	**844,442**	1,433,194
Other loans (pledged with RMB bank deposits)	**1,370,614**	3,947,573
Other loans (pledged with HK$/USD bank deposits or other assets)	**41,631**	206,680
Other loans	**2,691,881**	1,835,974
	4,948,568	7,423,421
Repayable within one year shown under current liabilities		
Borrowings secured by pledged bank deposits	**1,370,614**	4,101,395
Borrowings secured by other assets	**11,227**	11,227
Borrowings unsecured	**1,532,972**	2,126,914
	2,914,813	6,239,536
Repayable over one year shown under non-current liabilities		
Borrowing secured – more than one year, but not exceeding two years	**11,227**	11,226
Borrowing unsecured – more than one year, but not exceeding two years	**1,032,795**	387,594
Borrowings secured – more than two years, but not exceeding five years	**19,177**	30,405
Borrowings unsecured – more than two years, but not exceeding five years	**970,556**	754,660
	2,033,755	1,183,885
	4,948,568	7,423,421

13. Share capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each (2014: HK$0.1 each)		
Authorised share capital:		
At 1 January 2014, 31 December 2014 and 2015	20,000,000,000	2,000,000
Issued and fully paid share capital:		
At 1 January 2014	1,483,398,216	148,340
Repurchase of shares (*Note*)	(3,000,000)	(300)
At 31 December 2014 and 31 December 2015	1,480,398,216	148,040

Note: During the year ended 31 December 2014, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary share of HK$0.1	Price per share highest	Price per share lowest	Aggregate consideration paid (excluding transaction cost)
		HK$	*HK$*	*HK$'000*
September 2014	3,000,000	3.85	3.85	11,550

The above shares were cancelled upon repurchase.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Market overview

1.1 A brief on the overall China economy

Excessive capacity is the biggest problem that China economy is now facing. The rapid growth in over a decade, government injecting vast fund into the economy and excessive construction of production facilities have brought about oversupply in all areas and industries in China. Now, the expansion of investment which has driven China's GDP growth for many years, shows obvious deceleration. Consumer market is weak and nothing can activate the internal demand. The sluggish external economy makes China's export lifeless even after repeated RMB depreciations. All these three most important economic indicators of China are losing strength at the same time and there is no sign of having any effective measure to rectify these problems. Under this situation, we can hardly expect the China economy to achieve any substantiated growth, and deflation seems inevitable. Perhaps, the only way that we can take is to follow the One Belt One Road Initiative that the Central Government is strongly promoting. Internal problems could possibly be settled by exporting excessive capacity to other countries thus creating new markets and new demands.

1.2 The energy market in China

In 2015, amongst all industries in China, energy should be considered as the sector having relatively stable circumstances. However, as to importers and wholesalers, the trading of energy products in this year is an extremely difficult matter. Business environment in the latter half of the year changed adversely thus vigorously rocking the market sentiment and creating chaos.

The Brent oil price stood at around US$56/bbl at the beginning of the year and moved up slightly to approximately US$60/bbl by the end of June. Over the period, despite occasional dips to US$49/bbl and lifts to US$67/bbl, market had a general feeling that oil price had stopped falling. Such positive view created an optimistic sentiment in the market enabling stable trading of energy products during the first half of the year. The situation abruptly reversed when it came to the second half of the year during which oil price continuously slid from US$60/bbl at the beginning of July to barely US$37/bbl by the end of the year (further down to the rock bottom level of US$29/bbl on 15 January 2016). Importers, traders and wholesalers all hesitated to engage in the activities of importing energy products. They feared that the price would drop tremendously even when the cargo was being shipped to China, and no measure is available to effectively hedge or remedy the damages thus incurred.

Apart from the continual decline of oil price, RMB depreciation was an additional risk affecting adversely China's import business in 2015. The exchange rate of RMB against US dollars stayed stably at around 6.2 throughout the first half of 2015. But over the few days from 10 August to 13 August, the rate dropped from 6.2 to 6.4, and since then, RMB weakened all the way without any sign of revival. By the end of the year, the rate further went down to 6.49 (and further down to 6.59 on 8 January 2016). In substance, such scale of depreciation has raised the costs of imports (in RMB) by approximately 5%. As for the trading of commodities and energy products of which the profit margin is used to be thin, a 5% increase in cost would have easily eroded the margin or even caused a loss to the importer.

Currently, it is a general view of the market that the international crude oil price will continue to stay at low level for a rather long period. Even if there comes a rebound, within the coming few years, crude oil price is not expected to cross over US$90/bbl., the lowest supporting price of crude oil that the market firmly recognized prior to the commencement of the great price fall. As international crude oil price is going to remain low and the energy market of Southern China is highly reliant on international supply, we reckon the following scenarios to emerge in Southern China:

A. **End-user sales benefits the most** – under the situation when oil price continually declines, in making purchases, the retail operators actually have very strong bargaining power. Always, they can squeeze the supplier to minimize their procurement costs. In respect of sales, they can also make appropriate adjustment to the selling price to cover the additional cost brought by RMB depreciation, thus maintaining their profitability. We strongly believe that the operators of the end-users market will benefit the most when the international crude oil price continues to remain at low level, unless the government intervenes.

B. **Natural Gas ("NG") development to slowdown** – when the crude oil price hit the high level of US$102.8/bbl. In April 2012, the international price of NG was approximately US$14.6/bbl. (i.e. US$1.98/MMBTU), whereas in mid-December 2015, when the crude oil price plummeted by 66% to around US$34.7/bbl., the NG price merely dropped by 11% to around US$13.0/bbl (i.e. US$1.77/MMBTU). Obviously, the price gap between NG and oil has significantly narrowed. Nowadays, government's claim that the use of NG would substantially reduce energy cost is no longer convincing. The public is getting extremely skeptical with the issue of shifting from the usage of oil to NG particularly when high replacement cost will additionally incur for doing so. In 2015, China's total consumption of NG only grew by approximately 4.8%. While the growths in past years were all in double digit, the moderate growth in 2015 sufficiently indicated that China's NG demand has started to slowdown. Such trend shall inevitably continue as the price difference between NG and oil is unlikely to enlarge when there is slim chance for oil price to rebound significantly.

C. **The outlook of new energy is gloomy** – the development costs of other new energy products continued to be high, making them difficult to compete in terms of price with traditional energy products that are currently at rather low price level. Consumers' motivation to convert to new energy products was dampened. Coupled with the fact that resources allocated to this sector have been largely reduced, the long term development of new energy products is gravely hampered.

2. Overall performance of the Group

2.1 Outline

Despite a less than desirable operating environment in 2015, the energy business of the Group successfully recorded shiny performances. Backed by a massive retail network, the plunge in oil price has not affected the profitability of the Group. However, as the Group has this long practice of keeping a large amount of pledged deposits in RMB and corresponding loans in USD, the depreciation of RMB has caused a substantial impact to the Group, leading to a net exchange loss of approximately HK$292 million for the year. As a result, profits for the year only amounted to approximately HK$759 million, representing a decrease of approximately 15.75% compared to the profits of last year. It was the first year for the Group to record a decline in profits for more than a decade. As at the end of the year, the carrying amount of monetary assets denominated in RMB and the corresponding loans in USD has decreased substantially by over 65%, whereas the remaining was locked up by forward exchange rates. Since the Group has completely stopped this kind of matching arrangements between deposits in RMB and loans in USD, it is believed that future currency fluctuations will no longer cause unexpected impact to the operating performances of the Group in the future.

During the year, the Group and Sinopec Guangdong branch have terminated their cooperation under the joint venture, Sinopec NewOcean Energy Company Limited in relation to subcontracting the operation of 17 liquefied petroleum gas ("LPG") refueling stations in Guangzhou owned by the wholly owned subsidiary of the Group, Lianxin Energy Development Company Limited ("Lianxin Energy"), and have agreed to dissolve the joint venture in due course. In effect, the termination of this cooperation has no significant consequences on the LPG business of the Group. During 2015, the Group has consistently upheld a steady operating strategy. Sale volume of LPG recorded a slight increase, of which the retail volume was at similar level as compared to last year, while the wholesale volume (in particular the supply to other bottling plants and terminals) showed an increase. Benefiting from the drop in oil price, lower costs and huge retail volume, the LPG business continued to reap outstanding performance in 2015.

The oil products business maintained strong development momentum in 2015. Leveraging on the 70,000-ton new oil storage depot in Gaolan Port as a support, the Group has significantly increased the wholesale amount in China, while on the other hand raised the domestic trading volume of oil products and reinforced the marine bunkering business in the China waters, resulting in a remarkable increase by over 234.35% in the oil products business in China. As to the oil products business in Hong Kong, we have made corresponding adjustments to the sales strategy in response to the market environment and have, on the one hand, significantly increased the oil supply to other marine bunkering operators, while on the other hand reduced the business of direct oil delivery to ships. We have also increased the international trading of oil and chemical products with the aim to achieve continued stable development of the Hong Kong oil products business under effective mitigation of price fluctuation risks.

As to the NG business, we continued to see efforts of end user sales network building without generating any actual trading or actual revenues in 2015. In respect to the development of compressed/ liquefied petroleum gas ("C-LNG) autogas refueling stations, the Group has, in addition to the proactive exploration of direct cooperation with end users, sought suitable sites for station constructions in the main transportation hubs in Guangdong Province with high traffic, in order to implement more C-LNG autogas refueling station projects at favorable terms under the present relatively sluggish environment for the NG industry.

Guangdong Shenhai New Energy Company Limited ("Shenhai New Energy") established by Group and Shanghai Conch International Investment and Development Co., Ltd. under joint venture has officially commenced operation in 2015. In view of the general market consensus on the inevitable slowdown in the development of the NG market, the operating strategy of Shenhai New Energy has been amended correspondingly. At present, Shenhai New Energy has focused on the oil refueling business. Both parties to the joint venture cooperated in the construction of refueling stations in the cement production site of Conch in Guangdong Province as planned to provide oil refueling services to vehicles entering and exiting the site. Land for development was also retained for the construction of additional LNG refueling station when the time is ripe. Such adjustment will allow Shenhai New Energy to generate economic returns immediately while maintaining long-term cooperation with potential customers, securing a solid foundation for the migration to the long-term development of the LNG business.

Considering the possibility that the energy market in China is also facing excessive capacity, the Group has already begun to investigate and study the opportunities of extending to the overseas. In 2015, the Group has conducted massive research on the LPG market in Myanmar in Asia and Kenya in Africa. It is believed that the Group will decide whether to invest in these emerging markets with construction of receiving terminals and different types of downstream sales network, which in turn will promote the internationalization and continuous development of the Group's energy business.

2.2 Overall Performance

The NG business remained in the stage of sales network construction in 2015 without commencing actual business or making actual contributions to the Group's overall revenue. Other businesses of the Group recorded a total turnover of approximately HK$15,514,990,000 during the year, down by 20.98% from the total turnover of approximately HK$19,633,037,000 in the same period of 2014. The significant decrease in the total turnover was mainly attributable to the general decrease in energy product price. In fact, the sales volume of LPG recorded a mild increase during the period, whereas the sales volume of oil products recorded a remarkable increase, and that of the electronic business has rebounded to the previous levels.

During the period, profit for the year attributable to the owners of the Company was approximately HK$756,643,000, representing a decrease of approximately 15.95% as compared to approximately HK$900,270,000 for the same period of 2014. The decrease in profit attributable to owners of the Company was mainly due to the immense net exchange loss (as explained below) and was unrelated to the operating efficiency of the energy business.

The Group's principal businesses of LPG, oil products electronics business and property investment and development in China recorded an aggregate gross profit of approximately HK$1,839,904,000 in 2015, representing a significant increase of 33.59% as compared to the aggregate gross profits of approximately HK$1,377,227,000 for the same period of 2014. The overall profit margin of the Group also increased from 7.01% of 2014 to 11.86%, reflecting the healthy development of the Group's businesses.

In 2015, the Group has not conducted any activity on the capital market. As to 31 December 2015, the Company's weighted average number of ordinary shares was 1,480,398,216 shares (31 December 2014: 1,482,576,298 shares). Basic earnings per share for 2015 was HK$0.51 (2014: HK$0.61), representing a decrease of approximately 16.39% compared to the same period of 2014.

2.3 Segment performance

In 2015, sales of energy products amounted to approximately 3,886,000 tons in total, representing an increase of approximately 1,057,000 tons or 37.36% compared to approximately 2,829,000 tons for the same period of 2014. The respective weight of LPG and oil products to the total sales volume was as follows:

Year	Sales volume of LPG		Sales volume of oil products		Total sales volume
2015	**1,893,000 tons**	**48.71%**	**1,993,000 tons**	**51.29%**	**3,886,000 tons**
2014	1,743,000 tons	61.61%	1,086,000 tons	38.39%	2,829,000 tons

The businesses of LPG, oil products and electronic products of the Group generated total operating revenue of approximately HK$15,479,259,000 in 2015. The respective weight of these three business segments in the total revenue of the Group was as follows:

Year	LPG	Oil products	Electronics
2015	**HK$8,488,519,000** **54.71%**	**HK$6,331,336,000** **40.81%**	**HK$659,404,000** **4.25%**
2014	HK$12,664,606,000 64.51%	HK$5,214,037,000 26.56%	HK$1,699,397,000 8.66%

Contribution to the gross profit by these three business segments of the Group for the year was as follows:

Year	LPG	Oil products	Electronics
2015	**HK$1,476,000,000** **80.23%**	**HK$316,950,000** **17.23%**	**HK$28,503,000** **1.55%**
2014	HK$1,072,624,000 77.88%	HK$176,196,000 12.79%	HK$99,695,000 7.24%

LPG business

The LPG business of the Group recorded a turnover of approximately HK$8,488,519,000 in 2015, down by 32.97% from the turnover of approximately HK$12,664,606,000 for the same period of 2014. Sales volume amounted to approximately 1,893,000 tons, representing an increase of 8.61% compared to the sales volume of approximately 1,743,000 tons in 2014. In 2015, the LPG business realized a gross profit of approximately HK$1,476,097,000, representing a significant increase of 37.62% from approximately HK$1,072,624,000 for the same period of 2014. The gross profit margin also increased from 8.47% of 2014 to 17.39% of 2015.

The sales of LPG of the Group in 2015 were basically the same as that in 2014. There were not much changes apart from a slight decrease in the retail volume and a slight increase in the wholesale volume. The drop in turnover for the period was entirely attributable to the incessant decline in the market price. In fact, the sales performance of LPG business was well maintained at the same level as that of the last year. Gross profit has significantly increased as benefited from the fall of oil price and reduction of costs; gross profit margin has sharply raised as a result of dividing Increased profit by decreased turnover.

As to the termination of cooperation with Sinopec Guangdong branch in relation to the LPG autogas refueling business, the Group originally intended to expand its energy business and open up the NG market through this cooperation. The subsequent slump in the oil price has affected the development of the NG business, making it quite impossible to carry out the addition of LNG autogas refueling facilities to some of the refueling stations owned by Sinopec as originally agreed by the parties, foreshadowing the termination of the cooperation. In effect, the termination of this cooperation has no significant consequences on the Group. We neither have lost any profits nor were obliged to assume any additional liability or compensation. In terms of business and operation, we still wholly own and fully operate Lianxin Energy (including its 17 autogas refueling stations). Perhaps the only regret was that we have lost the chance of cooperation with Sinopec in the joint development of LNG autogas refueling station business. Nevertheless, our successful developing the operating model of direct cooperation with end users during the period has fully made up for the possible loss of development opportunities resulting from the termination of cooperation with Sinopec.

Oil products business

The oil products business of the Group recorded a total turnover of approximately HK$6,331,336,000 in 2015, up by 21.43% compared to approximately HK$5,214,037,000 for the same period of 2014. Sales volume was approximately 1,993,000 tons, representing a remarkable lift by 83.52% from approximately 1,086,000 tons for the same period of 2014. The oil products business realized gross profits of approximately HK$316,950,000, or an increase of 79.88% from the gross profits of approximately HK$176,196,000 for the same period of 2014. The gross profit margin went up from 3.38% of 2014 to 5.01% of 2015.

Similar to the situation of the LPG business, the turnover only recorded an increase of 21.43%, failing to show an increase in line with the increment in the sales volume of oil products by over 80% under the incessant slump in the oil price. The increase in gross profit was entirely the result of the significant increase in the sales volume. The improvement in the gross profit margin was attributable to (1) the increase in profit margin with an unmatched increase in turnover that buoyed up the gross profit margin; (2) the repurchase of the 51% equity interests in the project company ("Oil Products Project Company") engaged in marine bunkering business in Hong Kong has made the Oil Products Project Company to become a wholly owned subsidiary of the Group again, such that the gross profits of the Oil Products Project Company were consolidated in the accounts of the Group, leading to a slight increase in the gross profit margin of the oil products business.

During the year, the 70,000 ton oil products warehouse in Gaolan Port, Zhuhai has commenced operation, resulting in a significant increase in the turnover of the domestic oil products business. However, given that the domestic oil products business was still in its infant stage, the business remained highly reliant on the wholesale and trading business (marine fuel oil as a secondary business), and thereby the benefits from the decline in oil price remained limited. Nonetheless, the domestic oil products business has successfully achieved remarkable growth in the sales volume and improvement in the gross profits during the period and emerged into one of the founding pillars of the Group's oil products business.

Our oil products business in Hong Kong has, on the other hand, underwent structured adjustments to cope with changes in the market environment: (1) during the second half of 2015, we have decided to cut the business volume of marine bunkering (heavy oil) services to large ships in an effort to evade the vicious competition commonplace on the market. Instead, we would shift to focus on the provision of marine fuel oil to other marine bunkering operators in the region. Although the profit margin was not high, this nearly back-to-back business model has enabled us to effectively dispose of the goods already procured the soonest while avoiding the risk of price changes; (2) we continued to step up the development of retail business of vessel diesel within the Hong Kong waters to maintain the profitability of the oil products business; (3) we have recorded a breakthrough in the business volume of international trading of petroleum and chemical products (including diluted asphalt and mixed arenes), making a new addition to the Group's profit sources.

Electronics Business

In 2015, the Group has only carried out trading business of electronic products to customers in Thailand. Unlike 2014, the Group has not invested in the development and sales of new products during the period, and has only maintained the general trading of integrated circuits and electronic components related to mobile phones and smartphones. From this, the Group has recorded a turnover of approximately HK$659,404,000, as compared to the turnover of approximately HK$1,699,397,000 of the same period in 2014, representing a significant decrease of 61.20% to the similar level in the past. The contribution of gross profits has also declined significantly from approximately HK$99,695,000 by 71.41% to approximately HK$28,503,000, whereas the gross profit margin has diminished significantly from 5.87% of 2014 to approximately 4.32%.

2.4 Net exchange gain and loss and other income

When RMB had been depreciating (i.e. US$ appreciating), we had to dispose the RMB monetary assets in exchange for US dollars in order that the US dollar debts could be repaid as quickly as possible to avoid the incurrence of greater losses. At the end of the year, the resulting net exchange losses amounted to approximately HK$292 million. It constituted the main cause of a profit decline for 2015. The net exchange loss for the period was comprised of three parts:

Exchange loss (HK$)	**2015 full year**	**First half of 2015**
Net exchange loss from import trading	(109,037,000)	(38,231,000)
Net exchange (loss) gain from the Groups' intra-group current accounts and current assets denominated in RMB	(59,518,000)	2,564,000
Net exchange loss from the structured matching of pledged deposits in RMB and corresponding loans in USD	(123,453,000)	(54,877,000)

(1) Net exchange loss from import trading amounted to approximately HK$109,037,000 (first half of the year: HK$38,231,000; second half of the year: HK$70,806,000). As there was not a big difference between the turnovers for imported goods for the first and second halves of the year, however RMB was significantly depreciated in the second half of the year which caused the material raise in the net exchange loss. Our subsidiaries in China used the exchange rate at transaction date to record the procurement costs of the imported goods in RMB. For the payment of the goods, we were required to sell RMB and buy US dollars at a bank in order to remit the US dollars to the suppliers overseas. There was inevitably a big difference between actual exchange rates applied in the transactions with the intra-group prefixed rate, which was accounted for as exchange loss or gain. In the event of fluctuations in the RMB exchange rate, such gain or loss would be considerable. In the past when RMB was on the continuous appreciation, import trading would only generate exchange gains, which were more than welcomed by us. However, when RMB was on the continuous depreciation, bringing along exchange losses, we would make upward adjustments to our sales price in order to compensate for the losses under the prerequisite that such adjustment would not affect our sales. In respect of the different kinds of sales, price adjustment was the simplest and direct for the end user retail business. As to long term customers or industrial customers, it was more difficult to adjust the prices as contracts would have been signed. Overall speaking, part of the increase in the gross profits from sales in 2015 was attributable to the upward adjustments of the sales price (mainly related to retail sales). As a Hong Kong enterprise targeting China mainland as the primary sales market, we were inevitably impacted by fluctuations in the exchange rate of RMB, and were only able to make up for part of such losses through continuously increasing the sales prices as the circumstances allowed.

(2) Net exchange loss from the Groups' intra-group current accounts and current assets denominated in RMB amounted to approximately HK$59,518,000 (first half of the year: gains of HK$ 2,564,000; second half of the year: losses of 62,082,000). The exchange gains for the first half of the year were attributable to the fact that the exchange rate of RMB on 30 June was higher than that of 1 January albeit only a very slight appreciation, leading a small gain. With the continuous RMB slump during the second half of the year that tallied a depreciation of over 5% from 1 July to 31 December, considerable losses were incurred according to the accounting standards. However, most of the losses was unrealized exchange losses on the consolidated financial statements of the Group and had no significant impact on the cash flow of the Group. We have to admit though, under the current circumstances, there is a lack of means to avoid such exchange losses incurred by this type of current accounts and current assets under the depreciation of RMB. We can at most prevent the continuous increase of such losses or hedge part of the related assets against the related liabilities under the prerequisite that it is in compliance of the accounting standards, with the aim of minimizing this type of exchange losses by reducing the amount of current accounts and current assets denominated in RMB in case of further depreciation of RMB.

(3) Net exchange loss from the structured matching of pledged deposits in RMB and corresponding loans in USD amounted to approximately HK$123,453,000 (first half of the year: HK$54,877,000; second half of the year: HK$68,576,000). The substantial amount of deposits in RMB and corresponding loans in USD in the accounts of the Group was originally intended to utilize this kind of structured arrangements to earn from the interest spread between the deposits in RMB and loans in USD and to earn exchange gains from the appreciation of RMB. We also knew the possibility of incurring losses from these assets and liabilities once the exchange rate of RMB dropped from the high level and therefore have started to minimize the growth of such structured arrangements since 2014. In the first half of 2015, we have cut the balance of approximately HK$3.9 billion as at the end of 2014 to approximately HK$2.7 billion. Despite that RMB has not started to depreciate during the first half of the year, there has been a gap between the exchange rate used for settlement and the initial rate, resulting in significant realized exchange losses. During the second half of the year, the Group has stopped making this kind of structured arrangements and further substantially reduced the balance from approximately HK$2.7 billion to approximately HK$1.4 billion. Greater losses were incurred for that period compared to the first half of the year as RMB continued to depreciate. Such net exchange loss for the entire year amounted to approximately HK$123 million. Although there remained a balance of approximately HK$1.4 billion as at the end of the year, the Group has already fixed the exchange rate of RMB against US dollar for it and the relevant price difference has been account for in the exchange losses for the year.

Due to the drastic cut in deposits in RMB and corresponding loans in USD in 2015, the resulting interest spread also decreased. Interest income in RMB amounted to approximately HK$87.87 million (2014: HK$168 million) for the year, whereas interest expense for the corresponding loans in USD were approximately HK$51.78 million (2014: HK$98.13 million), generating net interest income of approximately HK$36.09 million (2014: HK$69.87 million).The gains were insignificant compared to the huge net exchange loss of the year and could at most make up for a small part.

The structured arrangements of deposits in RMB and corresponding loans in USD made by the Group over the years have received mixed responses from the public. We have now cut the balance of such structured arrangements to the lowest level for many years, putting an end to this kind of activities. The simple analysis below is made to help understanding the whether it is worthwhile to make such arrangements:

(HK$ million)	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Net exchange loss related to structured matching arrangements	+148.1	-86.0	+101.8	-8.6	**-123.5**	+31.8
Changes in fair value of derivative financial instruments	+8.5	+19.6	-26.8	+19.1	**-33.7**	-13.3
Gain from interest spread	+16.8	+36.9	+37.2	+70.0	**+36.1**	+197.0
Total	+173.4	-29.5	+112.2	+80.5	**-121.1**	+215.5

As seen from above, net exchange loss and gain related to structured matching arrangements have varied over the years with both gains and losses. The overall result for all the years was generally neutral without any significant negative impact to the Group. However, gain from interest spread represented a controllable item and have maintained positive contributions over the 5 years, reaching HK$197 million in total, which in other words, reflected the additional revenues brought to the Group over the 5 years by such arrangements. We believe that the final results would have been better than what is seen now if we have adopted more effective financial instruments to hedge the risks of exchange rate fluctuations.

2.5 Control of operating revenues and costs

Finance costs

The Group's total finance costs in 2015 amounted to approximately HK$194,953,000, representing a decrease of approximately 13.82% as compared to approximately HK$226,210,000 of the same period in 2014. The decrease in finance costs was mainly attributable to the significant cut in the pledged deposits in RMB and corresponding borrowings in USD that has led to the decrease in the related finance costs (interests mainly) for the period from approximately HK$98,125,000 of 2014 to approximately HK$51,775,000 of 2015 (a decrease of approximately 47.24%). On the other hand, expenses of finance costs related to bank loans for operations has increased from approximately HK$128,085,000 for the same period of 2014 to approximately HK$143,178,000 of 2015 (an increase of approximately 11.78%). The increase was attributable to the following reasons, including: (1) a slight increase of approximately 3% of such bank loans (calculated on the basis of the loan balances as at the end of the year) during the period; (2) the increase in borrowings in RMB at a higher interest rate as appropriate by the Group during the second half of the year in an effort to mitigate the exchange risks stemmed from the depreciation of RMB; (3) the increase in bank charges resulting from new syndicated loans and the premature repayment of certain syndicated loans during the period.

It is the view of the Group on the money market that: (1) although it is not sure whether RMB depreciation will continue or not, market does not expect RMB to turn around and appreciate given the weakness of the China economy; (2) the cost difference between borrowing in RMB and USD has narrowed as RMB interest rate has decreased from 6% - 7% prevailing in the past years to the current level of around 4% - 5%; (3) continual Increase of the USD interest rate is quite possible when the US Federal Reserve Bureau announced interest rate increase by the end of 2015, the very first time in more than a decade. The interest difference between RMB and USD is expected to narrow further making RMB loan and USD loan indifferent in terms of borrowing cost. In view of these, the Group is preparing to adopt prudent and conservative financing strategy in 2016: (1) to focus on using short-term bank loans to meet with operational working capital requirements; (2) to opt for applying its self-owned funds instead of additional long term bank borrowing for fixed assets investments thus avoiding unnecessary increase in the finance costs; (3) to use RMB borrowings in China to finance RMB assets, and use USD borrowings in Hong Kong to finance USD assets, thus minimizing the risk of exchange loss that may produce in the financing structure. As such, the Group's financing cost is expected to increase only in a moderate manner in 2016. Our financing strategy will be adjusted according to the change in the market situation for year 2017 and after.

Selling and distribution expenses and administration expenses

The Group's selling and distribution expenses and administration expenses for 2015 amounted to approximately HK$352,071,000 and HK$282,310,000 respectively, representing an increase of approximately HK$100,415,000 (an increase of 39.90%) and HK$53,372,000 (an increase of 23.31%) from approximately HK$251,656,000 and HK$228,938,000 of the same period in 2014. The relatively significant increases in both selling and distribution expenses and administration expenses were mainly attributable to: (1) the consolidation of the operating costs of the Oil Products Project Company into the Group's accounts upon its becoming a wholly-owned subsidiary of the Group once again in 2015, and the amortization of the intangible assets of the Oil Products Project Company upon the repurchase of the equity interests in it, leading relatively significant increases in the selling and distribution and administration expenses of the Group. In 2015, the Oil Products Project Company has incurred selling and distribution expenses of approximately HK$102,734,000, administration expenses of approximately HK$13,443,000, amortization of intangible assets (included in selling and distribution expenses) of approximately HK$17,120,000; (2) the termination of cooperation between the Group and Sinopec Guangdong branch in October, under which Sinopec NewOcean Energy Company Limited (jointly established by the parties) has ceased to subcontract the operation of Lianxin Energy (and its 17 LPG refueling stations), leading to the consolidated accounting of the operating costs of Lianxin Energy for November and December 2015, including the selling and distribution expenses and administrative expenses of Lianxin Energy for the two months in the amounts of approximately HK$12,076,000 and HK$2,594,000 respectively; (3) in order to expand the business of the Group, the Group has incorporated new subsidiaries and set out retail networks in various locations in Guangdong province, thus the salary and consultancy expenses increased by approximately HK$23,609,000.

It is expected that with the consolidation of the operating costs of Lianxin Energy for the entire year (only 2 months of costs were required to be consolidated in 2015), an increase in depreciation upon the use of more infrastructure and an increase in the preliminary development costs for the Group's intended development in the overseas in 2016, the selling and distribution expenses and administrative expenses will continue to increase significantly in the coming year.

2.6 Conclusion

Despite that the total turnover of the Group for 2015 has declined significantly by 20.98% to approximately HK$15.5 billion under the impact of oil price slump, the operating performance of the Group was in fact outstanding with an increase of gross profits by approximately HK$463 million and the increase of the gross profit margin to approximately 11.9%. Yet, the Group's profits declined to approximately HK$750 million only in the end as dragged by its enormous exchange losses. However, we are very pleased to observe that the Group has recorded a free operating cash flow of approximately HK$689 million for the year with a significant decrease in RMB assets and USD liabilities bearing potential exchange risks, leading to an improvement in the gearing ratio. These all indicate for sound prospects for the Group without the fluctuations of RMB exchanges affecting the performance of the Group as in the past.

3. Major changes in the financial position

3.1 Current ratio

As at 31 December 2015, the Group had total current assets of approximately HK$7,867,265,000, representing a significant decrease of 28.08% as compared to approximately HK$10,938,936,000 of the same period in 2014 (mainly attributable to decreases in pledged deposits in RMB). Total short-term liabilities amounted to approximately HK$3,866,582,000, representing a significant decrease of 51.82% as compared to approximately HK$8,025,300,000 of the same period in 2014 (mainly attributable to significant decreases in both borrowings in USD secured by RMB deposits and trading payables). The current ratio was 203.47%, representing a further significant increase from 136.31% of 2014, fully reflecting the adequacy of liquid capital held by the Group for the operation and development of its businesses.

3.2 Fixed assets and investments

During the year, the Group has not invested substantially in the addition of existing LPG and oil products facilities and has only invested approximately HK$26,225,000 in the acquisition of new fixed assets. To complement its long-term development objectives, the Group has invested in the following projects: (1) paid approximately HK$307,913,000 as the deposit for the acquisition of 25 tank vessels ranging from approximately 100 tons to 2,000 tons in China for the development of the oil products business in China; and (2) paid approximately HK$217,920,000 as the deposits for potential investment projects related to the acquisition of LNG and oil stations to facilitate the establishment and improvement of the Group's downstream sales network. The above two investments have been accounted for as non-current deposits paid in the consolidated statement of financial position of the Group as at 31 December 2015.

The Group's available for sale investment represented shares of Integrated Energy Limited ("IE"). In view of the continued instability of the Korean stock market and the Group's focus in the exploration of the LNG and domestic oil products businesses, the Group started to dispose of the shares in IE from 2014 owned. At the end of 2015, the Group's shareholding in IE has decreased to 9.65% from 27.33% as at the beginning of the year. The disposal brought along cash proceeds in the amount of approximately HK$53,120,000 for use in other investments, and recorded a loss from the disposal of available for sale investments of approximately HK$17,898,000.

In 2015, in order to maintain the long term profitability in energy business, the Group acquired a land parcel in Yuen Long, Hong Kong at approximately HK$25,000,000. The Group is preparing to apply to construct a traditional storage for LPG and oil on the land. During the year, the Group had no additional significant real estate project. The original small project in China has been slowly put to the market since 2013 and approximately 14.74% was further disposed of in 2015. About 30% of the property project has been sold since year 2013. The remaining properties are expected to be disposed in the coming year. The other project is related to establishment of the headquarters of the Group in Zhuhai and development properties available for sale. The Group has concentrated to tackling certain preliminary works during 2015 and is carrying out construction at present. Upon completion, the Group intends to dispose of part of the property to recoup the investment in the entire project, whereas the remaining parts of the property will be used as the headquarters in Zhuhai.

On 30 October 2015, the Group and Sinopec NewOcean Energy Company Limited (the "JV") entered into a subcontract termination agreement to cease to subcontract the operation of Lianxin. The shareholders of the JV also agreed to dissolve the JV in due course. The arrangements for and reasons of the termination agreement and JV termination agreement have been set out in the discloseable announcement published by the Company on 30 October 2015. According to the shareholders' resolution of the JV in December 2015, the JV has officially entered the stage of liquidation and has been preparing for the company cancellation procedures. The JV returned in full the shareholders' capital fund and parts of the dividend distributions, from which the Group has received a total amount of approximately HK$76,454,000, including return of capital funds of approximately HK$61,432,000 and dividend distributions of approximately HK$15,022,000. The remaining unpaid dividend distribution will be made upon completion of the Company cancellation.

3.3 Gearing ratio

Bank loans

As at the end of 2015, the Group's total bank loans amounted to approximately HK$4,948,568,000, representing a decrease of approximately HK$2,474,853,000 or 33.34% compared to approximately HK$7,423,421,000 as at the end of 2014. The balance as at the end of 2015 included: (1) USD loans related to structured matching of approximately HK$1,370,614,000, representing a decrease of approximately HK$2,730,781,000 from the balance of approximately HK$4,101,395,000 as at the end of 2014; (2) short-term working capital loan of approximately HK$1,544,199,000, representing a decrease of approximately HK$593,942,000 from the balance of approximately HK$2,138,141,000 as at the end of 2014; and (3) long-term working capital loan of approximately HK$2,033,755,000, representing an increase of approximately HK$849,870,000 from the balance of approximately HK$1,183,885,000 as at the end of 2014. The balance of bank loans used for liquid capital amounted to approximately HK$3,577,954,000, representing a slight increase of approximately HK$255,928,000 from the balance of approximately HK$3,322,026,000 as at the end of 2014.

Shareholders' equity

During 2015, the Company has not undertaken any fund-raising activities on the capital market. The Group's net profits amounted to approximately HK$758,972,000, dividend paid of approximately HK$97,706,000 and exchange loss arising on translation to presentation currency amounted to approximately HK$209,944,000. As a result, the shareholders' equity of the Company has increased from approximately HK$4,874,600,000 as at the end of 2014 to approximately HK$5,350,423,000 as at the end of 2015.

Gearing ratio

	As at 31 December 2015	As at 31 December 2014
Total bank loans	**HK$4.949 billion**	HK$7.423 billion
Bank balances and cash and pledged bank deposits	**HK$2.678 billion**	HK$5.261 billion
Shareholders' equity	**HK$5.350 billion**	HK$4.875 billion
Ratio A: Bank loans/Shareholders' equity	**92.50%**	152.27%
Ratio B: Net bank loans (after deducting bank balances and cash and pledged bank deposits)/Shareholders' equity	**42.45%**	44.35%

The Group's gearing ratio (that is, ratio B) recorded a slight decrease, reflecting that the Group has maintained a healthy gearing position.

4. Business condition

4.1 LPG business

Purchase

During 2015, approximately 1,893,000 tons of LPG was purchased in total, representing an increase of 150,000 tons or 8.61% as compared to approximately 1,743,000 tons of the same period in 2014. Approximately 1,042,400 tons of imported LPG was purchased, representing a similar level to approximately 1,067,000 tons of the same period in 2014 with a slight decline of merely 24,600 tons. Approximately 850,600 tons of domestic LPG were purchased, representing an increase of 174,600 tons or 25.83% compared to approximately 676,000 tons of the same period in 2014.

LPG Sourced from Overseas ("Imported Gas")

The purchase of Imported Gas was directly managed by the headquarter of the Group: (1) in 2015, approximately 980,400 tons of Imported Gas accounting for 94.05% of the total volume of Imported Gas were purchased by way of letter of credit issued by international banks; the remaining approximately 62,000 tons accounting for 5.95% of the total volume of Imported Gas were paid by banks' telegraphic transfer; (2) there were 7 suppliers in total, amongst which, SK Corporation, Petrobras and United Gas in 2015 had replaced Vital, E1 Corporation and Longwell (the suppliers in last year) that did not have any business with us during the year. Out of all the suppliers, United Gas supplied only 200 tons which formed a part of our LPG sales in cylinder to Kenya, Africa. In 2015, Shell has been the largest supplier in terms of volume at approximately 713,300 tons (approximately 68.43%), followed by a national petroleum company in the Middle East with the supply volume being approximately 222,500 tons (approximately 21.34%). Apart from United Gas, the remaining 4 suppliers represented two national petroleum companies and two international LPG trading companies with the supply volume of approximately 106,400 tons, accounting for approximately 10.21% of the purchase volume of Imported Gas; (3) the gas was mainly sourced from the Middle East at approximately 983,700 tons, accounting for 94.37% of the purchase volume of Imported Gas. The remaining approximately 58,700 tons were chiefly sourced from Africa. Of approximately 1,042,400 tons of Imported Gas purchased, approximately 222,700 tons were settled overseas, whereas the remaining approximately 819,700 tons were first transported to the bonded LPG warehouses in Guangdong Province (including NewOcean's LPG cargo terminal located in Gaolan Port, Zhuhai and other cargo terminals). Approximately 124,000 tons were re-exported to the overseas market through NewOcean's cargo terminal, while approximately 695,700 tons were sold on the domestic market.

LPG Purchased from the China Domestic Market ("Domestic Gas")

In 2015, the volume of Domestic Gas produced by petroleum refineries or natural gas processing plants in China purchased by the Group has increased significantly to approximately 850,600 tons, representing an increase of 25.83% from approximately 676,000 tons of the same period in 2014. As Domestic Gas transported by tank wagons from provinces in northern China into Guangdong Province has jumped substantially by volume, and also at relatively lower prices, we have correspondingly increased the purchase volume from this channel on average over the year, in order to fulfil part of the additional demand of industrial customers, bottled LPG customers and other bottling plants. Domestic Gas was still mainly sourced from refineries, gas plants and NG processing plants of Chinese National Petroleum Corporation, Sinopec and China National Offshore Oil Corporation and CNOOC Limited in Guangdong Province or neighboring provinces (such as Hunan and Hubei). Most of the Domestic Gas was transported by tank wagons within Guangdong Province or cross-provinces, while others were transported by pressure vessels from northern China.

Sales

In 2015, a total of approximately 1,893,000 tons of LPG were sold, representing an increase of approximately 8.61% as compared to approximately 1,743,000 tons of the same period in 2014.

Sales category	Sale volume in 2015	Sale volume in 2014	Increase/ (Decrease)
Overseas customers	**351,000 tons**	400,000 tons	(49,000) tons
Industrial customers	**797,000 tons**	755,000 tons	42,000 tons
Other terminals and bottling plants	**254,000 tons**	73,000 tons	181,000 tons
Bottled LPG	**279,000 tons**	271,000 tons	8,000 tons
Autogas refueling	**212,000 tons**	244,000 tons	(32,000) tons
Total	**1,893,000 tons**	1,743,000 tons	150,000 tons

Overseas customers – in 2015, sales of LPG to overseas customers amounted to approximately 351,000 tons, representing a decrease of approximately 12.25% from approximately 400,000 tons of the same period in 2014. Out of the sales to overseas customers, approximately 222,700 tons were settled overseas, down by approximately 19.75% from approximately 277,500 tons of the same period in 2014. The remaining approximately 128,300 tons were re-sold through the bonded warehouses in Zhuhai Terminal, up by 4.73% from approximately 122,500 tons of the same period in 2014. The re-exported goods were mainly sold to Philippines, amounting to over 100,000 tons. Other regions included Hong Kong, Vietnam, Indonesia, Malaysia, Australia and Bangladesh, etc, with the individual annual volume ranging from 1,500 tons to 5,100 tons. Guam accounted for the smallest share with approximately 1,000 tons.

Industrial customers – in 2015, sales to industrial customers amounted to approximately 797,000 tons, representing a mild increase of 5.56% from approximately 755,000 tons of the same period in 2014. The sales to the industrial customers did not vary in the first and second halves of the year. During the second half of the year, some of the customers who originally intended to migrate to use NG decided to suspend the plan of switching to NG as it has become significantly less attractive with the prices of traditional energy products on a slump, stimulating the demand for LPG and explaining the main reason for the slight increase in the sales to industrial customers for the year. Industrial customers in Guangdong Province could be divided into three main types: (1) customers using LPG to produce chemical products with functions similar to gasoline and diesel. They were the most heavily affected by the decline in the oil price as the production of these products generates only a thin margin and many of these customers have chosen to suspend or delay their production. Being the wholesaler to them, we were unable to secure any demand from such customers; (2) customers using LPG as the raw material for the production of other chemical products including polystyrene, maleic anhydride, purified terepthatic acid, and polypropylene (dehydrogenated propane). The production costs of these customers lowered with the price of LPG and therefore it would be easier for the wholesalers to reach a deal with them to stimulate the sales; (3) customers using LPG as the production fuel, including ceramics factories, glass factories, and even other autogas refueling operators. These customers were less sensitive to price changes and featured a more stable demand regardless of price movements. It should be noted that some of the customers who originally intended to migrate to use NG decided to suspend such plans as NG has lost its price advantages. This has provided a strong support for the rebound of the LPG demand.

Other terminals and bottling plants – in 2015, sales to other terminals and bottling plants were approximately 254,000 tons, representing a significant increase of 247.95% from approximately 73,000 tons of the same period in 2014. Sales of this category were all Domestic Gas, mostly picked up by vehicles or vessels sent by the customers to the refineries or the auxiliary terminals, and we only acted as the trader. During the year, the domestic trade market has become exceptionally dynamic with the price declines. In view of lower prices, we have increased the purchase volume from refineries in northern China and realized sizeable profits from the re-sale.

Bottled LPG – in 2015, sale volume of the Group's bottled LPG (including sales in Guangdong, Macau and Hong Kong) was approximately 279,000 tons, representing a slight growth of 2.95% from the similar level at approximately 271,000 tons of the same period in 2014. The major customers of bottled LPG in China were commercial end users including the general public, restaurants, entertainment venues, small hotels and laundry shops. Given the loss of price advantages of NG with the significant price drop of LPG, coupled with the slowdown in the customers' migration to pipeline NG, the market demand for LPG showed a tangible rebound during the year. During the second half of the year, the Group recorded robust sales of approximately 156,000 tons, representing an increase of 26.83% from approximately 123,000 tons of the first half of the year. Should the sales during the first and second halves of 2016 were able to maintain at the level of the second half of 2015, the sales for the entire year would expectantly break the threshold of 300,000 tons. Since its commencement in 2014, the LPG business of the Group in Hong Kong has established retail points in 18 districts in Hong Kong (including outlying islands). A total of 28 distributors have been engaged, 22 of whom have registered with the Electrical and Mechanical Services Department, while the remaining was currently conducting sales on an on-call basis assisting other distributors but would migrate to being an official distributor under NewOcean upon completing the registration procedures with the Electrical and Mechanical Services Department in the future. In 2015, the sales volume of bottled LPG in Hong Kong has increased by more than double compared to 2014. Despite a remarkable growth, we still have not achieved our original objectives. Currently, our sales were directed at commercial customers mainly, with the household customers being secondary. This sales strategy would be adjusted in the due course with the Group's increased input into encouraging and assisting our distributors in securing sales to household customers. As the use volume of the household customers is relatively small and scattered, the related promotion efforts can hardly achieve immediate effect. However, given that the household customers feature very stable demand and higher prices than the commercial customers, expansion of sales to the household customers will help to enhance the operating efficiency of this business.

Autogas refueling – in 2015, the autogas refueling market was gloomy. Under the administrative order of the government, some of the buses migrated to use LNG as the fuel. During the same period, business was dissatisfactory for many taxis as they were affected by unregulated passenger lifting services. The demand for auto LPG has diminished substantially as a result, leading to a significantly drop in the Group's autogas refueling business. Lianxin Energy has reinforced with its communications with the bus companies and held promotional programs for taxis during the period. However, the Group's autogas refueling business only recoded a total sales volume of approximately 212,000 tons (including the volume of sales to the JV from January to October and the volume of sales in Lianxin Energy from November to December), down by 13.11% from approximately 244,000 tons of the same period in 2014. With the passenger volume of the taxis remaining on the decrease, the sales volume for the second half of the year showed an even more aggravated decline, reaching only approximately 101,200 tons during the half year, and down by approximately 9,600 tons from the first half of the year, painting a very pessimistic picture. The only relief was the terminal storages owned by the Group, with which we were able to directly import high-quality LPG from the Middle East countries to enjoy the edges brought by the decrease in the international LPG price, and the profitability of our autogas refueling business was thereby prevented from suffering any actual impact. We were negotiating with the government in relation to the continuously dwindling passenger volume of the taxis in the hope that the government would step up the crack down on unregulated commercial vehicles to help save the dismal taxi market.

4.2 Oil products business

In 2015, approximately 1,993,000 tons of oil products were sold by the Group in Hong Kong and China, representing a considerable increase of approximately 907,000 tons or 83.52% from approximately 1,086,000 tons of the same period in 2014. Amongst this, approximately 1,005,000 tons were handled in Hong Kong, representing an increase of approximately 214,500 tons (an increase of 27.13%) from approximately 790,500 tons of the same period in 2014. The sales volume in China amounted to approximately 988,000 tons, representing an increase of approximately 692,500 tons (an increase of approximately 234.35%) from approximately 295,500 tons of the same period in 2014.

Oil products business handled in Hong Kong

Purchase of fuel oil

During the year, the purchase volume of the Group amounted to approximately 1,005,000 tons, representing an increase of 27.13% from approximately 790,500 tons of the same period in 2014. Of which:

Product	2015	2014	Increase (decrease)
Vessel fuel oil (commonly known as "black oil")	**693,300 tons**	615,800 tons	12.59%
Vessel diesel (commonly known as "red oil")	**216,000 tons**	174,700 tons	23.64%
Other oil and chemical products	**95,700 tons**	0 tons	Not applicable ("N/A")
Total	**1,005,000 tons**	790,500 tons	27.13%

In 2015, most of the black oil was supplied by a terminal bonded warehouse in the Pearl River Delta Region at prefixed amount on a regular basis, whereas a small part of it was purchased from oil companies in Hong Kong for customers with special quality requirements. As to red oil, we have no choice but purchase red oil from oil companies with oil storage depots on Tsing Yi Island.

Logistics

The Group has been using the two 4,500 tons oil tanker to ship black oil from a Chinese bonded warehouse terminal into Hong Kong Water and then to make supply to the Group's self-operated small bunker ships. Apart from transporting oil, the oil tanker can also be deployed as bunker ship to refuel large vessels (more than 2,000 tons of oil delivery in one time). Given that we have adjusted our sales strategy in the second half of the year, direct bunkering business for large vessels has been reduced significantly. The oil tanker therefore could only serve as an oil barge making oil supply to other bunker operators instead of a bunker as originally planned. As for red oil, (1) we assign small bunker ships to take delivery of the oil from the oil terminals in Hong Kong, then hand over to our floating station in Yau Ma Tei waters, which in turn provides refueling services to our customers.

Sales

In 2015, the oil products business in Hong Kong recorded a total sales volume of approximately 1,005,000 tons, representing an increase of 27.13% from approximately 790,500 tons of 2014. Out of this, the sales volume of black oil was approximately 693,300 tons, up by 12.59% from approximately 615,800 tons of the same period in 2014, whereas the sales volume of red oil was approximately 216,000 tons, up by 23.64% from approximately 174,700 tons of the same period in 2014.

	First half of 2015 (tons)	Second half of 2015 (tons)	2015 Full year (tons)	2014 Full year (tons)	Increase/ (decrease)
Black oil: direct bunkering	**310,900**	**41,000**	**351,900**	425,400	(17.28%)
Black oil: supply to other operators	**130,100**	**211,300**	**341,400**	190,400	79.31%
Red oil: direct bunkering to ships	**91,400**	**111,000**	**202,400**	174,700	15.86%
Red oil: supply to other operators	**13,600**	**0**	**13,600**	0	N/A
Oil products/ chemical products	**0**	**95,700**	**95,700**	0	N/A
Total:	**546,000**	**459,000**	**1,005,000**	790,500	27.13%

The sales of black oil are mainly targeted at long distance ships including import and export merchant ships, container ships, cruises, and bulk carriers. During the second half of 2015, market competition was exceptionally intense with some traders quoting their services at unreasonable price, resulting in an extremely chaotic environment. Coupled with the continuous decrease in oil price, we have decided to significantly reduce such business (as seen from the table above, the direct bunkering of black oil has decreased by 86.81% during the second half of 2015), almost entirely cutting off our business with the traders and keeping only several reputed and trustworthy medium to large shipping companies as the backbone of our direct bunkering business. At the same time, we have aggressively leveraged on our price advantages to compete with oil companies in Hong Kong through the providing fuel oil supply to other marine bunkering operators (as seen from the table above, the supply volume of black oil to other operators has increased significantly by 62.41% during the second half of 2015). After set off, the sales of black oil for the entire year managed to grow by approximately 77,500 tons, or 12.59% compared to 2014.

The sales of red oil are mainly targeted at different types of vessels operating within the Hong Kong waters, including fishing vessels, pilot vessels, ferries, engineering ships, barges, small cargo vessels and cruises. During the year, we have lost the contract with Cotai Water Jet, but the overall sales volume of red oil successfully recorded a growth of approximately 41,300 tons or 23.64% due to increasing demand from engineering ships and stable demand from other kinds of ships.

As for the start of trading of oil and chemical products, we sourced one shipment of Bitumen Mixture from Singapore and re-sold it at a reasonable margin to an importer that owned and operated sizable sea terminal and bonded warehouse in China.

Oil products business handled in China

Purchase of oil products

During the year, the Group has purchased approximately 988,000 tons of oil products, representing an increase of 234.35% from approximately 295,500 tons of the same period in 2014. Of which:

Product	**2015**	**2014**	**Increase/ (decrease)**
Marine fuel oil and diesel	**399,000 tons**	181,000 tons	120.44%
Land automotive diesel	**130,500 tons**	114,500 tons	13.97%
Other oil and chemical products	**458,500 tons**	0 tons	N/A
Total	**988,000 tons**	295,500 tons	234.35%

The Group has purchased a total of approximately 988,000 tons of oil and chemical products in 2015. This type of oil products included marine fuel oil, marine diesel, automotive diesel, fuel oil, industrial heavy oil, diluted asphalt, and mixed arenes. Sinopec, CNPC, Sinochem and CNOOC were the only companies with the qualifications and capacities to supply gasoline, diesel and fuel oil in the past, but given quite a number of local refineries entering the supply chain, coupled with the gradual improvements in the civic-owned oil storage facilities in Guangdong Province, during the year, the Group's 70,000 oil storage depot commenced its usage, the Group was able to purchase various oil products through different channels and match oil products meeting the specifications in accordance with the customers' needs to complement our efforts in expanding our scope of sales.

Logistics facilities

During the past year, the Group has been working with operators with a long history in the marine bunkering business to leverage on their marine and land transportation means in the delivery of marine oil and automotive diesel in China. To further step up its efficiency of oil products delivery in China, the Group has started to establish a sizeable shipping company (with up to 25 bunker ships) to provide more timely and comprehensive service to its customers.

The 70,000 tons oil storage depot located in Gaolan Port, Zhuhai has fully completed construction and commenced operation. Before obtaining the approval for the bonded warehouse, the oil storage depot would mainly be used for storing diesel purchased in domestic market. After obtaining the approval for the bonded warehouse, the oil storage depot would be used for storing imported diesel for supplying to Hong Kong, in order to support the development of the marine automotive diesel market in Hong Kong and to minimize the cost of purchasing diesel.

Sales

The total sales volume of the oil products business in China amounted to approximately 988,000 tons, representing a significant growth of 234.35% from approximately 295,500 tons of the same period in 2014. The sales volume was divided into different categories as below:

	First half of 2015 (tons)	**Second half of 2015 (tons)**	**2015 Full year (tons)**	2014 Full year (tons)	Increase/ (decrease)
Sales to marine end users	**135,000**	**264,000**	**399,000**	181,000	120.44%
Wholesales of automotive fuel	**18,000**	**112,500**	**130,500**	114,500	13.97%
Oil/ chemical products trading	**85,000**	**373,500**	**458,500**	0	N/A
Total:	**238,000**	**750,000**	**988,000**	295,500	234.35%

During the year, the Group has fortified the cooperation with other marine bunkering operators in China, forcefully propelling the marine bunkering business with the sales volume staggering up by 120.44% to approximately 399,000 tons. On the other hand, the Group has used the oil storage depot in Zhuhai as the base for shipment preparation and shipments to enhance the logistics efficiency. This has opened us to the sales target of automotive fuel with massive demand (including a number of oil stations, industrial customers and transportation companies to the west of the Pearl River), bringing in a growth by 13.97% to approximately 130,500 tons. In addition, the Group has leveraged on its capital advantages to participate in different trading activities of oil products/ chemical products (including: Bitumen Mixtures and Aromatics) that achieved a sales volume of approximately 458,500 tons, creating a stable revenue-generating trading line for the Company. In the forthcoming year, the Group will continue its joint efforts with Conch Group in the layout of end user sales network, including the establishment of a supply station inside the production base of Conch in Guangdong Province to provide fueling services to the transportation fleet of Conch. Also, a marine bunkering station will be set up at a suitable location along the river way in the Pearl River Delta to provide diesel supply services to the fleet of transportation vessels and other vessels of Conch.

4.3 NG business

The efforts of end user sales network building continued for the NG business without generating any actual trading or actual contribution to the Group's overall revenues in 2015. During the year, we have continued to uphold the strategy of stimulating development through end user sales and have incessantly enhanced our exchanges and cooperation with the end users (including bus companies, logistics companies, transportation companies, large production bases or networks). However, changes in the NG market during the period has hindered the development of NG autogas refueling stations albeit not significantly. (1) in respect to the cooperation with Conch Group, the parties have agreed to adjust the original development strategy to first construct the oil stations at the current stage in order to provide diesel supply services to the large automobiles passing through the production base of Conch at present, before conducting expansion work for the addition of LNG refueling facilities at suitable timing. Having taken into account the fact that the NG business might slow down, this arrangement would allow the JV set up by the parties to generate economic benefits right away while maintaining the long-term relationship with the potential customers, which in turn would form a solid foundation for the long-term migration towards LNG business. (2) the cooperation with Sinopec Guangdong branch was terminated in October 2015 and the plan of joint investment and operation of LNG autogas refueling stations has been called off. Although it seemed a regret to lose the opportunity to cooperate Sinopec Guangdong branch, we have been at the same time probing into the cooperation with other enterprises involving the research and development of LNG technologies, construction of LNG autogas refueling stations, the marine and land transportation of LNG, the construction of LNG receiving terminals and the exploration of gas sources overseas. Meanwhile, we have successfully developed the operation model of direct cooperation with the end user, which was expected to form a small network of refueling stations encompassing over ten stations within one to two year. Despite the NG market in China being far from prosperous now, this has given us more room and time to build a more comprehensive supply chain to ensure the long-term competitiveness of our NG business in the Chinese market.

5 Business outlook

Considering the current market anticipation of the oil price momentum, the crude oil price is expected to remain low Prices of LPG and oil products are likewise liable to stay at low levels, and it is very likely that the retail business will continue to be the biggest winner. In view of this, we will concentrate our efforts in further reinforcing the end user sales of LPG and oil products in the coming year, with the aim of keeping the Group's total gross profit margin at the outstanding 10% level.

In the long run, the Group will keep on promoting the continuous expansion of the LPG sales network both domestically and in the overseas. Parallel to this, we will endeavor to integrate our chain of operation and expand our sales network through mergers and acquisitions of oil products businesses and assets within and outside Guangdong Province. The LNG business will continue to uphold the strategy of stimulating development through end user sales to secure a solid foundation for the long-term growth of the Group.

5.1 LPG business

In respect of the development of the LPG business, we will continue to advocate the strategy formulated at the beginning of 2015, that is, to choose new markets based on their profitability. To date, development plans with extensive preliminary works already under way include:

(1) NG's loss of price advantages has indirectly extended the payback period of pipeline networks, dampening the enthusiasm of investors, postponing the network construction, and substantially alleviating the threat of NG on LPG. The significant increase of the Group's sales volume of bottled LPG was strong evidence that the market demand for bottled LPG has resumed. In response, we prepare to add two to three bottling plants to the Group and commence the retailing of bottled LPG in certain second- and third-tier cities. At the moment, projects in the pipeline include application for construction of two bottling plants in Yingde and Shaogun, and the acquisition of one existing bottling plant in Guangning County, Zhaoqing. The addition of these bottling plants in the related new markets (to the Group) will further secure the long-term growth in our sales volume of bottled LPG;

(2) We will continue to step up the cooperation with the manufacturers of non-gas/diesel chemical products and strive for more long-term supply contracts to buoy the sales volume to industrial customers;

(3) We will continue to invest more human resources into the promotion of the bottled LPG business in Hong Kong to strive for a bigger market share. We will also participant more actively in tender processes in order to win long-term contracts for the supply of bottled LPG to the government and the public sector. We will continue to identify opportunities to enter the LPG autogas refueling market in Hong Kong in order to supply automotive LPG to autogas operators in Hong Kong in an innovative and safe business model;

(4) We will assist the stakeholders of the taxi industry in the negotiation with the government of Guangzhou Municipal to eliminate the unfair competition caused by the operation of unregulated commercial vehicles, with the aim of helping the taxis regaining the original businesses and in turn stimulating the demand for LPG by the taxis;

(5) In respect of breaking out of Guangdong into new markets, the Group is now preparing for the introduction of our existing operation model into Myanmar in Asia and Kenya in Africa. These two countries both feature considerable potential demand and less intensive market competition, and appeal to our investment in constructing the network of LPG terminals, warehouses, transportation and retail points.

5.2 Oil products business

The future development of the Group's oil products business will focus on the establishment of a massive sale network and enhancement of supply chain integration to allow the supply of a wider array of oil and chemical products by the Group. Parallel to efforts to increase product sales, we intend to enhance the profitability of each sales model through leveraging on different modes of logistics. Currently, the oil products business in Hong Kong are spearing towards the following directions:

(1) We are committed to becoming the largest retailer of vessel diesel in the Hong Kong waters with the goal of taking up 60% of the market share. To this end, we have to explore stable oil supply at a low cost to equip ourselves with the competitive edges to match against the large oil companies in Hong Kong. At present, we have applied to the Hong Kong government for the use of our own 4,500 tons tank vessels as bonded warehouses for the purchase of vessel diesel from refineries in Taiwan or Korean before shipment to Hong Kong for storage in large vessels and the subsequent direct bunkering to the customers. This model of purchase (if approved) will free us completely from the dependence on oil companies and allow us to more flexibly adjust our volume of import and significantly slash our purchase costs to increase our competitiveness and enhance our operating profits;

(2) The market of vessel fuel was extraordinarily competitive during 2015. Coupled with the slump in oil prices, the marine bunkering business was subject to increasing risks and often unprofitable transactions. As such, the Group has decided to cut down the direct supply of vessel fuel to the ships in the second half of the year, and migrate to adopt the business of selling vessel oil to other marine bunkering operators. Despite a slimmer margin, the related profitability was largely guaranteed. Given that we have successfully opened up procurement channels of stable supply and lower costs, we expect that the sales volume brought by this channel will continue to grow in 2016;

(3) Subsequent the shrinking of the direct supply of vessel fuel to the ships, some of the logistics tools (in particular, large bunker ships) were not in their optimal use. We have decided to lease some of the vessels through bare rentals to earn reasonable ship rental fees in return and lower the operating costs;

(4) We target to ride on the advantages of Hong Kong being an international trading and financial hub to carry out the trading of oil and chemical products. This product category has seen the international market prices long remaining at low levels and is very suitable for the supply to private refineries in China as the raw materials for production or for oil mixing. Given the remarkably massive demand at present and the model of back-to-back transaction for most of the cases, we are subject to little price or market risks and are only required to cautiously assess the payment ability of the end buyer before deciding whether to use letter of credit, promissory note or deposit before payment on receipt as the means of transaction. It is estimated that the Group will achieve prominent increase in the volume of this type of trading, generating margins that will not be narrower than that of selling vessel fuel;

The oil products business in China will undergo large scaled expansion according to the strategy of stimulating development through end user sales, encompassing a scope even wider than that in Hong Kong featuring more extensive geographic span and area:

(1) We plan to build a sizeable network of refueling stations in Guangdong Province to stimulate the development of related businesses such as the storage and delivery of oil products and oil mixing. We will adopt a diversified mode of cooperation in building the network and strive to realize its intended complementary functions in the shortest possible timeframe. The modes of cooperation include: (A) the inclusion of refueling station in the joint establishment of NG autogas stations with the end users. Currently, a refueling station in Yingde has commenced operation and the refueling station in Yangjiang is in the way of application. Moreover, we have already joined hands with some transportation fleets to construct diesel supply stations at Bao'an in Shenzhen, Tianhe in Guangzhou and Yangjiang in Yangchun; (B) identification of opportunities to acquire existing refueling stations or operators owning a network of refueling stations. We have already been negotiating with 2 stations in Zhuhai and one station in Huizhu district in Guangzhou, as well as one operator owning over 20 stations, and one operator owning 4 refueling stations and preparing to set up 5 more refueling stations in Shunde; (C) identification of suitable sites for the construction of refueling stations. Currently we have found suitable locations in Zhongshan, Yingde, Xintang and Zhaoqing and have started the preliminary works for the construction. Moreover, we have leased and commenced the operation of a refueling station in Zhaoqing right way;

(2) We will continue to expand the marine bunkering business in the river and coastal region in southern China. At present, we have been closely cooperating with a number of operators with long history, and might eventually acquire or merge with these partners to expedite our development. Our marine bunkering business has currently extended from Guangdong to Fujian, and the Group has established a shipping company in Pingtan, Fujian to fortify the logistic support for its marine bunkering business. Furthermore, we will leverage on the cooperation with Conch to facilitate the layout of marine bunker stations in Pearl River, Beijiang River, Xijiang River and the western coastal line in Guangdong Province. We have at present chosen to set up marine bunker stations at two locations in Sanshui and Yangjiang to provide comprehensive bunkering services to a large number fishing vessels and Conch's transportation vessels (transporting cement and raw materials for cement production) sailing between Guangdong and Guangxi;

(3) We will continue to encourage and promote the wholesale business of oil products. To this end, we will need to continuously perfect the warehousing and delivery system in the coastal areas in southern China. Moreover, we have also taken aim at two mid-sized oil storage depots in Tianjin and Qingdao for inclusion to the warehousing and delivery system of the Group through mergers and acquisition or long-term lease with the objective of strengthening our competitiveness in procurement of oil and chemical products in the northeastern region (including Korea and Japan), which will in turn complement our move to expand the wholesale market of oil products in northern China;

(4) 百富洋新海能源（珠海）有限公司(Bai Fu Yang NewOcean Energy (Zhuhai) Company Limited, "Bai Fu Yang Company"), which owns a 70,000 tons oil storage depot in Gaolan Port, Zhuhai, will ride on the quality advantages of its imported oil products and its capital advantages to expand its scale of import business and domestic trading of oil products. Bai Fu Yang Company has entered into agreements with a number of large oil storage depots in southern China, which allow it to secure the capability to receive large quantity of goods via short-term leases, creating competitive edges for promoting trading business of this type.

5.3 NG business

Despite a less than desirable market environment, the NG business represents an essential key business to be developed in order to secure the long-term benefits of the Group, and will be invested with ample manpower and resources to strive for the establishment of a highly efficient network of autogas stations through the setup of C-LNG autogas refueling stations in prime locations, with the aim of creating long-term stable revenues for the Group. Currently, the Group has started to identify suitable partners and desirable locations in the neighboring areas of Guangzhou for the construction of an ultra-low temperature NG receiving terminal station with a capacity of approximately 200,000 cubic meters, forming a giant end user sales network to provide comprehensive logistics and supply services.

Other than adjustments to the cooperation with Conch (construction of refueling stations followed by construction of C-LNG refueling station), the cooperation with Sinopec Guangdong branch has been terminated. Around eight existing projects promoted by the Group include:

(1) LNG autogas refueling station on Shima Road, Guangzhou – under this project, a land parcel of approximately 2,800 square meters has been rented. The project is currently subject to approval by NDRC and is expected to commence construction works by the end of March;

(2) LNG autogas refueling station in Huadu District, Guangzhou – under this project, a land parcel of approximately 11,000 square meters has been rented. The project has already been filed with NDRC and is currently under construction, and is expected to complete the works and commence operation by the end of March and the end of May, respectively;

(3) LNG autogas refueling station in Shabu, Huangput, Guangzhou – under this project, a land parcel of approximately 4,000 square meters has been rented. The project has already been filed with NDRC and is currently under construction, and is expected to complete the works and commence operation by the end of March and the end of May, respectively;

(4) LNG autogas refueling station in Junan, Shunde – under this project, a land parcel of approximately 3,000 square meters has been rented. The project has already been filed with NDRC and is currently under construction, and is expected to complete the works and commence operation by the end of March and the end of May, respectively;

(5) Gas and oil station in Xintang, Guangzhou – under this project, a land parcel of approximately 7,000 square meters has been rented. The project has already been filed with NDRC, while its layout planning and design has been approved and is currently under planning and approval. It is expected to commence construction works and operations by the end of June and the end of the year, respectively;

(6) Gas and oil station on Zhaoqing Main Road, Zhaoqing – under this project, a land parcel of 6,800 square meters in total has been rented. The project has already been filed with NDRC, and is currently under approval by the provincial Economic and Information Commission. It is expected to commence construction works, complete the works and commence operations by the end of March, the end of September and the end of November, respectively;

(7) Gas and oil station in Wangbu, Yingde – under this project, a land parcel with a site area of 15,000 square meters n total has been rented. The project has already been filed with NDRC, and has completed planning and approval procedures. It is currently under construction and is expected to commence construction works and operations by the end of July and the end of October, respectively;

(8) The Group is currently negotiating with a non-related party to acquire one project company which owns 10 LNG filling stations currently at the stage of application for construction in Guangdong. The acquisition is at the stage of negotiating and performing the due diligence work. The Group has not yet entered into any sale and purchase agreement.

Apart from the above projects, the Group has been discussing with multiple parties in relation to autogas refueling station projects in different locations in Guangdong Province. We believe that new projects will continue to emerge, and more autogas refueling stations will commence operations upon the approval of each of the projects and the implementation of construction works as planned.

FINAL DIVIDEND

The Directors have recommended a final dividend of HK2.5 cents per share (2014: HK6.6 cents per share) to be paid to shareholders on the register of members on 6 June 2016. Subject to shareholders' approval at the forthcoming annual general meeting to be held on 27 May 2016, the final dividend will be paid on or about 24 June 2016.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 27 May 2016. A notice convening the annual general meeting will be published and dispatched to the shareholders in due course in the manner required under the Listing Rules.

The Register of Members of the Company will be closed on 26 May 2016 for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to qualify for attendance and voting at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 May 2016.

In addition, the Register of Members of the Company will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch Share Registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2016.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 December 2015 and 2014.

PLEDGE OF ASSETS

At 31 December 2015, apart from the pledged bank deposits of approximately HK$1,108,142,000, the Group also pledged its oil vessels with carrying value of approximately HK$90,244,000 to secure bank loans granted to the Group.

EMPLOYEES AND EMPLOYEE BENEFITS

As at 31 December 2015, the Group employed 1,231 (2014: 1,166) full time employees in Hong Kong, Macau and other regions in the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a mandatory provident fund scheme, medical insurance scheme and an employee share option scheme.

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

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

CORPORATE GOVERNANCE

In the opinion of the directors, throughout the year ended 31 December 2015 the Company has complied with the code provisions (the "CG Code") contained in the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 of the Listing Rules with the exception that the independent non-executive directors are not appointed for a specific term as provided in the CG Code. Under the Bye-laws of the Company, independent non-executive directors of the Company shall retire by rotation and their appointment will be reviewed when they are due for re-election. In the opinion of the directors, this arrangement meets the same objectives as the CG Code.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries of all Directors and all Directors confirmed they have complied with the required standard of dealings set out therein during the year.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with external auditor and the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the audited financial statements for the year ended 31 December 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position 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 ended 31 December 2015. 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.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.newoceanhk.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report for year 2015 will be dispatched to shareholders in due course and will be published at the websites of the Company and the Stock Exchange at the same time.

By order of the Board
NewOcean Energy Holdings Limited
Shum Siu Hung
Chairman

Hong Kong, 18 March 2016

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Shum Chun, Lawrence, Mr. Cen Ziniu, Mr. Chiu Sing Chung, Raymond, Mr. Siu Ka Fai, Brian and Mr. Wang Jian, being the executive directors, Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe being the independent non-executive directors.