Creative Energy Solutions Holdings Limited

科 瑞 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2015
Annual Report

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This report, for which the directors (the "Directors") of the Creative Energy Solutions Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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EXECUTIVE DIRECTORS

Mr. Chow Yik *(Chairman)*
Dr. Ma Jun
Mr. Leung King Fai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Chi Ho, Dennis
Mr. Wai Tze Lung, Francis
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

COMPLIANCE OFFICER

Dr. Ma Jun

COMPANY SECRETARY

Mr. Leung King Fai

COMMITTEES

AUDIT COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Mr. Wai Tze Lung, Francis
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

NOMINATION COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Mr. Wai Tze Lung, Francis
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

REMUNERATION COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Mr. Wai Tze Lung, Francis
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

AUTHORISED REPRESENTATIVES

Dr. Ma Jun
Mr. Leung King Fai

AUDITORS

Ting Ho Kwan & Chan
Certified Public Accountants (Practising)
9/F Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

LEGAL ADVISERS

Bermuda Law:
Conyers Dill & Pearman
Room 2901, One Exchange Square,
8 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
65 Front Street Hamilton Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
46th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23rd Floor, Sang Woo Building,
227-228 Gloucester Road,
Hong Kong

PRINCIPAL PLACES OF BUSINESS IN THE PRC

Room 2607, Tower 3
36 Anli Road
Chaoyang District, Beijing

GEM STOCK CODE

8109

COMPANY WEBSITE

www.hklistedco.com/8109.asp

* *For identification purposes only*

Chairman's Statement

On behalf of the Board of Directors (the "Board") of Creative Energy Solutions Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present our annual report for the year ended 30 June 2015.

REVIEW OF RESULTS

For the year ended 30 June 2015, the Group's turnover was approximately RMB16,695,000. The Group recorded a net loss of approximately RMB17,606,000 for the year ended 30 June 2015.

BUSINESS OPERATION

The financial year of 2015 was another difficult year for the Group. The weakened domestic demand for China properties owing to China economic downturn continued and had significant impact on the infrastructural related industries. The significant decrease in demand of energy efficient and saving services triggered the cut-throat competition in the energy efficiency market. Some of our clients have decided to cancel or request for re-tendering of the contracts the Group has been awarded. In order to maintain the market share, the Group accepted energy management contracts with lower profit margin.

Turnover for both of the energy savings and lighting services and sales of related products and tools for energy saving and efficiency solutions services decreased significantly. Given the poor operation environment, our wholly-owned subsidiaries located in Xuzhou and Shaoxing need more time to develop new clients and explore new business opportunities and need further investments from the Company for them to obtain the accreditation for safety tests and expand their overseas market. In view of the current financial conditions of the Group, the Company disposed these two wholly-owned subsidiaries subsequent to the financial year end so as to focus its financial resources in other businesses of the Group.

PROSPECTS

The Group is facing fierce competition in the energy savings industry and has made substantial loss from operations every year since 2005. The business environment is unfavourable for the Group to expand its energy savings business. The Group is taking positive steps to restructure the Group's business operations to build sustainable business operations for the Group in order to maximize the returns to the shareholders of the Company.

Looking forward to the coming year, the Group will continue to look for appropriate investment opportunities with reasonable and potential returns to enhance the Group's future development opportunity. Besides, the Company may carry out fund raising activities including but not limited to placing of new shares and issue bonds.

APPRECIATION

I hereby take this opportunity to express our appreciation to all the Board members for their support and efforts to the Group. In addition, on behalf of the Board, I also would like to express our sincere thanks to the officers, and all staff for their dedication and hardworking throughout the year.

Chow Yik
Chairman
Hong Kong, 25 September 2015

Management Discussion and Analysis

The board of directors (the "Board") of Creative Energy Solutions Holdings Limited announces the audited consolidated result of the Company and its subsidiaries (the "Group") of the year ended 30 June 2015 (the "Reporting Period").

The Company is acting as the investment holding company and the Group is principally engaged in the provision of energy efficiency solutions and engineering consulting services in the People's Republic of China (the "PRC") including Hong Kong.

BUSINESS REVIEW

The financial year of 2015 was another difficult year for the Group. The weakened domestic demand for China properties owing to China economic downturn continued and had significant impact on the infrastructural related industries. The demand for construction materials such as steel, cement, coal and aluminum dropped dramatically and as a result, various heavy industrial plants, such as steel mills, cement plants, coal mining and refining plants had increased idle capacity. In additions, the overall price of the energy market in the global market in the last quarter of 2014 was plummeted. The crude oil price continued to decrease from last quarter of 2014 to half year of 2015. In view of the increased idle capacity and depressing energy price, most of the heavy industrial plants postponed the construction of energy saving facilities and even suspended energy saving programs. The Group is hard to solicit energy saving contracts with the Group's existing or targeted clients.

The significant decrease in demand of energy efficient and saving services triggered the cut-throat competition in the energy efficiency market. To capture the limited business opportunities, some energy saving solution providers even accepted energy management contracts at loss with prolonged return periods. Some of our clients have decided to cancel or request for re-tendering of the contracts the Group has been awarded. In order to maintain the market share, the Group accepted energy management contracts with lower profit margin.

In this respect, the overall gross profit margin significantly decreased by approximately 44.1% to approximately 4.3% although the turnover for energy savings and efficiency solutions has increased by approximately 25.0% and the overall turnover of the Group has increased by approximately 10.9%.

Turnover for both of the energy savings and lighting services and sales of related products and tools for energy saving and efficiency solutions services decreased significantly by approximately 68.0% and 27.4%. Given the poor operation environment, our wholly-owned subsidiaries located in Xuzhou and Shaoxing need more time to develop new clients and explore new business opportunities and need further investments from the Company for them to obtain the accreditation for safety tests and expand their overseas market. In view of the current financial conditions of the Group, the Company disposed these two wholly-owned subsidiaries on 23 September 2015 and 22 September 2015 respectively so as to focus its financial resources in other businesses of the Group.

FINANCIAL REVIEW

The Group's turnover for the year ended 30 June 2015 increased from approximately RMB15,049,000 for the year ended 30 June 2014 to RMB16,695,000 in the current year, which was represented an increase of approximately RMB1,646,000 or 10.9%.

However, the Group's gross profit for the year ended 30 June 2015 decreased to approximately RMB717,000 (2014: approximately RMB1,283,000).The gross profit margin was reduced to approximately 4.3% for the year ended 30 June 2015 as compared to 8.5% for the year ended 2014. The decreases in both of gross profit and gross profit margin for the year ended 30 June 2015 reflected the poor operating environment of the Group.

The distribution costs for the year ended 30 June 2015 increased significantly by approximately 27.1% to approximately RMB125,000, as compared to previous year (2014: approximately RMB461,000). Increase in distribution costs was mainly the increase of salaries and wages and transportation costs.

Administrative expenses for the year ended 30 June 2015 was approximately RMB10,424,000, increased approximately RMB2,791,000 or 36.6% as compared with the previous year (2014: approximately RMB7,633,000). The increase in administrative expenses was due mainly to increase in computer expenses, operating lease rentals of promises, travelling and entertainment expenses.

The Group recorded a net loss of approximately RMB17,606,000 for the year ended 30 June 2015, representing a decrease of approximately RMB3,020,000 or 14.6% as compared to the previous year (2014: approximately RMB20,626,000). Significant increase in net loss was a result of provision of impairment inventories of RMB3.1 million and impairment on trade receivables of RMB3.3 million.

The finance costs represent interest on corporate bonds and other borrowings.

Loss per share for the year ended 30 June 2015 was RMB0.53 cents (2014: RMB0.70 cents (Restated)).

PROSPECTS

The Group is facing fierce competition in the energy savings industry and has made substantial loss from operations every year since 2005. The significant decrease in demand of energy efficient and savings services triggered the cut-throat competition in the energy efficiency market. Some energy saving solution providers in the energy savings industry even accept energy management contracts at losses with prolonged return periods. The business environment is unfavourable for the Group to expand its energy savings business.

The Group is taking positive steps to restructure the Group's business operations. The purpose of such restructuring is to build sustainable business operations for the Group. Loss making operations will be scaled down or even be shut down. Existing business with good prospects will be restructured and expanded. New operations with reasonable earnings will be acquired in order to maximize the returns to the shareholders of the Company in line with the Company's corporate strategy.

Looking forward, the Group will continue to look for appropriate investment opportunities with reasonable and potential returns to enhance the Group's future development opportunity. Besides, the Company may carry out fund raising activities including but not limited to placing of new shares and issue bonds.

Management Discussion and Analysis

FINANCIAL POSITION

As at 30 June 2015, the net current assets was approximately RMB9,661,000 (2014: RMB12,249,000) of which approximately RMB272,000 were cash and cash equivalents (2014: approximately 1,462,000). The Group had no bank borrowing as at 30 June 2015 (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 30 June 2015 was approximately RMB272,000 (2014: approximately RMB1,462,000). As at 30 June 2015, the Group current ratio was 1.2 (2014: 1.3), comprised current assets of approximately RMB55,565,000 and current liabilities of approximately RMB45,904,000. Increase in current assets and current liabilities were mainly attributable to assets of disposal groups classified as held for sale and liabilities directly associated with the assets classified as held for sale from the intended disposals of subsidiaries during the year. The gearing ratio was approximately 121.7% (2014: 105.2%) as at 30 June 2015, which was computed as total liabilities divided by total equity.

CAPITAL RAISING

On 17 March 2015, 190,000,000 ordinary shares of HK$0.005 each were issued and allotted to not fewer than six placees at the placing price of HK$0.16 each. Net proceeds from the placing of new shares were approximately RMB23,701,000.

Details are set out in the Company's announcements dated 26 February 2015 and 17 March 2015.

On 6 July 2015, 190,000,000 ordinary shares of HK$0.005 each were issued and allotted to not fewer than six placees at the placing price of HK$0.165 each. Net proceeds from the placing of new shares were approximately RMB24,822,000 (equivalent to approximately HK$31,040,000).

Details are set out in the Company's announcements dated 22 June 2015 and 6 July 2015.

Save as disclosed above, the Company had no capital raising activity during the year.

CAPITAL STRUCTURE

As at 30 June 2015, the issued share capital of the Company increased to 2,092,490,000 shares upon the placement of 190,000,000 shares completed on 17 March 2015 under general mandate granted at the annual general meeting of the Company held on 7 November 2014.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2015 are set out in note 28 to the financial statements.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had 30 (2014: 35) full-time employees. Staff costs for the Reporting Period was approximately RMB3,765,000 (2014: approximately RMB4,051,000).

The remuneration policy for the employees of the Group is based on their respective merit, qualifications and competence and prevailing market conditions.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

PLEDGE OF ASSETS

As at 30 June 2015, the Group did not have any pledged assets.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Material acquisition and disposals

On 8 April 2015 and 12 June 2015, the Company entered into a sale and purchase agreement and a supplemental agreement respectively with two independent third parties. Pursuant to the sale and purchase agreement and the supplemental agreement, the Company agreed to acquire 51% equity interest of Red Rabbit Technology Inc. at the consideration of HK$25 million. The transaction was completed on 24 September 2015. Upon Completion, the Company has issued a promissory note to the vendors as part of the consideration for the acquisition and paid the balance of the consideration by way of cash.

MAJOR EVENTS AFTER THE YEAR UNDER REVIEW

Material acquisition and disposals

On 22 July 2015, Treasure Explorer Investments Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party pursuant to which Treasure Explorer Investments Limited agreed to acquire the entire issued share capital of Super Hero Production Company Limited, at the consideration of RMB240,000 (equivalent to HK$300,000). Completion of this transaction took place on 22 July 2015.

On 24 August 2015, the Company entered into the sale and purchase agreement with an independent third party pursuant to which the Company agreed to acquire the entire issued share capital of Kirin Financial Group Limited, at the consideration of HK$10,700,000. Completion of this transaction took place on 24 August 2015.

On 11 September 2015, Best Creation International Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, pursuant to which Best Creation International Limited agreed to sell entire share capital of Luck Shamrock Limited, a wholly owned subsidiary of the Company, for a total consideration of RMB14,380,000. The completion of the transaction took place on 23 September 2015.

On 17 September 2015, Best Creation International Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, pursuant to which Best Creation International Limited agreed to sell entire share capital of Sincere Action Investments Limited, a wholly owned subsidiary of the Company, for a total consideration of RMB6,600,000. The completion of the transaction took place on 22 September 2015.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHOW Yik

Mr. Chow Yik, aged 34, the Chairman of the Board. Mr. Chow obtained the degree of Bachelor of Engineering, majoring in Electronic and Communication Engineering from the City University of Hong Kong. Mr. Chow founded Vision Century Company in 2003. Since 2005, Mr. Chow has been the sales director and executive director of the British electronic company, Air Audio Distribution (HK) Limited. Mr. Chow currently is the Chairman of the board of directors of Hao Wen Holdings Limited which has been listed on GEM of Stock Exchange.

Dr. MA Jun

Dr. Ma, aged 39, is the Chief Operation Officer of the Company. He has extensive research experience in computerized control system for thermal energy saving. Dr. Ma holds a doctorate degree in computer technology and application engineering from Tsinghua University, the PRC.

Mr. LEUNG King Fai

Mr. LEUNG King Fai, aged 43, the Company Secretary of the Company. Mr. Leung graduated from Deakin University with a Bachelor's degree in Commerce. Mr. Leung is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Leung was an executive director of Hao Wen Holdings Limited, a company listed on the GEM of Stock Exchange from September 2010 to March 2015. Mr. Leung currently is an Independent Non-executive Director of Daisho Microline Holdings Limited, a company listed on the main board of Stock Exchange and an Independent Director of Biostar Pharmaceuticals Inc., a company listed on NASDAQ Stock Market in New York.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Chi Ho, Dennis

Mr. Ng Chi Ho, Dennis, aged 57, holds a Bachelor of Commerce degree from the University of New South Wales, Australia and is a chartered accountant of The Chartered Accountants Australia and New Zealand as well as a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ng is currently an independent non-executive director of Media Asia Group Holdings Limited and was an independent non-executive director of Sunrise (China) Technology Group Limited from 26 June 2014 to 15 May 2015, the shares of both companies are listed on the GEM of the Stock Exchange.

Mr. WAI Tze Lung, Francis

Mr. Wai Tze Lung, Francis, aged 38, obtained a degree of Bachelor of Arts in Public and Social Administration from the City University of Hong Kong. Mr. Wai currently is the Managing Director of Northwest Networking Company Limited.

Mr. CHAN Sin Wa, Carrie

Ms. Chan Sin Wa, Carrie, aged 36, has worked in the accounting and auditing industry for 13 years. She graduated from Oxford Brookes University in Applied Accounting and was an Audit Manager in a medium-sized audit firm. She is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. CHUNG Shu Kun, Christopher *BBS, MH, JP*

Mr. Chung Shu Kun, Christopher *BBS, MH, JP*, aged 58, possesses a Master of Science of e-Business awarded by Glasgow Caledonia University, United Kingdom and a Master of Business Administration awarded by University of Wales, United Kingdom. Mr. Chung currently is a member of the Hong Kong Legislative Council, the Eastern District Council of Hong Kong and the People's Consultative Conference of Harbin City, a committee member of China Overseas Friendship Association and Guangzhou Overseas Friendship Association, and honorary advisor of Dongguan Overseas Friendship Association. He was appointed as a member of the Advisory Committee on Corruption of the Independent Commission against Corruption by the Hong Kong Government. He also involves in other community services, which include the vice president of Hong Kong Fishermen Consortium, the vice president and a standing committee of Hong Kong Eastern District Community Association# (東區各界協會), the Court member of the University of Hong Kong and the Council member of Hong Kong Chinese Orchestra. Mr. Chung was an independent non-executive director of China Financial Leasing Group Limited, a company listed on the main board of Stock Exchange, from 1 February 2009 to 1 February 2013.

SENIOR MANAGEMENT

Mr. KWAN Kar Man

Mr. Kwan Kar Man, aged 33, joined the Group in April 2015. As the Financial Controller of the Group, Mr. Kwan is primarily responsible for finance and accounting matters. He has over 10 years' experience in the auditing and accounting field. Mr. Kwan is an associate member of Hong Kong Institute of Certified Public Accountants.

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Report of the Directors

The board of directors (the “Board”) has pleasure in presenting the annual report and the audited financial statements of the Company for the year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries consist of the provision of energy efficient solutions and engineering consulting services in the PRC including Hong Kong.

Details of the principal activities of the principal subsidiaries of the Company as at 30 June 2015 are set out in note 34 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2015 and the state of the affairs of the Group as at that date are set out in the financial statement on pages 29 to 30.

SHARE CAPITAL AND RESERVES

As at 30 June 2015, the total number of shares issued by the Company was 2,092,490,000 shares. Details of the capital structure of the Company are set out in note 23 to the consolidated financial statements.

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 31.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

FINANCIAL SUMMARY

A summary of published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Company, is set out on page 86. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE OPTIONS SCHEME

The Company adopted a share option scheme (the "Scheme") on 5 November 2010, pursuant to which the Directors may grant options to eligible participants to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. Details of movements in the Company's share options during the year ended are set out in note 24 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF 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 30 June 2015.

CONNECTED TRANSACTIONS

During the year ended 30 June 2015, there were no transactions needed be disclosed as connected transactions in the financial statements and in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference aligned with the provisions of CG Code. The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Ng Chi Ho, Dennis (as the chairman), Mr. Wai Tze Lung, Francis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher. The Company's annual results for the year ended 30 June 2015 have been reviewed by the audit committee of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2015, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the year.

PURCHASE, SALE OR 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 30 June 2015.

Report of the Directors

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the Reporting Period and up to the date of this report were:

Executive directors:
Dr. Wu Chun Wah, Michael (resigned on 30 December 2014)
Dr. Ma Jun
Mr. Leung King Fai (appointed on 16 February 2015)
Mr. Chow Yik (appointed on 13 April 2015 and re-designated as Chairman on 1 July 2015)

Non-executive directors:
Mr. Xu Bo (resigned on 13 July 2015)

Independent non-executive directors:
Mr. Cheong Ying Chew, Henry (resigned on 6 May 2015)
Dr. Zhao Bin (resigned on 1 July 2015)
Mr. Lau Yu Ching (resigned on 1 July 2015)
Mr. Ng Chi Ho, Dennis (appointed on 13 April 2015)
Mr. Wai Tze Lung, Francis (appointed on 13 April 2015)
Mr. Chan Sin Wa, Carrie (appointed on 1 July 2015)
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)

In accordance with the Bye-Law 87(1) of the Company's Bye-Laws, Dr. Ma Jun will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Leung King Fai was appointed as the Company Secretary to fill the casual vacancy created by the resignation of Ms. Yuen Shuk Yee with effect from 14 February 2015 and appointed as an Executive Director with effect from 16 February 2015. Mr. Leung has not entered into any service agreement with the Company. Mr. Leung will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Chow Yik was appointed as an Executive Director with effect from 13 April 2015 and re-designated as the Chairman of the Board with effect from 13 July 2015 to fill the casual vacancy of the Chairman of the Board created by the resignation of Mr. Xu Bo. Mr. Chow has not entered into any service agreement with the Company. Mr. Chow will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Ng Chi Ho, Dennis was appointed as an Independent Non-executive Director with effect from 13 April 2015 and re-designated as the Chairman of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 1 July 2015 to fill the casual vacancy of the Chairman of Nomination Committee created by the resignation of Mr. Zhou Bin and the Chairman of each of the Audit Committee and the Remuneration Committee created by the resignation of Mr. Lau Yu Ching. Mr. Ng has not entered into any service agreement with the Company. Mr. Ng will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Wai Tze Lung, Francis was appointed as an Independent Non-executive Director with effect from 13 April 2015. Mr. Wai has not entered into any service agreement with the Company. Mr. Wai will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with the Bye-law 86(2) of the Company's Bye-laws, Ms. Chan Sin Wa, Carrie was appointed as an Independent Non-executive Director with effect from 1 July 2015 to fill the causal vacancy created by Mr. Zhou Bin. Ms. Chan has not entered into any service agreement with the Company. Ms. Chan has been re-elected at the special general meeting held on 24 September 2015.

In accordance with the Bye-law 86(2) of the Company's Bye-laws, Mr. Chung Shu Kun, Christopher was appointed as an Independent Non-executive Director with effect from 11 July 2015 to fill the casual vacancy created by the re-designation of Mr. Wai Tze Lung, Francis from an Independent Non-executive Director to an Executive Director. Mr. Chung has not entered into any service agreement with the Company. Mr. Chung will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

All Directors are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Bye-Laws of the Company.

Details of the directors' emoluments and of the five highest paid individuals in the Group are set out in notes 10(a) and 10(b) to the financial statements, respectively.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2015, the interests and short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors were as follows:

Name of Directors	Nature of interest	*Note*	Number of issued ordinary shares held	Number of underlying share held	Total	Approximate percentage of total issued shares as at 30 June 2015
Mr. Xu Bo	Corporate	(1)	1,270,574,400	–	1,270,574,400	66.78%

Notes:

(1) The interest disclosed represents the corporate interest in 1,270,574,400 shares held by Million Sino Investments Limited, which is a company incorporated in the British Virgin Islands and is owned as to 50% by each of Mr. Xu Bo and Dr. Wu Chun Wah, Michael, a former Executive Director.

(2) Mr. Xu Bo resigned as a Non-executive Director on 13 July 2015.

(3) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above and in the Section under the heading "Substantial Shareholders' Interest in Securities" below, as at 30 June 2015, none of the Directors and Chief executive of the Company or their associates had or deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

At 30 June 2015, save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, underlying Shares and Debentures" above for interests of Mr. Xu Bo and his associates including Million Sino Investments Limited, in shares and underlying shares of the Company, the following persons had or deemed to have an interest in the shares and the underlying shares of the Company which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity	*Note*	Number of issued ordinary shares held	Number of underlying share held	Total	Approximate percentage of total issued shares as at 30 June 2014
Ms. Chen Li	Interest of spouse	(1)	1,270,574,400	–	1,270,574,400	66.78%

Notes:

(1) Ms. Chen Li, the spouse of Mr. Xu Bo, is also deemed to be interested in such 1,270,574,400 shares in which Mr. Xu Bo is deemed to be interested.

(2) All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 30 June 2015, so far as was known to Directors based on the information available, no person, other than the Directors and Chief executive of the Company whose interests have been set out in the section headed "Directors' and the Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest and a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or Chief Executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

COMPETING INTEREST

As at 30 June 2015, none of the Directors or substantial shareholders of the Company has engaged in any business that competes or may compete with the business if the Group or has any other conflict of interests with the Group.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases	
– the largest supplier	46.7%
– five largest suppliers combined	90.1%
Sales	
– the largest customer	45.6%
– five largest customers combined	85.9%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

CORPORATE GOVERNANCE CODE

A report on the principle corporate governance practices adopted by the Company is set out on page 19 of the Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules.

AUDITORS

The financial statements were audited by Ting Ho Kwan & Chan who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
Chow Yik
Chairman

Hong Kong, 25 September 2015

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in enhancing the shareholders' value.

CORPORATE GOVERNANCE CODE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 15 to the Rules ("GEM Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is in compliance with the CG Code contained in Appendix 15 of the GEM Listing Rules and the Code Provisions save for the deviation as explained below:

The Code provision A4.1 provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that the Non-executive Directors and all Independent Non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and the re-election requirements of Non-executive Directors and Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

The Code provision A6.7 provides that non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Zhao Bin, Independent Non-executive Directors of the Company, did not attended the annual general meeting of the Company held on Wednesday, 7 November 2014 ("2014 AGM") due to his engagement in his own official business.

The Code Provision E1.2 provides that the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Xu Bo, the former Chairman of the Board, did not attend the 2014 AGM because he was in business trip for the engagement in the Group's business. Dr. Zhao, the Chairman of the Nomination Committee of the Company did not attend the 2014 AGM due to the reason stated above.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions set out in the CG code during the year ended 30 June 2015.

Corporate Governance Report

COMPLIANCE WITH THE REQUIRED STANDARD FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on terms set out in the standard of dealings ("Standard Dealings") contained in Rule 5.48 to Rule 5.67 of the GEM Listing Rules regarding securities transactions by Directors. Upon specific enquiries by the Company, all Directors confirmed that they have fully complied with the Standard Dealings.

THE BOARD

The Company is headed by the Board which is responsible for directing and supervising the Company's affairs. As at the date of this report, the Board comprises two executive Directors, one non-executive director and three independent non executive Directors. Biographies of all the Directors and the relationships (if any) among them are set out on pages 10 to 11 of this annual report.

The executive Directors are Mr. Chow Yik, Dr. Ma Jun, Mr. Wai Tze Lung, Francis and Mr. Leung King Fai. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Ng Chi Ho, Dennis, Mr. Chung Shu Kun, Christopher, and Ms. Chan Sin Wa, Carrie are independent non-executive Directors.

Functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management are as follows:

The Board shall be responsible for:

- Approval of corporate and business strategies of the Company
- Approval of the annual budgets and financial reports of the Group
- Monitoring the operating and financial performance of the Group
- Declaration of dividend to the shareholders of the Company
- Approval of Investment proposals of the Company
- Restructuring and spin off relating to the Group
- Overseeing the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance
- Corporate governance

The management shall be responsible for:

- Day to day operations of the Company and its subsidiaries as delegated by the Board to the management led by the Chief Executive Officer
- Formulation of corporate and business strategies to be approved by the Board
- Execution of corporate and business strategies approved by the Board
- Formulation of investment, acquisition, mergers or spin off proposals
- Execution of investment, acquisition, mergers or spin off proposals and approved by the Board

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant To Code Provision A6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

Name of Director	Attending seminar(s)/ programme(s)/relevant materials in relation to the business or directors' duties
Executive Directors	
Mr. Chow Yik	Yes
Dr. Ma Jun	Yes
Mr. Leung King Fai	Yes
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	Yes
Mr. Wai Tze Lung, Francis	Yes
Ms. Chan Sin Wa, Carrie	Yes
Mr. Chung Shu Kun, Christopher	Yes

All the Directors also understand the important of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

ATTENDANCE OF INDIVIDUAL DIRECTORS AT BOARD MEETINGS FOR THE YEAR ENDED 30 JUNE 2015

The Board met regularly on a quarterly basis. Apart from the regular Board meetings of the year, the Board also met on other occasions when a Board-level decision on a particular matter is required. During the year, the Board held five meetings for the discussion and approval of important matters such as the approval of quarterly results, interim results, annual results and dividends, etc. The attendance record of each Director during the year at Board meetings is as follows:

Name of Director	Number of Attendance Attended/Eligible to attend
Executive Directors	
Dr. Wu Chun Wah, Michael (Resigned on 30 December 2014)	3/3
Dr. Ma Jun	12/15
Mr. Leung King Fai (Appointed on 16 February 2015)	9/9
Mr. Chow Yik (Appointed on 13 April 2015)	7/7
Non-executive Director	
Mr. Xu Bo (Resigned on 13 July 2015)	9/15
Independent non-executive directors	
Mr. Cheong Ying Chew, Henry (Resigned on 6 May 2015)	9/9
Dr. Zhao Bin (Resigned on 1 July 2015)	7/15
Mr. Lau Yu Ching (Resigned on 1 July 2015)	12/13
Mr. Ng Chi Ho, Dennis (Appointed on 13 April 2015)	7/7
Mr. Wai Tze Lung, Francis (Appointed on 13 April 2015)	7/7
Ms. Chan Sin Wa, Carrie (Appointed on 1 July 2015)	0/0
Mr. Chung Shu Kun, Christopher (Appointed on 11 September 2015)	0/0

Board minutes are kept by the secretary of the Company (the "Secretary") and are open for inspection by the directors of the Company. Every director of the company is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Secretary, and has the liberty to seek external professional advice if so required.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Xu Bo was the Chairman of the Board and Dr. Wu Chun Wah, Michael was the Chief Executive Officer. The Chairman shall be responsible for overseeing the operation of the Board, while the Chief Executive Officer shall oversee the business operations of the Company. The roles of the Chairman and Chief Executive Officer are set out in detail in the Bye-laws of the Company.

Mr. Xu Bo resigned as the Chairman of the Board on 13 July 2015. Mr. Chow Yik was re-designated as the Chairman of the Board as the same date.

Dr. Wu Chun Wah, Michael resigned as the Chief Executive Officer on 30 December 2014. The Board is identifying suitable candidate to fill the vacancy of the Chief Executive Officer.

REMUNERATION OF DIRECTORS

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the GEM Listing Rules. The Remuneration Committee currently comprises all the independent non-executive directors, namely, Mr. Ng Chi Ho, Dennis (as the Chairman), Mr. Wai Tze Lung, Francis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher.

The Company adopted that a remuneration committee be established with specific written terms of reference which deal clearly with its authority and duties. The terms of reference follows the requirement of Code Provision B.1.3.

For the year ended 30 June 2015, the Remuneration Committee held 3 meetings for the discussion of matters concerning the determination of remuneration of the Directors. The individual attendance record of each member of the remuneration committee is as follows:

Name of Director	**Number of Attendance Attended/Eligible to attend**
Non-executive Directors	
Mr. Xu Bo (Resigned on 13 July 2015)	2/3
Independent non-executive directors	
Mr. Cheong Ying Chew, Henry (Resigned on 6 May 2015)	2/2
Dr. Zhao Bin (Resigned on 1 July 2015)	1/3
Mr. Lau Yu Ching (Resigned on 1 July 2015)	2/2
Mr. Ng Chi Ho, Dennis (Appointed on 13 April 2015)	1/1
Mr. Wai Tze Lung, Francis (Appointed on 13 April 2015	1/1
Ms. Chan Sin Wa, Carrie (Appointed on 1 July 2015)	0/0
Mr. Chung Shu Kun, Christopher (Appointed on 11 September 2015)	0/0

NOMINATION OF THE DIRECTORS

The Company established a nomination committee (the "Nomination Committee") with written terms of reference. The Nomination Committee currently comprises all the independent non-executive directors, namely, Mr. Ng Chi Ho, Dennis, Mr. Wai Tze Lung, Francis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher. Mr. Ng Chi Ho, Dennis is the chairman of the Nomination Committee.

The major functions of the Nomination Committee are to review the structure and composition of the Board, to review and provide recommendations to the shareholders of the Company on the terms of Directors service contract, and to assess the independence of the independent non-executive Directors. The major criteria in relation to the selection and nomination of Directors include professional background, industry-related experience and recommendations from the management team and industry societies. The terms of reference of the Nomination Committee are on terms no less exacting than the provision A4.5 of the CG Code.

The Nomination Committee held 2 meetings during the year ended 30 June 2015. The attendances of the meeting of the Nomination Committee are as follows:

Name of Director	**Number of Attendance Attended/Eligible to attend**
Non-executive Directors	
Mr. Xu Bo (resigned on 13 July 2015)	2/3
Independent non-executive directors	
Mr. Cheong Ying Chew, Henry (Resigned on 6 May 2015)	2/2
Dr. Zhao Bin (Resigned on 1 July 2015)	1/3
Mr. Lau Yu Ching (Resigned on 1 July 2015)	2/3
Mr. Ng Chi Ho, Dennis (Appointed on 13 April 2015)	1/1
Mr. Wai Tze Lung, Francis (Appointed on 13 April 2015)	1/1
Ms. Chan Sin Wa, Carrie (Appointed on 1 July 2015)	0/0
Mr. Chung Shu Kun, Christopher (Appointed on 11 September 2015)	0/0

ACCOUNTABILITY AND AUDIT

The Board acknowledged their responsibility for preparing the financial statements of the Group. The Directors ensured in preparing of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report.

AUDITORS' REMUNERATION

For the year ended 30 June 2015, approximately RMB360,000 (2014: approximately RMB398,000) are payable to Ting Ho Kwan & Chan CPA, auditors of the Company for audit service.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the code provisions of the CG Code. The Audit Committee currently comprises all the independent non-executive Directors, namely, Mr. Ng Chi Ho, Dennis (as the chairman), Mr. Wai Tze Lung, Francis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher.

The main functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The terms of reference of Audit Committee are on terms no less exacting than the provision C.3.3 of the CG Code.

For the year ended 30 June 2015, the Audit Committee held a total of five meetings, at which it reviewed the external findings, the accounting principles and practice adopted by the Group, the listing, statutory compliance, and financial reporting matters including recommendations made to the Board to approve the quarterly, interim and annual results for the year. The individual attendance record of each member of the Audit Committee is as follows:

Name of Director	**Number of Attendance Attended/Eligible to attend**
Independent non-executive directors	
Mr. Cheong Ying Chew, Henry (Resigned on 6 May 2015)	4/4
Dr. Zhao Bin (Resigned on 1 July 2015)	3/5
Mr. Lau Yu Ching (Resigned on 1 July 2015)	5/5
Mr. Ng Chi Ho, Dennis (Appointed on 13 April 2015)	1/1
Mr. Wai Tze Lung, Francis (Appointed on 13 April 2015)	1/1
Ms. Chan Sin Wa, Carrie (Appointed on 1 July 2015)	0/0
Mr. Chung Shu Kun, Christopher (Appointed on 11 September 2015)	0/0

COMPANY SECRETARY

Mr. Leung King Fai ("Mr. Leung") was appointed as the Company Secretary of the Company in February 2015. He is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments. Up to the date of this report, Mr. Leung has undertaken not less than 15 hours of relevant professional training.

Corporate Governance Report

INTERNAL CONTROL

Throughout the year, the Company complied with the code provisions on internal controls as stipulated in the CG Code. In particular, during the year the Company conducted a review of the effectiveness of the internal control system of the Group. The Directors are satisfied that the prevailing internal control systems as appropriate to the Group are in place and have been implemented properly and that no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed. The Audit Committee has reviewed the internal control and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control system to safeguard the assets of the Group.

COMMUNICATION WITH SHAREHOLDERS

The Company actively promote effective communications with shareholders and investors. Shareholders are encouraged to attend the general meetings. The notice of AGM is distributed to all shareholders at least 21 clear business days prior to the AGM. The Chairman of the general meeting conducts voting only after having confirmed with shareholders that they have no problem about the procedures of the voting by poll.

SHAREHOLDERS' RIGHTS

Rights to convene special general meeting

In accordance with Company's Article 58, Shareholders holding ar the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene the general meeting, but any meeting so convened shall not be held after the expiration of three months after the date of deposit of the requisition.

Putting forward proposals at annual general meeting of special general meeting

The number of shareholders necessary for putting forward a proposal at the annual general meeting or special general meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings ar the date of the request.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming annual general meeting of the Company will be voted by poll.

Independent Auditor's Report

TING HO KWAN & CHAN
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong

香港德輔道中249–253號
東寧大廈9字樓

TO THE SHAREHOLDERS OF CREATIVE ENERGY SOLUTIONS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Creative Energy Solutions Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 29 to 85, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

TING HO KWAN & CHAN
Certified Public Accountants (Practising)

25 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Notes	**2015 RMB'000**	2014 RMB'000
Revenue	*5*	**16,695**	15,049
Cost of sales		**(15,978)**	(13,766)
Gross profit		**717**	1,283
Other income	*6*	**5**	186
Distribution costs		**(586)**	(461)
Administrative expenses		**(10,424)**	(7,633)
Impairment loss on inventories		**(3,135)**	—
Impairment loss on trade and other receivables		**(3,266)**	—
Impairment loss on goodwill	*16*	**—**	(14,000)
Finance costs	*7*	**(916)**	—
Loss before taxation	*8*	**(17,605)**	(20,625)
Taxation	*9*	**(1)**	(1)
Loss for the year		**(17,606)**	(20,626)
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of financial statements of foreign operations		**286**	(164)
Total comprehensive expense for the year		**(17,320)**	(20,790)
Loss for the year attributable to:			
— Equity shareholders of the Company		**(15,624)**	(19,921)
— Non-controlling interests		**(1,982)**	(705)
		(17,606)	(20,626)
Total comprehensive expense for the year attributable to:			
— Equity shareholders of the Company		**(15,338)**	(20,085)
— Non-controlling interests		**(1,982)**	(705)
		(17,320)	(20,790)
			(Restated)
Loss per share			
Basic and diluted	*13*	**(0.53) cents**	(0.70) cents

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Plant and equipment	*15*	**167**	1,292
Goodwill	*16*	**—**	17,791
Deposits paid for acquisition of investments	*17*	**27,884**	—
Available-for-sale financial assets	*18*	**—**	—
		28,051	19,083
CURRENT ASSETS			
Inventories	*19*	**—**	3,128
Trade and other receivables	*20*	**23,408**	40,628
Cash and bank balances		**272**	1,462
		23,680	45,218
Assets of disposal groups classified as held for sale	*14*	**31,885**	—
Total current assets		**55,565**	45,218
CURRENT LIABILITIES			
Trade and other payables	*21*	**15,218**	32,969
Corporate bonds	*22*	**19,821**	—
		35,039	32,969
Liabilities directly associated with the assets classified as held for sale	*14*	**10,865**	—
Total current liabilities		**45,904**	32,969
NET CURRENT ASSETS		**9,661**	12,249
NET ASSETS		**37,712**	31,332
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	*23*	**9,108**	8,348
Reserves		**27,415**	19,813
		36,523	28,161
Non-controlling interests		**1,189**	3,171
TOTAL EQUITY		**37,712**	31,332

The consolidated financial statements on pages 29 to 85 were approved and authorised for issue by the Board of directors on 25 September 2015 and are signed on its behalf by:

Chow Yik
Chairman

Leung King Fai
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	**Share premium** RMB'000	**Share option reserve** RMB'000	**Translation reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 July 2013	8,076	102,525	4,689	5,546	(94,631)	26,205	3,876	30,081
Loss for the year	–	–	–	–	(19,921)	(19,921)	(705)	(20,626)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	(164)	–	(164)	–	(164)
Total comprehensive expense for the year	–	–	–	(164)	(19,921)	(20,085)	(705)	(20,790)
Realised upon lapse of share options	–	–	(4,227)	–	4,227	–	–	–
Shares issued upon exercise of share options *(note 23)*	26	2,254	(462)	–	–	1,818	–	1,818
Issue of Consideration Shares *(note 23)*	246	19,977	–	–	–	20,223	–	20,223
At 30 June 2014	8,348	124,756	–	5,382	(110,325)	28,161	3,171	31,332
Loss for the year	–	–	–	–	(15,624)	(15,624)	(1,982)	(17,606)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	286	–	286	–	286
Total comprehensive expense for the year	–	–	–	286	(15,624)	(15,338)	(1,982)	(17,320)
Issue of shares, net of expense *(note 23)*	760	22,940	–	–	–	23,700	–	23,700
At 30 June 2015	9,108	147,696	–	5,668	(125,949)	36,523	1,189	37,712

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating activities			
Loss before taxation		**(17,605)**	(20,625)
Adjustments for:			
Interest income		**(2)**	(6)
Finance costs		**916**	—
Depreciation		**451**	503
Impairment loss on goodwill		**—**	14,000
Written off of plant and equipment		**22**	—
Loss on disposal of plant and equipment		**—**	6
Impairment loss on trade and other receivables		**3,266**	—
Impairment loss on inventories		**3,135**	—
Operating cash flows before changes in working capital		**(9,817)**	(6,122)
Increase in inventories		**(832)**	(463)
Decrease in trade and other receivables		**3,083**	6,101
Decrease in trade and other payables		**(7,868)**	(4,153)
Cash used in operation		**(15,434)**	(4,637)
Tax paid		**(1)**	(2)
Net cash used in operating activities		**(15,435)**	(4,639)
Investing activities			
Deposits paid for acquisition of investments		**(27,884)**	—
Purchase of plant and equipment		**(292)**	—
Interest received		**2**	6
Proceeds from disposal of plant and equipment		**—**	5
Net cash inflow on acquisition of a subsidiary	*26*	**—**	523
Net cash (used in)/generated from investing activities		**(28,174)**	534
Financing activities			
Proceeds from exercise of share options		**—**	1,818
Inception of other borrowing		**3,998**	—
Repayment of other borrowing		**(3,998)**	—
Interest paid		**(607)**	—
Proceeds from issue of shares		**24,310**	—
Shares issue expenses		**(610)**	
Proceeds from issue of corporate bonds		**20,392**	—
Expense on issue of corporate bonds		**(684)**	—
Net cash generated from financing activities		**42,801**	1,818
Net decrease in cash and cash equivalents		**(808)**	(2,287)
Effect of change in foreign exchange rate		**3**	(8)
Cash and cash equivalents at the beginning of the year		**1,462**	3,757
Cash and cash equivalents at the end of the year		**657**	1,462
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**272**	1,462
Cash and bank balances included in assets classified as held for sale	*14*	**385**	—
		657	1,462

1. GENERAL INFORMATION

Creative Energy Solutions Holdings Limited (the "Company") is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 30 June 2015, its ultimate holding company is Million Sino Investments Limited, which is incorporated in the British Virgin Islands.

The Company is an investment holding company. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is changed to 23/F., Sang Woo Building, No. 227-228 Gloucester Road, Wan Chai, Hong Kong with effect from 20 April 2015. The principal activities of its subsidiaries are set out in note 34.

The consolidated financial statements are presented in Renminbi ("RMB"), as the currency of the primary economic environment in which the principal subsidiaries of the Company operate is in the People's Republic of China (the "PRC"), while the functional currency of the Company is Hong Kong dollar. All values are rounded to the nearest thousand except when otherwise indicated.

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above 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.

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

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "**Accounts and Audit**" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued 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[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

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

HKFRS 15 *"Revenue from Contracts with Customers"*

HKFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including HKAS 11 *"Construction Contracts"*, HKAS 18 *"Revenue"*, HK(IFRIC) – Int 13 *"Customer Loyalty Programmes"*, HK(IFRIC) – Int 15 *"Agreements for the Construction of Real Estate"*, HK(IFRIC) – Int 18 *"Transfers of Assets from Customers"*, and HK(SIC) – Int 31 *"Revenue-Barter Transactions Involving Advertising Services"*. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises 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. HKFRS 15 is to be applied on an individual contract basis. However, a portfolio approach is permitted provided it is reasonably expected that the impact on the financial statements will not be materially different from applying HKFRS 15 on an individual contract basis. The steps to be applied in the new revenue model are as follows:

- Step 1: Identify the contract 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

In addition, HKFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. With respect to disclosure, HKFRS 15 requires an entity to disclose certain quantitative and/or qualitative information so as to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

HKFRS 15 is effective for the Group's financial year beginning on 1 July 2017 with early application permitted. It applies to new contracts created on or after the effective date and to existing contracts that are not yet complete as of the effective date. The Group can choose to apply HKFRS 15 retrospectively or to use a modified transition approach. The management anticipates that HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2017. The application of this standard may have significant impact on amounts reported in the Group's consolidated financial statements. However, the management is in the process of ascertaining the financial impact on application of this standard.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Business combinations (continued)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Plant and equipment

Plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Plant and equipment *(continued)*

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal groups) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal groups) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into one of the two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised by applying an effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period subsequent to initial recognition (see the accounting policy in respect of impairment of financial assets below).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised by applying an effective interest rate, except for short-term receivables where the recognition of interest would be immediate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities (including trade and other payables and corporate bonds) are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences. Deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Current and deferred taxation are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interest as appropriate).

Retirement benefits scheme

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund ("MPF") Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Turnover represents the fair value of amounts received and receivable from sales of products and services rendered.

(a) Revenue from sale of products in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Service fee income is recognised when services are rendered.

(c) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment loss of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3. Determining whether goodwill is impaired requires an estimation of the recoverable amount which is the higher of the value in use and fair value less cost to sell of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise.

During the year ended 30 June 2015, the carrying amounts of goodwill were transferred to assets of disposal groups classified as held for sale.

As at 30 June 2014, the carrying amount of goodwill is approximately RMB17,791,000 net of accumulated impairment loss of approximately RMB14,000,000. Details of the recoverable amount calculation are disclosed in note 16.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(ii) Estimated impairment loss on trade and other receivables

The Group performs ongoing credit evaluations of its debtors and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its debtors and maintains a provision for estimated credit losses based upon its historical experience and any specific debtors collection issues that it has been identified. The Group will continue to monitor the collections from debtors and maintain an appropriate level of estimate credit losses. As at 30 June 2015, the carrying amount of trade and other receivables is approximately RMB15,874,000 (2014: RMB37,016,000), net of accumulated impairment loss of approximately RMB5,583,000 (2014: RMB2,905,000).

(iii) Provision for inventories

The Group reviews the carrying amounts of inventories at the end of each reporting period to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in note 3. The directors estimate the net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's net asset value. As at 30 June 2015, the carrying amount of inventories is nil (2014: RMB3,128,000), net of accumulated impairment loss of approximately RMB3,135,000 (2014: nil).

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of energy saving services on efficiency solutions and related products.

The directors of the Company consider that there is only one operating and reportable business segment, i.e. provision of energy saving services and related products. Operating segments are reported in a manner consistent with the information reported to the board of directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Entity-wide disclosures

Information about products and services

The following table sets forth the total revenue recognised from external customers by products and services during the year:

	2015 RMB'000	2014 RMB'000
Energy savings on efficiency solutions services and related products	**15,668**	12,532
Energy savings on lighting services and related products	**630**	1,970
Sales of tools for energy saving and efficiency solutions services	**397**	547
	16,695	15,049

Geographical information

All external revenue of the Group during the years ended 30 June 2015 and 2014 was attributable to customers located in the PRC, the place of domicile of the Group's operating entities. Accordingly, no geographical information has been presented.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the year, is set out below:

	2015 RMB'000	2014 RMB'000
Customer A	**7,607**	N/A[1]
Customer B	**4,901**	N/A[1]
Customer C	**N/A[1]**	6,221
Customer D	**N/A[1]**	3,384
Customer E	**N/A[1]**	1,671
	12,508	11,276

1 None of revenue contributed to the Group.

6. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Bank interest income	**2**	6
Exchange gain, net	**—**	151
Sundry income	**3**	29
	5	186

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on other borrowing *(Note)*	**207**	—
Imputed interest on corporate bonds	**113**	—
Interest on corporate bonds	**596**	—
	916	—

Note: Other borrowing represent a loan of approximately RMB3,998,000 (equivalent to HK$5,000,000) was granted by an independent third party during the year ended 30 June 2015, at the rate of 2.5% per month. The date of maturity of the other borrowing is 1 month after the date of drawdown.

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging the following:

	2015 RMB'000	2014 RMB'000
Staff costs (including directors' remuneration):		
— Salaries and other benefits	**3,605**	3,835
— Retirement benefits scheme contributions	**160**	216
	3,765	4,051
Depreciation of plant and equipment	**451**	503
Operating lease rentals of office premises	**1,153**	976
Auditors' remuneration	**360**	398
Exchange loss, net	**4**	—
Written off of plant and equipment	**22**	—
Loss on disposal of plant and equipment	**—**	6

9. TAXATION

(i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiaries established in the British Virgin Islands ("BVI") are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income taxes. The Company's subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

(ii) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2014: Nil).

(iii) PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(iv) The tax charge for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **RMB'000**	2014 RMB'000
Loss before taxation	**(17,605)**	(20,625)
Tax calculated at the applicable tax rates	**(3,652)**	(3,584)
Tax effect of non-deductible expenses	**2,090**	3,053
Tax effect of unused tax losses not recognised	**609**	618
Tax effect of other temporary differences not recognised	**954**	(86)
Taxation charge	**1**	1

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 10 (2014: 8) Directors of the Company are as follows:

Name of Directors	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2015				
Executive directors:				
Wu Chun Wah, Michael *(note 1)*	–	237	10	247
Leung King Fai *(note 2)*	–	184	7	191
Chow Yik *(note 3)*	–	104	4	108
Ma Jun	–	444	6	450
Non-executive director:				
Xu Bo *(note 6)*	96	–	–	96
Independent non-executive directors:				
Ng Chi Ho, Dennis *(note 3)*	21	–	–	21
Wai Tze Lung, Francis *(note 3)*	21	–	–	21
Cheong Ying Chew, Henry *(note 4)*	81	–	–	81
Zhao Bin *(note 5)*	96	–	–	96
Lau Yu Ching *(note 5)*	96	–	–	96
Total	411	969	27	1,407

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

(1) Mr. Wu Chun Wah, Michael was also the chief executive officer and his emoluments disclosed above include those for services rendered by him as the chief executive officer. He resigned as an executive officer on 30 December 2014.

(2) On 16 February 2015, Mr. Leung King Fai was appointed as an executive director of the Company.

(3) On 13 April 2015, Mr. Chow Yik was appointed as an executive director of the Company and Mr. Ng Chi Ho, Dennis and Mr. Wai Tze Lung, Francis were appointed as independent non-executive directors of the Company.

(4) Mr. Cheong Ying Chew, Henry resigned as the independent non-executive director of the Company with effect from 6 May 2015.

(5) Mr. Zhao Bin and Mr. Lau Yu Ching resigned as the independent non-executive directors of the Company with effect from 1 July 2015.

(6) Mr. Xu Bo resigned as a non-executive director of the Company with effect from 13 July 2015.

(7) Apart from the directors, the Group has not classified any other person as a chief executive officer after Mr. Wu Chun Wah, Michael has resigned as an executive director and a chief executive officer during the year ended 30 June 2015.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

Name of Directors	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2014				
Executive Directors:				
Wu Chun Wah, Michael *(note 1)*	–	477	24	501
Ma Jun *(note 2)*	–	411	3	414
Xu Bo *(note 3)*	–	186	–	186
Non-Executive Director:				
Xu Bo *(note 3)*	58	–	–	58
Independent Non-Executive Directors:				
Cheong Ying Chew, Henry	95	–	–	95
Zhao Bin	95	–	–	95
Leung Heung Ying *(note 4)*	94	–	–	94
Lau Yu Ching *(note 5)*	1	–	–	1
Total	343	1,074	27	1,444

(1) Mr. Wu Chun Wah, Michael was also the chief executive officer and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

(2) On 21 November 2013, Mr. Ma Jun was appointed as an executive director of the Company.

(3) Mr. Xu Bo, an executive director, had been re-designated as the non-executive director with effect from 21 November 2013.

(4) Mr. Leung Heung Ying resigned as the independent non-executive director with effect from 27 June 2014.

(5) On 27 June 2014, Mr. Lau Yu Ching was appointed as an independent non-executive director of the Company.

There was no arrangement under which a director waived and agreed to waive any remuneration during the years ended 30 June 2015 and 2014.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2014: three) were directors of the Company whose emoluments were included in note (a) above. The emoluments of the remaining two (2014: two) individuals were as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**646**	1,110
Retirement benefits scheme contributions	**26**	40
	672	1,150

The number of employees whose emoluments fall within the following band was as follows:

	2015	2014
Nil to RMB1,000,000	**2**	2

For the years ended 30 June, 2015 and 2014, no emoluments were paid by the Group to these five highest paid individuals, and the directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments.

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Loss of approximately RMB32,330,000 (2014: RMB50,906,000) for the year ended 30 June 2015 attributable to equity shareholders of the Company has been dealt with in the financial statements of the Company.

12. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 30 June 2015 (2014: Nil).

13. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company for the year ended 30 June 2015 of approximately RMB15,624,000 (2014: RMB19,921,000) and the weighted average number of 2,936,502,123 (2014: 2,836,520,589 (restated)) ordinary shares in issue during the year.

The comparative amount of the basic loss per share for 2014 has been adjusted to reflect the impact of the bonus issue of shares subsequent to the end of reporting period as set out in note 35(e) to this report.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 June 2015 and 2014.

14. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

On 23 June 2015, a wholly-owned subsidiary of the Company entered into an letter of intent with an independent third party, to dispose of Sincere Action Investments Limited ("Sincere Action") and its subsidiary (collectively referred to as "Sincere Action Group"). Sincere Action Group is principally engaged in manufacturing, selling and undertaking of installation work of electrodeless lamps. On 17 September 2015, the Group entered into sale and purchase agreement with the aforesaid independent third party and the cash consideration is RMB6,600,000.

On 29 June 2015, a wholly-owned subsidiary of the Company entered into an letter of intent with an independent third party, to dispose of Luck Shamrock Limited ("Luck Shamrock") and its subsidiary (collectively referred to as "Luck Shamrock Group"). Luck Shamrock Group is principally engaged in provision of energy saving services and related products. On 11 September 2015, the Group entered into sale and purchase agreement with the aforesaid independent third party and the cash consideration is RMB14,380,000.

Assets and liabilities of Sincere Action Group and Luck Shamrock Group classified as held for sale as at 30 June 2015 are as follows:

	Sincere Action Group RMB'000	Luck Shamrock Group RMB'000	Total RMB'000
Assets			
Plant and equipment	918	26	944
Goodwill	6,126	11,665	17,791
Inventories	607	218	825
Trade and other receivables	3,406	8,534	11,940
Cash and bank balances	6	379	385
Assets classified as held for sale	11,063	20,822	31,885
Liabilities			
Trade and other payables	3,834	7,031	10,865
Liabilities directly associated with the assets classified as held for sale	3,834	7,031	10,865
Net assets directly associated with the disposal groups			21,020

15. PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Total RMB'000
Cost					
At 1 July 2013	477	2,073	940	1,518	5,008
Currency realignment	(1)	–	–	–	(1)
Acquired on acquisition of subsidiaries	–	–	228	–	228
Disposals	–	(22)	–	–	(22)
At 30 June 2014	476	2,051	1,168	1,518	5,213
Currency realignment	1	–	–	–	1
Additions	292	–	–	–	292
Written off	(195)	(1,713)	(196)	–	(2,104)
Transfer to assets of disposal groups classified as held for sale *(note 14)*	(284)	(226)	(972)	(1,518)	(3,000)
At 30 June 2015	290	112	–	–	402
Accumulated depreciation					
At 1 July 2013	210	1,926	733	417	3,286
Currency realignment	(1)	–	–	–	(1)
Acquired on acquisition of subsidiaries	–	–	144	–	144
Charge for the year	100	46	207	150	503
Written back	–	(11)	–	–	(11)
At 30 June 2014	309	1,961	1,084	567	3,921
Currency realignment	–	1	–	–	1
Charge for the year	246	36	19	150	451
Written back	(194)	(1,694)	(194)	–	(2,082)
Transfer to assets of disposal groups classified as held for sale *(note 14)*	(217)	(213)	(909)	(717)	(2,056)
At 30 June 2015	144	91	–	–	235
Carrying values					
At 30 June 2015	146	21	–	–	167
At 30 June 2014	167	90	84	951	1,292

The above items of plant and equipment are depreciated on a straight-line method at the following rates per annum:

Leasehold improvements	Over the shorter of useful lives or lease terms
Furniture and fixtures	3 — 5 years
Motor vehicles	4 — 5 years
Plant and machinery	3 — 10 years

16. GOODWILL

	RMB'000
Cost	
At 1 July 2013	12,126
Acquisition of a subsidiary	19,665
At 30 June 2014	31,791
Transfer to assets of disposal groups classified as held for sale	(31,791)
At 30 June 2015	—
Accumulated impairment losses	
At 1 July 2013	—
Impairment loss for the year	14,000
At 30 June 2014	14,000
Transfer to assets of disposal groups classified as held for sale	(14,000)
At 30 June 2015	—
Carrying value	
At 30 June 2015	—
At 30 June 2014	17,791

Goodwill of approximately RMB12,160,000 arising from the acquisition of 浙江科瑞照明技術有限公司 for manufacturing, selling and undertaking of installation work of electrodeless lamp business during the year ended 30 June 2013 and goodwill of approximately RMB19,665,000 arising from the acquisition of 徐州安邦自動化設備有限公司 for provision of energy-savings and energy efficiency solutions services and sales of energy saving products during the year ended 30 June 2014.

At the end of the reporting period, all the carrying amounts of goodwill were transferred to assets of disposal groups classified as held for sale.

16. GOODWILL *(continued)*

Regarding to the cash-generating unit of 浙江科瑞照明技術有限公司, the recoverable amount of this cash-generating unit is determined based on value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 24.17% per annum. The cash flows beyond that five-year period have been extrapolated using a zero percent growth rate. This growth rate is based on the energy savings and lighting services and sales of energy saving products growth forecasts and does not exceed the average long-term growth rate for the energy savings and lighting services and sales of energy saving products industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on past performance and management's expectations for the market development.

Regarding to the cash-generating unit of 徐州安邦自動化設備有限公司, the recoverable amount of this cash-generating unit is determined based on value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 18.39% per annum. The cash flows beyond that five-year period have been extrapolated using a zero percent growth rate. This growth rate is based on the energy savings and efficiency solutions services industry growth forecasts and does not exceed the average long-term growth rate for the energy savings and efficiency solutions services industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on past performance and management's expectations for the market development.

Due to the deteriorated performance of 浙江科瑞照明技術有限公司 and 徐州安邦自動化設備有限公司, the directors of the Company considered that impairment loss on goodwill of approximately RMB6,000,000 and RMB8,000,000 respectively were necessary after taking into the account of an independent valuation report prepared by a professional valuer, Roma Appraisals Limited. The total impairment loss of RMB14,000,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 30 June 2014.

As at 30 June 2014, the recoverable amounts of 浙江科瑞照明技術有限公司 and 徐州安邦自動化設備有限公司 of approximately RMB5,800,000 and RMB11,400,000 respectively.

17. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS

(a) During the year ended 30 June 2015, the Company entered into agreements with two independent third parties and paid the refundable deposit of approximately RMB12,395,000 (equivalent to HK$15,500,000) for the acquisition of 51% equity interests of Red Rabbit Technology Inc. ("Red Rabbit"). The total consideration of approximately RMB19,992,000 (equivalent to HK$25,000,000), will be satisfied by cash and promissory note of the Company of approximately RMB15,994,000 (equivalent to HK$20,000,000) and approximately RMB3,998,000 (equivalent to HK$5,000,000). Red Rabbit is principally engaged in the provision of online game platforms, provision of software applications and solutions. As at 30 June 2015, the Group had the capital commitment of approximately RMB7,597,000 in respect of the aforesaid acquisition.

Details are set out in the announcements of the Company dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015.

The aforesaid acquisition was completed on 24 September 2015.

(b) During the year ended 30 June 2015, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of approximately RMB5,318,000 (equivalent to HK$6,650,000) for the acquisition of entire equity interest of Kirin Financial Group Limited ("Kirin"). Kirin and its subsidiaries are principally engaged in insurance brokerage business. Subsequent to 30 June 2015, the Group entered into an agreement with the aforesaid independent third party and the total consideration is approximately RMB8,557,000 (equivalent to HK$10,700,000).

Details are set out in the announcement of the Company dated 24 August 2015.

The aforesaid acquisition was completed on 24 August 2015.

(c) During the year ended 30 June 2015, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of approximately RMB3,439,000 (equivalent to HK$4,300,000) for the acquisition of a business, which is principally engaged in provision of transportation service.

(d) During the year ended 30 June 2015, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of approximately RMB4,718,000 (equivalent to HK$5,900,000) for the acquisition of a business, which is principally engaged in provision of assets management and financial services.

17. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS *(continued)*

(e) The Group entered into a sale and purchase agreement and a non-legally binding memorandum of understanding with certain independent third parties and paid refundable deposits of approximately RMB2,014,000 in aggregate. The above transactions have not yet completed as certain conditions precedents have not yet fulfilled.

In relation to the acquisition of Red Rabbit and Kirin, the Group is in the process of finalising their financial information and accordingly, the financial impact of the above mentioned acquisition to the Group is not disclosed.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB'000	RMB'000
Unlisted equity securities, at cost	**18,199**	18,199
Impairment	**18,199**	18,199
Carrying value	**–**	–

Unlisted equity securities of the Group are recognised at cost less impairment losses as it does not have a quoted market price on active market. The range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

19. INVENTORIES

	2015	2014
	RMB'000	RMB'000
Raw materials	**–**	242
Work in progress	**–**	2,305
Finished goods	**–**	581
	–	3,128

The analysis of the amount of inventories recognised as an expense and included in consolidated statement of profit or loss and other comprehensive income is approximately RMB15,978,000 (2014: RMB13,766,000).

20. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**17,363**	31,696
Less: Allowance for impairment	**(4,839)**	(2,905)
	12,524	28,791
Other receivables	**4,094**	8,225
Less: Allowance for impairment	**(744)**	—
	3,350	8,225
Prepayments, rental and other deposits	**7,534**	3,612
	23,408	40,628

The Group allows an average credit period normally 90 days (2014: 90 days) to its trade customers. The following is an aged analysis of trade (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	2015 RMB'000	2014 RMB'000
Within 1 year	**7,155**	7,953
1 to 2 years	**45**	14,473
Over 2 years	**5,324**	6,365
	12,524	28,791

20. TRADE AND OTHER RECEIVABLES *(continued)*

The movements in provision for impairment of trade and other receivables of the Group are as follows:

	Trade receivables	
	2015	2014
	RMB'000	RMB'000
At 1 July	**2,905**	2,905
Impairment loss recognised	**2,522**	–
Transferred to assets of disposal groups classified as held for sale	**(588)**	–
At 30 June	**4,839**	2,905

	Other receivables	
	2015	2014
	RMB'000	RMB'000
At 1 July	**–**	–
Impairment loss recognised	**744**	–
At 30 June	**744**	–

As at 30 June 2015, the Group's trade and other receivables are determined individually whether they are impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. An accumulated allowance for doubtful debts of trade and other receivables of approximately RMB5,583,000 (2014: RMB2,905,000) has been recognised during the year ended 30 June 2015.

The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	2015	2014
	RMB'000	RMB'000
Less than 1 year past due	**6,749**	1,882
1 to 2 years past due	**45**	14,473
Over 2 years past due	**5,324**	6,365
	12,118	22,720

20. TRADE AND OTHER RECEIVABLES *(continued)*

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21. TRADE AND OTHER PAYABLES

	2015 **RMB'000**	2014 RMB'000
Trade payables	**10,117**	17,961
Other payables and accruals	**4,655**	12,096
Receipt in advance	**446**	2,912
	15,218	32,969

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2015 **RMB'000**	2014 RMB'000
Within 1 year	**1,625**	6,877
Over 1 year	**8,492**	11,084
	10,117	17,961

The average credit period on purchases of goods is normally 90 days. The Group has financial risk management policies in place to ensure all trade payables are settled within the credit time frame.

22. CORPORATE BONDS

During the year ended 30 June 2015, the Company issued 3 months to 1 year corporate bonds with aggregate principal amounts of HK$25,500,000 (equivalent to approximately RMB20,392,000) to certain independent third parties, net of direct expenses of approximately HK$855,000 (equivalent to approximately RMB684,000), which are due in August 2015, March 2016, April 2016 and May 2016. These corporate bonds carried interest at fixed rates of 6.5% to 36% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 15.52% to 36% per annum.

	RMB'000
Proceeds from issuance of corporate bonds	20,392
Transaction costs for corporate bonds issuance	(684)
Imputed interest	113
At 30 June 2015	19,821

23. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised:		
Ordinary shares of HK$0.005		
At 1 July 2013, 30 June 2014 and at 30 June 2015	**20,000,000**	106,000

	Number of shares '000	Amount RMB'000
Issued and fully paid:		
Ordinary shares of HK$0.005		
At 1 July 2013	**1,834,040**	8,076
Issue of shares in consideration for acquisition of subsidiaries *(note a)*	**62,000**	246
Shares issued upon the exercise of share options *(note b)*	**6,450**	26
At 30 June 2014	**1,902,490**	8,348
Issue of shares *(note c)*	**190,000**	760
At 30 June 2015	**2,092,490**	9,108

23. SHARE CAPITAL *(continued)*

(a) During the year ended 30 June 2014, the Company issued 62,000,000 shares of HK$0.005 each at a price of HK$0.41 each (the "Consideration Shares") as the consideration for the acquisition of the entire equity interest of Luck Shamrock and the sale loan of approximately HK$702,000 (equivalent to approximately RMB571,000), resulting in the increase in share capital and share premium amounting to HK$310,000 (equivalent to approximately RMB246,000) and approximately HK$25,000,000 (equivalent to approximately RMB19,977,000) respectively.

(b) During the year ended 30 June 2014, the subscription rights attaching to 6,450,000 share options were exercised at the exercise price of HK$0.355 per share, resulting in the issue of 6,450,000 shares and new share capital of HK$32,000 (equivalent to approximately RMB26,000) and share premium of HK$2,257,000 (equivalent to approximately RMB1,792,000), together with a release of the share options reserve amounting to HK$560,000 (equivalent to approximately RMB462,000) credited to the share premium account.

(c) During the year ended 30 June 2015, the Company completed the placing and subscription of 190,000,000 shares at a price of HK$0.16 per share. The proceeds of HK$950,000 (equivalent to approximately RMB760,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK$29,450,000 (equivalent to approximately RMB23,550,000), before issue expenses, have been credited to the share premium account. Details are set out in the announcements dated 26 February 2015 and 17 March 2015.

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

All new ordinary shares issued during the year rank pari passu in all respects with the existing shares.

24. SHARE OPTION SCHEME

On 5 November 2010, the shareholders of the Company adopted a share option scheme (the "Scheme") which will expire on 4 November 2020 for the primary purpose of providing incentives to Eligible Participants (as defined below) for their contribution or potential contribution to the Group. Pursuant to the Scheme, the directors may grant options to Eligible Participants to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. A summary of the Scheme is as follows:

Eligible Participants	Any full time or part time employees or potential employees, executives or officers (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers, who will or have contributed to the Company or its subsidiaries.
Total number of Shares available for issue under the Scheme	The total number of Shares which may be issued under the Scheme upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 10% of the Shares in issue as at the date of relevant shareholders' approval.

24. SHARE OPTION SCHEME *(continued)*

Total number of Shares available for issue for options granted under the Scheme	At 30 June 2011, the number of Shares issuable under for issue for options granted under the Scheme was 131,040,000 shares, which represented approximately 7.45% of the issued share capital of the Company as at that date.
Maximum entitlement of each Eligible Participant	The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the number of Shares in issue at the date of grant.
Period under which the Shares must be taken up under an option	The period during which the options may be exercised will be determined by the board of directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted and accepted.
Minimum period for which an option must be held before it can be exercised	The board of directors of the Company may determine the minimum period for which an option must be held before it can be exercised.
Period within which payments/ calls/loans must be made/ repaid	28 days from the date of the offer of the options.
Basis of determining the exercise price	The exercise price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
The remaining life of the Scheme	The Scheme remains in force until 4 November 2020 unless otherwise terminated in accordance with the terms stipulated therein.
Amount payable on acceptance of the option	HK$1.00

Share options do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

During the year ended 30 June 2015, no option was granted, exercised or cancelled, nor were there any outstanding at the beginning and at the end of the year.

24. SHARE OPTION SCHEME *(continued)*

Details of movements in the share options during the years ended 30 June 2014 and 2015 under the Scheme are as follows:

Grantees	Exercisable period	Outstanding at 1 July 2013 '000	Exercise during the year '000	Lapsed during the year '000	Outstanding at 30 June 2014 and 30 June 2015 '000
		Number of share option			
Executive Director:					
Wu Chun Wah, Michael	2.6.2012-1.6.2014	440	(440)	–	–
Non-Executive Director:					
Xu Bo *(note 1)*	2.6.2012-1.6.2014	440	–	(440)	–
Independent Non-Executive Directors:					
Leung Heung Ying *(note 2)*	2.6.2012-1.6.2014	880	–	(880)	–
Cheong Ying Chew, Henry	2.6.2012-1.6.2014	880	–	(880)	–
Zhao Bin	2.6.2012-1.6.2014	880	–	(880)	–
Employees	2.6.2012-1.6.2014	38,000	(4,010)	(33,990)	–
Other eligible participants	2.6.2012-1.6.2014	24,000	(2,000)	(22,000)	–
Total		65,520	(6,450)	(59,070)	–

Notes:

(1) Mr. Xu Bo, an executive director, had been re-designated as the non-executive director with effect from 21 November 2013.

(2) Mr. Leung Heung Ying was resigned as the independent non-executive director with effect from 27 June 2014.

(3) All share options were granted on 2 June 2011 and the exercise price of HK$0.355 was adjusted for the share subdivision made during the year ended 30 June 2013.

(4) The closing price of the shares of the Company immediately before the date on which the share options were granted (i.e. 1 June 2011) was HK$0.355 after adjustment for the share subdivision.

(5) The weighted average share price at the date of exercise for share options for the year ended 30 June 2014 was HK$0.37.

(6) No share option was granted or cancelled during the year ended 30 June 2014.

24. SHARE OPTION SCHEME *(continued)*

Fair values of share options and assumptions

The fair value is calculated using the Black-Scholes option pricing model. The weighted average inputs into the model were as follows:

	Share option granted on 2 June 2011	
	Lot 1	**Lot 2**
Share price	HK$0.355	HK$0.355
Exercise price	HK$0.355	HK$0.355
Expected volatility	66.24%	46.839%
Expected option life (in years)	1	2.001
Risk free rate	0.212%	0.479%
Dividend yield	Nil	Nil

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Expected volatility was determined by using the historical volatilities of the Company over the expected option period.

25. DEFERRED TAXATION

Deferred tax assets have not been recognised in respect of the following items:

	2015	2014
	RMB'000	RMB'000
Deductible temporary differences	**20,089**	16,274
Unused tax losses	**11,058**	8,674
	31,147	24,948

There were no deferred tax assets recognised during the year due to unpredictability of future profit streams.

The deductible temporary differences do not expire under current tax legislation. The unused tax losses will expire in five years.

26. ACQUISITION OF A SUBSIDIARY

The Group did not have any acquisition of subsidiary during the year ended 30 June 2015.

On 3 May 2013, Best Creation International Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Energy Treasure Limited (the "Vendor"), an independent third party, to acquire 100% of the issued share capital of Luck Shamrock and the sale loan amount of HK$701,999 (approximately RMB571,000) payable by Luck Shamrock at a total consideration of HK$25,420,000 (approximately RMB20,236,000). Luck Shamrock is incorporated in Hong Kong with limited liability and principally engaged in investment holding of 100% equity interest in 徐州安邦自動化設備有限公司, which is principally engaged in energy savings and energy efficiency services and sales of energy saving products. The acquisition was completed on 22 August 2013.

The following table summarises the consideration paid for the above acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2014 RMB'000
Total consideration satisfied by the Consideration Shares at fair value as at the date of issuance *(note 23)*	20,236
Less: Amount due to the Vendor assigned to the Group	(571)
	19,665
Less: Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	84
Inventories	155
Trade and other receivables	14,507
Cash and cash equivalents	523
Trade and other payables	(14,698)
Amount due to the Vendor	(571)
Total identifiable net assets	—
Goodwill *(note 16)*	19,665

Acquisition of a subsidiary, net of cash and cash equivalents acquired

	RMB'000
Cash and cash equivalents acquired	523
Net cash inflow from acquisition of a subsidiary	523

26. ACQUISITION OF A SUBSIDIARY *(continued)*

The revenue and loss for the year ended 30 June 2014 included in the consolidated profit or loss since the acquisition date contributed by the above acquired subsidiary amounted to RMB1,410,000 and RMB202,000 respectively.

Had the acquisition been completed on 1 July 2013, total Group's revenue and loss for the year ended 30 June 2014 would be RMB15,408,000 and RMB20,543,000 respectively. The proforma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2013, nor was it intended to be a projection of future results.

The fair value and gross contractual amounts of trade and other receivables at the date of acquisition approximated their carrying amounts and were expected to be fully recovered in the future.

Acquisition-related costs of RMB133,000 had been charged to administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2014.

Goodwill arose in the acquisition of Luck Shamrock because the cost of the combination included a control premium paid to acquire its business. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies to be achieved from integrating the subsidiary into the Group's existing business, future market development and the assembled workforce of Luck Shamrock. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

27. OPERATING LEASE COMMITMENTS

The Group leases certain of its office premises under operating lease arrangement, with leases negotiated for terms of 2 to 3 years. None of the leases includes contingent rentals. As at 30 June 2015 and 2014, the Group's total future minimum lease payments under non-cancellable operating leases for each of the following period were:

	2015 **RMB'000**	2014 RMB'000
Within one year	**770**	535
In the second to fifth year, inclusive	**458**	199
	1,228	734

28. CAPITAL COMMITMENTS

The Group had the following capital commitments outstanding not provided for at the end of the reporting date:

	2015 **RMB'000**	2014 RMB'000
Acquisition of subsidiaries:		
Authorised, but not contracted for	**3,239**	—
Contracted, but not provided for	**9,196**	—
	12,435	—

29. RELATED PARTY TRANSACTION

During the years ended 30 June 2015 and 2014, compensation of key management personnel represents only directors' remuneration as set out in note 10. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

During the years ended 30 June 2015 and 2014, the Company did not have any connected transactions or continuing connected transactions as defined in Chapter 20 of the Listing Rules.

30. FINANCIAL INSTRUMENTS

(A) Financial instruments by categories

	Loans and receivables	
	2015	2014
	RMB'000	RMB'000
Assets		
Trade and other receivables	**16,024**	37,201
Cash and bank balances	**272**	1,462
	16,296	38,663

	Financial liabilities at amortised cost	
	2015	2014
	RMB'000	RMB'000
Liabilities		
Trade and other payables	**14,772**	30,057
Corporate bonds	**19,821**	—
	34,593	30,057

30. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and foreign currency risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as summarised below.

(a) Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, due to the fluctuation of the prevailing market interest rate. It is the Group's policy to keep its bank balances at floating rate of interest so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to corporate bonds (see Note 22 for details).

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The directors of the Company consider that the interest rate risk in relation to variable bank balances are insignificant due to these balances are either within short maturity period or the outstanding balances are not significant.

(ii) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

30. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy *(continued)*

(b) Credit risk

As at 30 June 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to a failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's concentration of credit risk by geographical location is in the PRC, which accounted for 100% (2014: 100%) of the total trade receivable as at 30 June 2015. The Group has concentration of credit risk as 44% (2014: 27%) and 98% (2014: 81%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

30. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy *(continued)*

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables	**Carrying amount**	**Contractual undiscounted cash flows**	**Within 1 year or on demand**
	RMB'000	RMB'000	RMB'000
At 30 June 2015			
Trade and other payables	14,772	14,772	14,772
Corporate bonds	19,821	22,375	22,375
Total	34,593	37,147	37,147
At 30 June 2014			
Trade and other payables	30,057	30,057	30,057

(C) Fair value measurements recognised in the consolidated statement of financial position on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents, issue of corporate bonds and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the issue of new debt.

32. EMPLOYEE RETIREMENT BENEFITS

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (HK$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by employees.

The Group's subsidiaries operating in the PRC participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB160,000 (2014: RMB216,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

33. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Plant and equipment	**148**	11
Interests in subsidiaries	**40,618**	59,918
Deposits paid for acquisition of investments	**27,084**	—
	67,850	59,929
CURRENT ASSETS		
Other receivables	**5,088**	92
Cash and bank balances	**33**	248
	5,121	340
CURRENT LIABILITIES		
Other payables	**2,436**	1,208
Corporate bonds	**19,821**	—
Amounts due to subsidiaries	**4,692**	4,659
	26,949	5,867
NET CURRENT LIABILITIES	**(21,828)**	(5,527)
NET ASSETS	**46,022**	54,402
EQUITY		
Share capital *(notes 23)*	**9,108**	8,348
Reserves *(note)*	**36,914**	46,054
TOTAL EQUITY	**46,022**	54,402

33. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY *(continued)*

Note: (continued)

Reserves

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Translation reserves RMB'000	Total RMB'000
At 1 July 2013	102,525	4,689	(21,692)	(10,072)	75,450
Loss for the year	—	—	(50,906)	—	(50,906)
Released upon lapse of share options	—	(4,227)	4,227	—	—
Shares issued upon exercise of share options	2,254	(462)	—	—	1,792
Issue of consideration shares *(note 23)*	19,977	—	—	—	19,977
Exchange difference arising from translation of financial statements of foreign operation	—	—	—	(259)	(259)
At 30 June 2014	124,756	—	(68,371)	(10,331)	46,054
Loss for the year	—	—	(32,330)	—	(32,330)
Issue of shares, net of expenses *(note 23)*	22,940	—	—	—	22,940
Exchange difference arising from translation of financial statements of foreign operation	—	—	—	250	250
Balance at 30 June 2015	147,696	—	(100,701)	(10,081)	36,914

34. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2015 and 2014 are as follows:

Name	Place of incorporation/ operations	Particulars of issued capital/ registered capital	Group's effective interest	Proportion of ownership interest: Directly held	Proportion of ownership interest: Indirectly held	Principal activities
Easy Union Holdings Limited	BVI/Hong Kong	50,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Rising Dragon International Limited	BVI/Hong Kong	100 ordinary shares of US$1 each	100%	100%	–	Investment holding
北京科瑞易聯節能科技發展有限公司	PRC	HK$35,000,000	100%	–	100%	Provision of energy saving services and related products
Action Win Investments Limited	Hong Kong	1 ordinary share of HK$1	100%	100%	–	Investment holding
Best Creation International Limited	Republic of Seychelles/ Hong Kong	1 ordinary share of US$1	100%	100%	–	Investment holding
Huntop Trading Limited	Hong Kong	1 ordinary share of HK$1	100%	–	100%	Investment holding
北京科瑞天誠科技有限公司	PRC	HK$14,000,000	100%	–	100%	Provision of energy saving services and related products
Sincere Action	Hong Kong	1 ordinary share of HK$1	100%	–	100%	Investment holding
浙江科瑞照明技術有限公司	PRC	RMB10,000,000	51%	–	51%	Manufacturing, selling and undertaking of installation work of electrodeless lamps
Creative i-Energy System Company Limited	Hong Kong	1 ordinary share of HK$1	100%	–	100%	Inactive
Luck Shamrock	Hong Kong	1 ordinary share of HK$1	100%	–	100%	Investment holding
徐州安邦自動化設備有限公司	PRC	US$90,000	100%	–	100%	Provision of energy saving services and related products
Philippines Dragon Limited	BVI/Hong Kong	20 ordinary shares of US$1 each	100% (2014: nil)	100%	– (2014: nil)	Investment holding
Philippines Dragon Limited	Hong Kong	20 ordinary shares of HK$1 each	100% (2014: nil)	–	100% (2014: nil)	Investment holding

The Group does not have any subsidiary which has non-controlling interests material to the Group.

None of subsidiaries had issued any debt securities subsisting at the end of both years or any time during both years.

35. EVENTS AFTER THE REPORTING PERIOD

(a) On 22 June 2015, the Company entered into a placing agreement with a placing agent whereby the Company agreed to place, through the placing agent, on a best effort basis, up to an aggregate of 190,000,000 new shares to not less than six placees at a price of HK$0.165 per placing share, which represented approximately 9.08% of the aggregated number of the issued ordinary shares of the Company as at 30 June 2015; and approximately 8.32% of the aggregated number of the issued ordinary shares of the Company as enlarged by the issue of the 190,000,000 placing shares. The placement had been completed on 6 July 2015 and a total of 190,000,000 new shares were issued providing the aggregate net proceeds of approximately RMB24,822,000 (equivalent to HK$31,040,000) to the Company.

Details are set out in the announcements dated 22 June 2015 and 6 July 2015.

(b) On 22 July 2015, Treasure Explorer Investments Limited, a wholly owned subsidiary of the Company which incorporated after the end of the reporting period, entered into a sale and purchase agreement with an independent third party, to acquire the entire issued share capital of Super Hero Production Company Limited at the consideration of RMB240,000 (equivalent to HK$300,000). The acquisition was completed on 22 July 2015.

Details are set out in the announcements dated 24 July 2015.

(c) On 11 September 2015, the Group entered into the disposal agreement with an independent third party to dispose the entire equity interest in Luck Shamrock, at a consideration of RMB14,380,000. The aforesaid disposal was completed on 23 September 2015.

Details are set out in the announcements of the Company dated 11 September 2015 and 23 September 2015.

(d) On 17 September 2015, the Group entered into the disposal agreement with an independent third party to dispose the entire equity interest in Sincere Action, at a consideration of RMB6,600,000. The aforesaid disposal was completed on 22 September 2015.

Details are set out in the announcements of the Company dated 17 September 2015 and 22 September 2015.

(e) On 21 August 2015, the board of directors proposed a bonus issue of shares on the basis of one bonus share for every two existing shares held by the qualifying shareholders of the Company. The proposal was approved at the extraordinary general meeting on 24 September 2015.

Financial Summary

	Years ended 30 June				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover	**16,695**	15,049	20,198	21,235	13,271
(Loss)/Profit for the year	**(17,606)**	(20,626)	(7,738)	(14,328)	76,211

	As at 30 June				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**83,616**	64,301	52,339	52,913	44,007
Total liabilities	**(45,904)**	(32,969)	(22,258)	(17,378)	(17,433)
Net assets	**37,712**	31,332	30,081	35,535	26,574
Share capital	**9,108**	8,348	8,076	8,076	7,774
Reserves	**27,415**	19,813	18,129	25,106	18,800
Total equity attributable to equity shareholders of the Company	**36,523**	28,161	26,205	33,182	26,574
Non-controlling interests	**1,189**	3,171	3,876	2,353	—
Total equity	**37,712**	31,332	30,081	35,535	26,574