



Creative Energy Solutions Holdings Limited 科瑞控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2016
Interim Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of 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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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 report misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Notes	Three months ended 31 December		Six months ended 31 December	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	3	8,415	2,095	9,142	10,202
Cost of sales		<u>(5,828)</u>	<u>(1,985)</u>	<u>(6,461)</u>	<u>(9,823)</u>
Gross profit		2,587	110	2,681	379
Loss on disposal of subsidiaries		—	—	(556)	—
Other income		129	4	160	5
Distribution costs		(1,649)	(149)	(1,843)	(309)
Administrative expenses		(8,184)	(2,072)	(12,829)	(3,646)
Finance costs		<u>(2,562)</u>	<u>—</u>	<u>(3,876)</u>	<u>—</u>
Loss before taxation		(9,679)	(2,107)	(16,263)	(3,571)
Taxation	4a	<u>(306)</u>	<u>(1)</u>	<u>(306)</u>	<u>(1)</u>
Loss for the period	4b	<u><u>(9,985)</u></u>	<u><u>(2,108)</u></u>	<u><u>(16,569)</u></u>	<u><u>(3,572)</u></u>
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange reserve released upon disposal of subsidiaries		—	—	2	—
Exchange difference arising from translation of financial statements of foreign operations		<u>209</u>	<u>—</u>	<u>1,403</u>	<u>—</u>
Total comprehensive expense for the period		<u><u>(9,776)</u></u>	<u><u>(2,108)</u></u>	<u><u>(15,164)</u></u>	<u><u>(3,572)</u></u>

	Note	Three months ended 31 December		Six months ended 31 December	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss for the period attributable to:					
— Equity shareholders of the Company		(9,556)	(1,994)	(15,802)	(3,348)
— Non-controlling interests		(429)	(114)	(767)	(224)
		<u>(9,985)</u>	<u>(2,108)</u>	<u>(16,569)</u>	<u>(3,572)</u>
Total comprehensive expense for the period attributable to:					
— Equity shareholders of the Company		(9,347)	(1,994)	(14,397)	(3,348)
— Non-controlling interests		(429)	(114)	(767)	(224)
		<u>(9,776)</u>	<u>(2,108)</u>	<u>(15,164)</u>	<u>(3,572)</u>
		<i>RMB</i>	<i>RMB</i> (restated)	<i>RMB</i>	<i>RMB</i> (restated)
Loss per share					
Basic and diluted	6	<u>(0.28 cents)</u>	<u>(0.06 cents)</u>	<u>(0.46 cents)</u>	<u>(0.11 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	<i>Notes</i>	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Non-current assets			
Plant and equipment	7	1,355	167
Deposits paid for acquisition of investments	8	16,783	27,884
Intangible asset	9	5,573	—
Goodwill	10	30,244	—
Available-for-sale financial assets		—	—
		<u>53,955</u>	<u>28,051</u>
Current assets			
Inventories		1,759	—
Consideration receivables	21	16,710	—
Loan receivables	11	17,598	—
Trade and other receivables	12	20,001	23,408
Bank balances and cash		2,501	272
		<u>58,569</u>	<u>23,680</u>
Assets of disposal group classified as held for sale		—	31,885
Total current assets		<u>58,569</u>	<u>55,565</u>
Current liabilities			
Trade and other payables	13	18,639	15,218
Obligation under finance leases		99	—
Promissory notes	14	3,968	—
Corporate bonds	15	17,578	19,821
		<u>40,284</u>	<u>35,039</u>
Liabilities directly associated with the assets classified as held for sale		—	10,865
Total current liabilities		<u>40,284</u>	<u>45,904</u>
Net current assets		<u>18,285</u>	<u>9,661</u>
Total assets less current liabilities		<u>72,240</u>	<u>37,712</u>

	<i>Notes</i>	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Capital and reserves			
Share capital	<i>16</i>	14,568	9,108
Reserves		33,015	27,415
Equity attributable to owners of the Company		47,583	36,523
Non-controlling interests		1,174	1,189
Total equity		48,757	37,712
Non-current liabilities			
Corporate bonds	<i>15</i>	21,594	—
Obligation under finance leases		106	—
Deferred tax liability	<i>17</i>	1,783	—
		23,483	—
Total equity and non-current liabilities		72,240	37,712

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Attributable to equity shareholders of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 July 2014 (Audited)	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 16)	760	22,940	—	—	23,700	—	23,700
At 30 June 2015 (Audited)	<u>9,108</u>	<u>147,696</u>	<u>5,668</u>	<u>(125,949)</u>	<u>36,523</u>	<u>1,189</u>	<u>37,712</u>
At 1 July 2015 (Audited)	9,108	147,696	5,668	(125,949)	36,523	1,189	37,712
Loss for the period	—	—	—	(15,802)	(15,802)	(767)	(16,569)
Exchange reserve released upon disposal of subsidiaries	—	—	2	—	2	—	2
Exchange difference arising from translation of financial statements of foreign operations	—	—	1,403	—	1,403	—	1,403
Total comprehensive expense for the period	—	—	1,405	(15,802)	(14,397)	(767)	(15,164)
Issue of shares, net of expenses (note 16)	780	24,677	—	—	25,457	—	25,457
Bonus Issue (note 16)	4,680	(4,680)	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	1,824	1,824
Disposal of subsidiaries	—	—	—	—	—	(1,072)	(1,072)
At 31 December 2015 (Unaudited)	<u>14,568</u>	<u>167,693</u>	<u>7,073</u>	<u>(141,751)</u>	<u>47,583</u>	<u>1,174</u>	<u>48,757</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Six months ended	
	31 December	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(26,371)</u>	<u>(1,472)</u>
Investing activities		
Net cash outflow on acquisition of subsidiaries	(9,492)	—
Net cash outflow on deposits paid for acquisition of investments	(5,612)	—
Net cash inflow on disposal of subsidiaries	3,734	—
Acquisition of plant and equipment	(615)	—
Interest received	—	5
Net cash (used in) generated from investing activities	<u>(11,985)</u>	<u>5</u>
Financing activities		
Proceeds from issuance of corporate bonds	25,443	—
Expenses on issuance of corporate bonds	(4,058)	—
Proceeds from issuance of shares	25,714	—
Expenses on issuance of shares	(257)	—
Interest paid	(2,457)	—
Other borrowings raised	—	2,200
Repayment of corporate bonds	(4,190)	—
Net cash generated from financing activities	<u>40,195</u>	<u>2,200</u>
Net increase in cash and cash equivalents	1,839	733
Effect of change in foreign exchange rate	5	1
Cash and cash equivalents at 1 July	<u>657</u>	<u>1,462</u>
Cash and cash equivalents at 31 December, represented by bank balances and cash	<u><u>2,501</u></u>	<u><u>2,196</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Six Months Ended 31 December 2015

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”).

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 located at 23/F., Sang Woo Building, No. 227-228 Gloucester Road, Wan Chai, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of energy saving service and related products in the People’s Republic of China (the “PRC”), money lending business and provision of insurance brokerage services in Hong Kong and provision of information technology services in the Philippines.

The condensed 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 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. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis. Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2015 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the results, the financial position and disclosures of the condensed consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of energy saving service and related products, insurance brokerage service, money lending service and information technology service. Specifically, the Group's reportable segments same as operating under HKFRS 8 are as follows:

- (a) Energy saving service and related products;
- (b) Insurance brokerage service;
- (c) Money lending service; and
- (d) Information technology service.

The insurance brokerage service segment, money lending segment and information technology service segment are introduced during the six months ended 31 December 2015 through the acquisition of Kirin Financial Group Limited and its subsidiaries ("Kirin"), Red Link Enterprises Limited and its subsidiaries ("Red Link") and Red Rabbit Technology Inc. ("Red Rabbit") respectively.

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

For the six months ended 31 December

	2015					2014				
	Energy saving service and related products	Insurance brokerage service	Money lending service	Information technology service	Total	Energy saving service and related products	Insurance brokerage service	Money lending service	Information technology service	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,108	2,152	409	1,473	9,142	10,202	—	—	—	10,202
Segment (loss) profit	(320)	(3,909)	165	956	(3,108)	(230)	—	—	—	(230)
Unallocated corporate expenses					(8,883)					(3,346)
Unallocated other income					160					5
Loss on disposal of subsidiaries					(556)					—
Finance costs					(3,876)					—
Loss before taxation					(16,263)					(3,571)

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

For the three months ended 31 December

	2015					2014				
	Energy saving service and related products	Insurance brokerage service	Money lending service	Information technology service	Total	Energy saving service and related products	Insurance brokerage service	Money lending service	Information technology service	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4,381	2,152	409	1,473	8,415	2,095	—	—	—	2,095
Segment (loss) profit	(480)	(3,909)	165	956	(3,268)	(189)	—	—	—	(189)
Unallocated corporate expenses					(3,978)					(1,922)
Unallocated other income					129					4
Finance costs					(2,562)					—
Loss before taxation					(9,679)					(2,107)

Segment loss represents the loss incurred for or profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs, loss on disposal of subsidiaries and other income. This is the measure reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.



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

	31/12/2015					30/6/2015					
	Energy saving services	and related products	Insurance brokerage services	Money lending service	Information technology services	Energy saving services	and related products	Insurance brokerage services	Money lending service	Information technology services	
	RMB'000	RMB'000	RMB'000	RMB'000	Total RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total RMB'000
Segment assets	14,201	14,394	20,418	25,673	74,686	53,078	—	—	—	—	53,078
Unallocated corporate assets					37,838						30,538
Total assets					112,524						83,616
Segment liabilities	13,315	2,603	266	236	16,420	22,561	—	—	—	—	22,561
Unallocated corporate liabilities					47,347						23,343
Total liabilities					63,767						45,904

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

- All assets are allocated to operating segments other than certain plant and equipment, available-for-sale financial assets, consideration receivables, certain other receivables, deposits paid for acquisition of investments and bank balances and cash as these assets are managed on a group basis.
- All liabilities are allocated to operating segments other than certain other payables, promissory note, corporate bonds and deferred tax liability as these liabilities are managed on a group basis.

4a. TAXATION

	Three months ended		Six months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	(400)	(1)	(400)	(1)
Deferred tax	94	—	94	—
	<u>(306)</u>	<u>(1)</u>	<u>(306)</u>	<u>(1)</u>

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

4b. LOSS FOR THE PERIOD

	Three months ended		Six months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period have been arrived at after charging (crediting):				
Staff costs (including directors' remuneration)				
— Salaries, wage and other benefits	3,036	824	3,708	1,421
— Retirement benefits scheme contribution	19	19	139	38
Bank interest income	—	(4)	—	(5)
Amortisation of intangible asset	293	—	293	—
Depreciation of plant and equipment	36	19	262	38
Operating lease rentals of properties	641	365	1,181	741
	<u>641</u>	<u>365</u>	<u>1,181</u>	<u>741</u>

5. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 31 December 2014: nil).

6. LOSS PER SHARE

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

	Three months ended		Six months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Loss				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	<u>(9,556)</u>	<u>(1,994)</u>	<u>(15,802)</u>	<u>(3,348)</u>
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>3,423,735</u>	<u>2,836,521</u>	<u>3,414,442</u>	<u>2,836,521</u>

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company for the six months ended 31 December 2015 of approximately RMB15,802,000 (2014: RMB3,348,000) and the weighted average number of 3,414,442,000 (2014: 2,836,521,000 (restated)) ordinary shares in issue during the period. The comparative amount of the basic loss per share for 2014 has been adjusted to reflect the impact of the bonus issue of shares as set out in the announcements and circular of the Company dated 21 August 2015, 4 September 2015 and 7 September 2015. The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the six months ended 31 December 2015 (2014: nil).

7. MOVEMENT IN PLANT AND EQUIPMENT

During the current interim period, the Group acquired certain plant and equipment at the cost of approximately RMB615,000 (six months ended 30 June 2014: nil).

8. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS

Principal activities of potential investments	Notes	31/12/2015 RMB'000	30/6/2015 RMB'000
Assets management and financial service	<i>a</i>	4,626	—
Exhibition and presentation	<i>b</i>	6,501	—
Information technology service	<i>c</i>	—	12,395
Insurance brokerage service	<i>d</i>	—	5,318
Transportation service	<i>e</i>	5,656	3,439
Assets management and financial service	<i>f</i>	—	4,718
Others		—	2,014
		16,783	27,884

- (a) During the period ended 31 December 2015, the Company entered into an agreement with an independent third party and paid the refundable deposit of approximately RMB4,626,000 (equivalent to HK\$5,520,000) (30 June 2015: nil) for the acquisition of a business, which is principally engaged in provision of assets management and financial services.
- (b) During the period ended 31 December 2015, the Company entered into memorandum of understanding with an independent third party and paid the break fee of approximately RMB6,501,000 (equivalent to USD1,000,000) (30 June 2015: nil). Upon signing the memorandum of understanding, the Group shall have the right to co-operate public or private presentation of Marvel's The AVENGERS S.T.A.T.I.O.N (Scientific Training And Tactical Intelligence Operative Network) with current South Korean Exhibition set, Collection and Exhibitory creatively assembled together in Venues for viewing by the public with the intention of selling admission tickets aimed at producing a profit.

Details are set out in the announcement dated 24 July 2015 and 7 October 2015.

- (c) 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) (31 December 2015: nil) for the acquisition of 51% equity interests of Red Rabbit.

The aforesaid acquisition was completed on 24 September 2015.

- (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 RMB5,318,000 (equivalent to HK\$6,650,000) (31 December 2015: nil) for the acquisition of entire equity interest of Kirin.

The aforesaid acquisition was completed on 24 August 2015.

- (e) 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 HK\$4,300,000 for the acquisition of a business, which is principally engaged in provision of transportation service. The amount is equivalent to RMB3,439,000 at 30 June 2015. Owing to the change of foreign exchange rate, the amount is equivalent to RMB3,603,000 at 31 December 2015. Deposit of approximately RMB2,053,000 (equivalent to HK\$2,450,000) was further paid during the period ended 31 December 2015.
- (f) 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. The deposit was refunded during the period ended 31 December 2015.

9. INTANGIBLE ASSET

	Exclusive Operation Agreement <i>RMB'000</i>
Arising on acquisition of a subsidiary (<i>note 22c</i>)	5,866
Amortisation during the period	<u>(293)</u>
At 31/12/2015	<u><u>5,573</u></u>

The intangible asset of the Group as at 31 December 2015 represented the right to receive license fee income from an independent third party of the Group from 1 April 2015 to 31 March 2020.

The above intangible asset has definite useful lives and is amortised over its licensing period (i.e. 5 years) using the straight line method.

10. GOODWILL

Arising on acquisition of subsidiaries and as at 31/12/2015	<i>RMB'000</i> <u><u>30,244</u></u>
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Goodwill of approximately RMB18,302,000 (note 22c), RMB9,561,000 (note 22b) and RMB2,381,000 (note 22a) arising from acquisition of Red Rabbit, Kirin and Red Link respectively were allocated to the Group's cash generating units ("CGUs") of information technology service segment, insurance brokerage service segment and money lending service segment.

Information technology service

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and pre-tax discount rate of 26.72%. Cash flows beyond the 5 year period had been extrapolated using 3.38% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Insurance brokerage service

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and pre-tax discount rate of 20.51%. Cash flows beyond the 5 year period had been extrapolated using 3.5% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Money lending service

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and pre-tax discount rate of 17.27%. Cash flows beyond the 5 year period had been extrapolated using 3.5% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

11. LOAN RECEIVABLES

	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Unsecured loan receivables	<u>17,598</u>	<u>—</u>

The unsecured loan receivables carried at 10%-14% (30/6/2015: nil) interest rate per annum.

The following table illustrated the ageing analysis, based on the loan drawn down date, of the loan receivables outstanding at the end of the reporting period:

	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
61 to 90 days	6,704	—
91 to 120 days	<u>10,894</u>	<u>—</u>
	<u>17,598</u>	<u>—</u>

The loan receivables are due for settlement at the date specified in the respect loan agreements.

12. TRADE AND OTHER RECEIVABLES

	31/12/2015 <i>RMB'000</i> (Unaudited)	30/6/2015 <i>RMB'000</i> (Audited)
Trade receivables	16,638	17,363
<i>Less: Allowance for impairment</i>	<u>(4,839)</u>	<u>(4,839)</u>
	<u>11,799</u>	<u>12,524</u>
Other receivables	4,009	4,094
<i>Less: Allowance for impairment</i>	<u>(744)</u>	<u>(744)</u>
	<u>3,265</u>	<u>3,350</u>
Prepayments, rental and other deposits	<u>4,937</u>	<u>7,534</u>
	<u>20,001</u>	<u>23,408</u>

The Group allows an average credit period normally 90 days (30/6/2015: 90 days) to its customers. The following is an ageing analysis of trade receivables (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.

	31/12/2015 <i>RMB'000</i> (Unaudited)	30/6/2015 <i>RMB'000</i> (Audited)
Within 1 year	3,345	7,155
1 to 2 years	4,331	45
Over 2 years	<u>4,123</u>	<u>5,324</u>
	<u>11,799</u>	<u>12,524</u>

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

	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Less than 1 year past due	—	6,749
1 to 2 years past due	4,331	45
Over 2 years past due	4,123	5,324
	8,454	12,118

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 or other credit enhancements over these balances.

13. TRADE AND OTHER PAYABLES

	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Trade payables	10,352	10,117
Other payables and accruals	6,956	4,655
Receipt in advance	1,331	446
	18,639	15,218

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

	31/12/2015 RMB'000 (Unaudited)	30/6/2015 RMB'000 (Audited)
Within 1 year	1,789	1,625
Over 1 year	8,563	8,492
	10,352	10,117

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

14. PROMISSORY NOTES

On 24 September 2015, the Company issued promissory notes with principal amount of HK\$5,000,000 (equivalent to approximately RMB4,190,000) as part of the consideration for acquisition of 51% equity interests in Red Rabbit as detailed in note 22. The fair value of the promissory notes at 24 September 2015 is approximately HK\$4,447,000 (equivalent to approximately RMB3,727,000) with reference to a valuation performed by Roma Appraisal Limited.

The promissory notes bear interest of 12% per annum, which is subsequently measured at amortised cost and its effective interest rate is 25.93%. Its maturity date is 23 September 2016.

The movement of the promissory notes is set out below:

	<i>RMB'000</i>
Issued during the period	3,727
Imputed interests	241
	<hr/>
At 31/12/2015	3,968
	<hr/> <hr/>

15. CORPORATE BONDS

During the period ended 31 December 2015, the Company issued 3 months to 1.5 year corporate bonds with aggregate principal amounts of HK\$30,361,000 (equivalent to approximately RMB25,443,000) to certain independent third parties, net of direct expenses of approximately HK\$4,843,000 (equivalent to approximately RMB4,058,000), which are due in January 2016, January 2017, February 2017, March 2017, April 2017, May 2017 and June 2017. These corporate bonds carried interest at fixed rates of 7% 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 16% to 36% per annum.

During the year ended 30 June 2015, the Company issued 3 months to 12 months 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. The movement of the corporate bonds is set out below:

	<i>RMB'000</i>
Proceeds from issuance of corporate bonds	20,392
Transaction cost for issuance of corporate bonds	(684)
Imputed interest	113
	<hr/>
At 30/6/2015 (audited)	19,821
Proceeds from issuance of corporate bonds	25,443
Repayment	(4,190)
Transaction cost for issuance of corporate bonds	(4,058)
Imputed interest	1,178
Exchange difference	978
	<hr/>
At 31/12/2015 (unaudited)	<u><u>39,172</u></u>
Carrying amount repayable:	
	<i>RMB'000</i>
Within one year	17,578
After one year but within five years	21,594
	<hr/>
	39,172
Less: Amount shown under current liabilities	<u>(17,578)</u>
Amount shown under non-current liabilities	<u><u>21,594</u></u>

16. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised:		
Ordinary shares of HK\$0.005 each		
At 1/7/2014, 30/6/2015 and 31/12/2015	20,000,000	106,000
Issued and fully paid:		
At 1/7/2014	1,902,490	8,348
Issuance of shares (note a)	190,000	760
At 30/6/2015 and 1/7/2015	2,092,490	9,108
Issuance of shares (note b)	190,000	780
Bonus issue (note c)	1,141,245	4,680
At 31/12/2015	3,423,735	14,568

Notes:

- (a) 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.

- (b) During the period ended 31 December 2015, the Company completed the placing and subscription of 190,000,000 shares at a price of HK\$0.165 per share. The proceeds of HK\$950,000 (equivalent to approximately RMB780,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of approximately HK\$30,400,000 (equivalent to approximately RMB24,934,000), before issue expenses, have been credited to the share premium account.

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

- (c) By an ordinary resolution passed at the annual general meeting on 24 September 2015, the issued share capital was increased by way of a bonus issue by applying HK\$5,706,000 equivalent to approximately RMB4,680,000 charged to the share premium account as payment in full for 1,141,245,000 shares at par of HK\$0.005 each, on the basis of one new shares for every two shares held on 6 October 2015.

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

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

17. DEFERRED TAX LIABILITY

	Intangible asset <i>RMB'000</i>
Arising on acquisition of a subsidiary	1,877
Charged to profit or loss	(94)
	<hr/>
At 31/12/2015	1,783
	<hr/> <hr/>

18. COMMITMENTS**Commitments under operating leases***The Group as lessee*

The Group leases certain of its offices under operating lease arrangements. The leases typically run for an initial period of two to three years. None of the leases included contingent rentals. At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	31/12/2015 <i>RMB'000</i> (Unaudited)	30/6/2015 <i>RMB'000</i> (Audited)
Within one year	2,475	770
In the second to fifth year inclusive	2,097	458
	<hr/>	<hr/>
	4,572	1,228
	<hr/> <hr/>	<hr/> <hr/>

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

20. RELATED PARTIES TRANSACTIONS**Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during the six months ended 31 December 2015 and 2014 is as follows:

	Six months ended 31/12/2015 <i>RMB'000</i>	31/12/2014 <i>RMB'000</i>
Salaries and other benefits in kind	779	651
Retirement benefits scheme contributions	22	16
	<hr/>	<hr/>
	801	667
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

21. DISPOSAL OF SUBSIDIARIES

- (a) On 17 September 2015, the Group entered into a sale and purchase agreement with an independent third party, for the disposal of its entire equity interest in Sincere Action Investments Limited (“Sincere Action”) and its subsidiary at a cash consideration of approximately RMB6,600,000. The transaction was completed on 22 September 2015.

The assets and liabilities of Sincere Action at the date of disposal were as follows:

	<i>RMB'000</i>
Plant and equipment	881
Goodwill	6,126
Inventories	705
Trade and other receivables	3,454
Bank balances and cash	12
Trade and other payables	(2,832)
	<hr/>
Net assets disposal of	8,346
Exchange reserve release upon disposal	5
Non-controlling interest	(1,072)
Loss on disposal of subsidiaries	(679)
	<hr/>
Total consideration	6,600
	<hr/> <hr/>
Satisfied by:	
Cash received	1,400
Consideration receivable (<i>Note</i>)	5,200
	<hr/>
	6,600
	<hr/> <hr/>
Net cash inflow arising on disposal	
Cash consideration	1,400
Cash and cash equivalents disposed of	(12)
	<hr/>
	1,388
	<hr/> <hr/>

Note: The consideration receivable will be settled in cash by the vendor on or before 21 September 2016 recognised at amortised cost.

During the six months ended 30 December 2015, Sincere Action contributed a loss and cash inflows from operating activities of approximately RMB336,000 and RMB6,000 to the Group’s loss and net operating cash flows respectively.

- (b) On 11 September 2015, the Group entered into a sale and purchase agreement with an independent third party, for the disposal of its entire equity interest in Luck Shamrock Limited (“Luck Shamrock”) and its subsidiary at a cash consideration of approximately RMB14,380,000. The transaction was completed on 23 September 2015.

The assets and liabilities of Luck Shamrock at the date of disposal were as follows:

	<i>RMB'000</i>
Plant and equipment	24
Goodwill	11,665
Inventories	422
Trade and other receivables	8,169
Bank balances and cash	524
Trade and other payables	(6,544)
	<hr/>
Net assets disposal of	14,260
Exchange reserve release upon disposal	(3)
Gain on disposal of subsidiaries	123
	<hr/>
Total consideration	14,380
	<hr/> <hr/>
Satisfied by:	
Cash received	2,870
Consideration receivable (<i>Note</i>)	11,510
	<hr/>
	14,380
	<hr/> <hr/>
Net cash inflow arising on disposal	
Cash consideration	2,870
Cash and cash equivalents disposed of	(524)
	<hr/>
	2,346
	<hr/> <hr/>

Note: The consideration receivable will be settled in cash by the vendor on or before 22 September 2016 recognised at amortised cost.

During the six months ended 31 December 2015, Luck Shamrock contributed a profit and cash inflows from operating activities of approximately RMB19,000 and RMB144,000 to the Group’s loss and net operating cash flows respectively.

22. ACQUISITIONS OF SUBSIDIARIES

- (a) On 16 June 2015, the Group entered into an agreement with independent third party to acquire the entire equity interest in Red Link and its subsidiary, which engaged in money lending business in the Hong Kong, for a cash consideration of approximately RMB2,514,000 (equivalent to HK\$3,000,000). The acquisition was completed on 31 July 2015.

The directors of the Company consider that the acquisition of Red Link will provide a good business opportunity to the Group in money lending industry in Hong Kong. The acquisition of Red Link had been accounted for using the acquisition method.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	<i>RMB'000</i>
Trade and other receivables	6
Bank balances and cash	131
Trade and other payables	(4)
	<hr/>
	133
Goodwill	2,381
	<hr/>
Total consideration	2,514
	<hr/> <hr/>
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(2,514)
Less: cash and cash equivalents acquired	131
	<hr/>
Net cash outflow arising on acquisition	(2,383)
	<hr/> <hr/>

From the date of the acquisition to 31 December 2015, Red Link has contributed net profit and revenue of approximately RMB165,000 and RMB409,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total group revenue for the period would have been RMB9,142,000 and loss for the period would have been RMB16,569,000. The pro forma information is for illustrative purposes only and is not necessary 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 2015, nor is it intended to be a projection of future results.

Goodwill arose in the acquisition of Red Link is attributable to the anticipation profitability of the money lending business.

- (b) On 24 August 2015, the Group entered into an agreement with independent third party to acquire the entire equity interests in Kirin and its subsidiary, which engaged in insurance brokerage service in the Hong Kong, for a cash consideration of approximately RMB8,967,000 (equivalent to HK\$10,700,000). The vendor has provided a profit guarantee amounting RMB2,514,000 (equivalent to HK\$3,000,000). Details are set out in the announcement dated 24 August 2015. At the date of completion and 31 December 2015, the profit guarantee is not recognised in the condensed consolidated financial statements as the directors of the Company are of the opinion that the effect is insignificant to the Group. The acquisition was completed on 24 August 2015.

The directors of the Company consider that the acquisition of Kirin will provide a good business opportunity to the Group in insurance brokerage industry in Hong Kong. The acquisition of Kirin had been accounted for using the acquisition method.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	<i>RMB'000</i>
Plant and equipment	665
Trade and other receivables	2,494
Bank balances and cash	900
Trade and other payables	(4,764)
Obligation under finance leases	(164)
	<u>(869)</u>
Non-controlling interest	275
Goodwill	9,561
	<u>8,967</u>
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(8,967)
Less: Cash and cash equivalents acquired	900
Deposit paid during the year ended 30 June 2015	5,318
	<u>(2,749)</u>
Net cash outflow arising on acquisition during the period ended 31 December 2015	<u>(2,749)</u>

From the date of the acquisition to 31 December 2015, Kirin has contributed net loss and revenue of approximately RMB2,940,000 and RMB2,152,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total group revenue for the period would have been RMB10,451,000 and loss for the period would have been RMB17,539,000. The pro forma information is for illustrative purposes only and is not necessary 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 2015, nor is it intended to be a projection of future results.

Goodwill arose in the acquisition of Kirin is attributable to the anticipation profitability of the insurance brokerage business.

- (c) On 8 April 2015 and 12 June 2015, the Group entered into an agreement and a supplemental agreement with independent third parties to acquire 51% equity interests in Red Rabbit Technology Inc. (“Red Rabbit”), which engaged in provision of information technology service in Philippines, for a consideration of approximately RMB20,950,000 (equivalent to HK\$25,000,000). Partial consideration of RMB16,760,000 (equivalent to HK\$20,000,000) was settled by cash and the remaining balance was settled by promissory note of the Company (Note 14). The vendors have provided a profit guarantee amounting to RMB4,190,000 (equivalent to HK\$5,000,000). Details are set out in the announcements dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015. At the date of completion and 31 December 2015, the profit guarantee is not recognised in the condensed consolidated financial statements as the directors of the Company are of the opinion that the effect is insignificant to the Group. The acquisition was completed on 24 September 2015.

The directors of the Company consider that the acquisition of Red Rabbit will provide a good business opportunity to the Group in provision of information technology service in Philippines. The acquisition of Red Rabbit had been accounted for using the acquisition method.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	<i>RMB'000</i>
Plant and equipment	131
Trade and other receivables	159
Bank and cash balance	5
Intangible asset (<i>Note 9</i>)	5,866
Deferred tax liability	(1,877)
	<hr/>
	4,284
Non-controlling interest	(2,099)
Goodwill	18,302
	<hr/>
Total consideration	20,487
	<hr/> <hr/>
Satisfied by:	
Cash consideration paid	16,760
Promissory note (<i>Note 14</i>)	3,727
	<hr/>
	20,487
	<hr/> <hr/>
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(16,760)
Less: Cash and cash equivalents acquired	5
Deposit paid during the year ended 30 June 2015	12,395
	<hr/>
Net cash outflow arising on acquisition during the period ended 31 December 2015	(4,360)
	<hr/> <hr/>

From the date of the acquisition to 31 December 2015, Red Rabbit has contributed net profit and revenue of approximately RMB845,000 and RMB1,473,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total group revenue for the period would have been RMB10,615,000 and loss for the period would have been RMB15,613,000. The pro forma information is for illustrative purposes only and is not necessary 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 2015, nor is it intended to be a projection of future results.

Goodwill arose in the acquisition of Red Rabbit is attributable to the anticipation profitability of the provision of information technology service business.

23. EVENT AFTER THE REPORTING PERIOD

Proposed open offer and share consolidation

On 14 January 2016, the directors of the Company proposed the share consolidation which involves the consolidation of every ten shares of ordinary shares of the Company of par value of HK\$0.005 each into one share (“Consolidated Share”) of par value of HK\$0.05 each.

Also, the directors of the Company proposed to raise not more than approximately HK\$102,712,000, before expenses, by way of the open offer, by issuing 855,933,750 ordinary shares (“Offer Shares”) at a price of HK\$0.12 per share on the basis of five Offer Shares for every two Consolidated Shares held by the qualifying shareholders on the record date.

Details are set out in the announcement dated 14 January 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company acts as an investment holding company and the Group is principally engaged in the provision of energy saving services and sales of energy saving products in the People’s Republic of China (“PRC”). The Group also commenced the money lending business in Hong Kong, the provision of insurance brokerage services in Hong Kong and the provision of information technology service in the Philippines through its subsidiaries during the six months ended 31 December 2015.

Financial Review

For the six months ended 31 December 2015, the Group’s turnover was approximately RMB9,142,000, representing a decrease of approximately RMB1,060,000 or 10% as compared to the same period in the previous year (31 December 2014: approximately RMB10,202,000). The decrease was mainly due to (i) the slowdown of the domestic economic growth, the industry has been hit by the decrease in the product demand. The market conditions of this industry have not improved during the year; and (ii) a significant sale of approximately RMB7,607,000 was recorded in the first quarter of 2014 from a non-recurring customer. Facing with the adverse factors, the Group is re-considering the market situation and will continue to adopt appropriate business plans in order to source out other business opportunities.

Given the poor operation environment, our 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 subsidiaries on 23 September 2015 and 22 September 2015 respectively so as to focus its financial resources in other businesses of the Group.

Distribution costs for the six months ended 31 December 2015 was approximately RMB1,843,000, representing an increase of 496% as compared to approximately RMB309,000 for the six months ended 31 December 2014. The increase was mainly due to additional selling and distribution expenses incurred for the business of insurance brokerage services.

Administrative expenses for the six months ended 31 December 2015 was approximately RMB12,829,000, representing an increase of approximately RMB9,183,000 as compared to the same period in the previous year (31 December 2014: approximately RMB3,646,000). The increase was mainly due to increase in legal and professional fee related to certain business acquisitions and disposals of the subsidiaries, computer expenses, salaries, operating lease rental of premises, travelling and entertainment expenses.


The finance costs represented interest on corporate bonds and promissory notes.

The Group recorded a loss of approximately RMB16,569,000 for the six months ended 31 December 2015, representing an increase of 364% as compared to the same period in the previous year. (31 December 2014: approximately RMB3,572,000).

Business Review and Prospects

The Group is principally engaged in (i) provision of energy saving solutions and related services in the PRC; (ii) insurance brokerage business in Hong Kong; (iii) money lending business in Hong Kong; and (iv) provision of information technology service in the Philippines during the six months ended 31 December 2015.

The energy saving business of the Group includes the provision of consultancy services for a variety of central air-conditioning retrofit projects in various sectors including commercial buildings and public district heating systems in the PRC. In recent years, the property market woes of the PRC intensified with continuous decline in real estate sales and price coupled with weakened domestic demand. China economic slowdown deepened as the structural transformation of economy continued.



The recent economic downturn of the PRC has caused more significant adverse impact on infrastructural related industries as the demand of steel, cement, coal and aluminum dropped dramatically leading to sharp deceleration in industrial output and increased idle capacity. Facing the severe operating environment, various iron and steel mills, cement plants, coal mining and refining plants and heavy industrial plants postponed or suspended the construction of new production facilities as well as the energy saving facilities. The situation became conspicuous in early and mid of 2014 when certain rules and policies related to restriction to pollution and excessive production capacity were imposed by the PRC government.

In addition, 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 first quarter of 2016. Eventually, 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 the clients of the Group's energy saving business have decided to cancel or request for re-tendering of the contracts the Group has been awarded. The Group is facing difficulties to solicit energy saving contracts with the Group's existing or targeted clients.

Accordingly, turnover for both of energy savings and efficiency solutions and energy savings and lighting services has declined significantly. The Group is facing fierce competition in the energy savings industry and has made substantial loss from operation every year since 2005. The Group is taking positive steps to restructure the Group's energy saving business operations and is focusing on business segments with positive outlook in order to maximize the returns to the shareholders of the Company.

Given the poor operation environment, and as two of the subsidiaries of the Company located in Xuzhou and Shaoxing require more time to develop new clients and explore new business opportunities and require further investments from the Company for them to obtain the accreditation for safety tests and expand their overseas market, the Company disposed of these two subsidiaries in September 2015 so as to focus its financial resources on other businesses of the Group. The Company expects that the financial performance of the Group's energy saving business will remain unsatisfactory in the foreseeable future and will be scaled down to a minimal level.

The Group is constantly exploring opportunities in the diversification of business risk with a view to maximising returns to the Group and the shareholders of the Company as a whole in the long run. In July 2015, the Group acquired the entire issued capital of Red Link Enterprises Limited and its subsidiary which holds a money lenders licence to carry out business as a money lender in Hong Kong. In August 2015, the Group acquired the entire issued capital of Kirin Financial Group Limited which is principally engaged in insurance brokerage and money lending business in Hong Kong. In September 2015, the Group acquired 51% equity interest in Red Rabbit Technology Inc. which is principally engaged in the provision of online game platforms, provision of software applications and solutions, including research and development and design of new software, improvement of existing software, marketing and promotion, sale and distribution of hardware and software, setting up and installation of computerized information system and the provision of maintenance services.

To cope with the future development of the Group's businesses, the Company proposes an open offer to raise fund in order to satisfy its funding needs in marketing and promotion, recruitment and training, updating of the Group's information technology system, relocating its existing business office and general working capital. The Group's short-term goal in the energy saving business is to reduce operation costs and minimise losses from operation. The Group intends to acquire its own office premise for the energy saving business to reduce the rental expenses. In the foreseeable future, the Group will not expand its energy saving business until the market conditions have been significantly improved. The management of the Group is committed to looking for business opportunities that would generate long-term returns to the shareholders of the Company.

Liquidity and Financial Resources

Cash and bank balances as at 31 December 2015 was approximately RMB2,501,000 (30 June 2015: approximately RMB272,000). At 31 December 2015, the Group's current ratio was 1.45 (30 June 2015: 1.21), based on the current assets of approximately RMB58,569,000 and current liabilities of approximately RMB40,284,000. The gearing ratio was approximately 1.31% as at 31 December 2015. (30 June 2015: 1.22%). The gearing ratio is calculated as total liabilities divided by total equity.

Capital Structure

Details of the capital structure of the Company are set out in note 16 to the condensed consolidated financial statements.

Capital Commitments

As at 31 December 2015, the Group did not have any capital commitments.

Contingent Liabilities

As at 31 December 2015, the Directors are not aware of any material contingent liabilities.

Employees and Remuneration Policies

At 31 December 2015, the Group had 58 (31 December 2014: 35) full-time employees. Staff costs amounted to approximately RMB3,708,000 for the six months ended 31 December 2015 (31 December 2014: approximately RMB1,421,000). The Group's remuneration policy remained the same as detailed in the Company's 2015 annual report.

DIVIDEND

The directors do not recommend the payment of any dividend for the six-months ended 31 December 2015 (31 December 2014: Nil).

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls.

The Audit Committee currently comprises all the independent non-executive Directors, namely, Mr. Ng Chi Ho, Dennis (as chairman), Mr. Wai Tze Lung, Francis, Ms. Chan Sin Wa, Carrie, and Mr. Chung Shu Kun, Christopher.

The unaudited financial results for the six months ended 31 December 2015 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

OTHER INFORMATION

Directors’ and chief executives’ interests or short positions in the shares, underlying shares or debentures of the company or any associated corporations

As at 31 December 2015, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (SFO)), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors’ and chief executives’ rights to acquire shares or debt securities

As at 31 December 2015, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Substantial Shareholders

As at 31 December 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	Capacity/Nature of interest	No. of shares (Note 1)	Approximate percentage of interest
Million Sino Investments Limited (Note 2)	Beneficial owner	413,464,400 (L)	12.08%
Button Hill Limited (Note 2)	Interest in a controlled corporation	413,464,400 (L)	12.08%
Mr. Xu Bo (Note 2)	Interest in a controlled corporation	413,464,400 (L)	12.08%
Asia Pacific Forest Company Limited (Note 2)	Interest in a controlled corporation	413,464,400 (L)	12.08%
Mr. Hui Chi Kwan (Note 2)	Interest in a controlled corporation	413,464,400 (L)	12.08%

Notes:

1. The Letter "L" – denotes a long position in shares.
2. The interest disclosed represents the corporate interest in 413,464,400 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 Button Hill Limited. Button Hill Limited is wholly owned by Asia Pacific Forest Company Limited. Asia Pacific Forest Company Limited is wholly owned by Mr. Hui Chi Kwan.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 December 2015.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Scheme, the board of directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the board of directors may determine.

As at 31 December 2015, none of the board of directors, employees and other eligible persons of the Company on its subsidiaries were granted options to subscribe for the shares of the Company.

MAJOR EVENTS DURING THE PERIOD

Capital Raising

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.

Major Acquisitions 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\$25,000,000. 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. Details are set out in the announcements of the Company dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015.

On 22 July 2015, Treasure Explorer Investments Limited, a wholly owned subsidiary of the Company was incorporated and 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 a 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.

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

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 Limited, 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.

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 Investments Limited, 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.

Change in Capital Structure

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.

EVENTS AFTER THE REPORTING PERIOD

On 14 January 2016, the directors of the Company proposed the share consolidation which involves the consolidation of every ten shares of ordinary shares of the Company of par value of HK\$0.005 each into one share (“Consolidated Share”) of par value of HK\$0.05 each. Also, the directors of the Company proposed to raise not more than approximately HK\$102,712,000, before expenses, by way of the open offer, by issuing 855,933,750 ordinary shares (“Offer Shares”) at a price of HK\$0.12 per share on the basis of five Offer Shares for every two Consolidated Shares held by the qualifying shareholders on the record date. Details are set out in the announcement dated 14 January 2016.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 31 December 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 period.

COMPLIANCE WITH CODE OF BEST PRACTICE

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 Code on Corporate Governance Practices (“Code on CG Practices”) 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.

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 period ended 31 December 2015.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings (“Standard Dealings”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the six months ended 31 December 2015.

By order of the Board
Chow Yik
Chairman

Hong Kong, 11 February 2016