Kirin Group Holdings Limited
麒麟集團控股有限公司

(formerly known as Creative Energy Solutions Holdings Limited 科瑞控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 8109)

2016
Annual Report

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This report, for which the directors (the "Directors") of Kirin Group Holdings Limited, formerly known as "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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Corporate Information

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

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2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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REGISTERED OFFICE

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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 PEOPLE'S REPUBLIC OF CHINA (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 Kirin Group Holdings Limited, formerly known as 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 2016.

REVIEW OF RESULTS

For the year ended 30 June 2016, the Group's turnover was approximately RMB33,774,000. The Group recorded a net loss of approximately RMB56,384,000 for the year ended 30 June 2016.

BUSINESS OPERATION

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 during the financial year so as to focus its financial resources in other businesses of the Group.

However, the Group acquired certain new businesses during the year. The Group was principally engaged in (i) provision of energy saving solutions and related services in the PRC; (ii) insurance brokerage and related service in Hong Kong; (iii) money lending business in Hong Kong; and (iv) provision of information technology service in the Philippines during the year ended 30 June 2016.

The management of the Group is committed to looking for business opportunities that would generate long-term returns to the shareholders of the Company.

PROSPECTS

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, 30 September 2016

Management Discussion and Analysis

BUSINESS REVIEW

The Group was principally engaged in (i) provision of energy saving solutions and related services in the PRC; (ii) insurance brokerage and related services in Hong Kong; (iii) money lending business in Hong Kong; and (iv) provision of information technology services in the Philippines during the year ended 30 June 2016. 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 has become 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 required more time to develop new clients and explore new business opportunities and required further investments from the Company for them to obtain the accreditation for safety tests and expand their overseas market, the Company disposed 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.

Management Discussion and Analysis

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 completed 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 and the head quarter of the Group 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.

FINANCIAL REVIEW

The Group's turnover increased from approximately RMB16,695,000 for the year ended 30 June 2015 to RMB33,774,000 for the year ended 30 June 2016, which was represented a significant increase of approximately RMB17,079,000 or 102.3%. The significant increase in the Group's turnover for the year ended 30 June 2016 was mainly because the Group acquired certain new businesses during the financial year.

The distribution costs for the year ended 30 June 2016 increased significantly by approximately 364.7% to approximately RMB2,723,000, as compared to previous year (2015: approximately RMB586,000). Increase in distribution costs was mainly the increase of marketing expenses and transportation costs. Such significant increase in various distribution costs was because certain new businesses were acquired and came into operation during the year.

Administrative expenses for the year ended 30 June 2016 was approximately RMB39,408,000, increased approximately RMB28,984,000 or 278.1% as compared with the previous year (2015: approximately RMB10,424,000). The increase in administrative expenses was due mainly to increase in computer expenses, operating lease rentals of promises, travelling and entertainment expenses. Such significant increase in various administrative expenses was because certain new businesses were acquired and came into operation during the year.

Management Discussion and Analysis

The finance costs for the year ended 30 June 2016 increased significantly by approximately 1,041.8% to approximately RMB10,459,000, as compared to previous year (2015: approximately RMB916,000). Increase in finance costs was mainly the increase of interest expenses on corporate bonds and other borrowings.

The Group recorded a net loss of approximately RMB56,384,000 for the year ended 30 June 2016, representing a increase of approximately RMB38,778,000 or 220.3% as compared to the previous year (2015: approximately RMB17,606,000). Significant increase in net loss was a result of the increases in administrative expenses and finance costs.

Loss per share for the year ended 30 June 2016 was RMB10.01 cents (2015: RMB5.03 cents (Restated)).

FINANCIAL POSITION

As at 30 June 2016, the net current assets was approximately RMB68,465,000 (2015: RMB9,661,000) of which approximately RMB15,943,000 were cash and cash equivalents (2015: approximately 272,000). The Group had no bank borrowing as at 30 June 2016 (2015: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 30 June 2016 was approximately RMB15,943,000 (2015: approximately RMB272,000). As at 30 June 2016, the Group current ratio was 1.96 (2015: 1.2), comprised current assets of approximately RMB139,930,000 and current liabilities of approximately RMB71,465,000. Increase in current assets and current liabilities were mainly attributable to the increase in loan receivables owing to the new business of money lending services, consideration receivables in association with the disposals of subsidiaries during the year, the increase of prepayments, rental and other deposits relating to new offices for new businesses acquired during the year and the increase in cash and bank balances owing the fund raising activities during the year. The gearing ratio was approximately 88.1% (2015: 121.7%) as at 30 June 2016, which was computed as total liabilities of approximately RMB92,182,000 divided by total equity of approximately RMB104,667,000.

CAPITAL RAISING

Save as disclosed under the section “Major Events During the Year Under Review”, the Company had no capital raising activity during the year.

Significant Investments

Other than as disclosed under the section “Major Events During the Year Under Review”, the Group had no other significant investments during the year under review.

CAPITAL STRUCTURE

Details of changes in capital structure of the Company during the year ended 30 June 2016 are set out in note 29 to the financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2016 are set out in note 35 to the financial statements.

CONTINGENT LIABILITIES

As at 30 June 2016, 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 2016, the Group had 46 (2015: 30) full-time employees. Staff costs for the year ended 30 June 2016 was approximately RMB4,703,000 (2015: approximately RMB3,765,000).

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 2016 (2015: Nil).

PLEDGE OF ASSETS

Save as the finance leases disclosed in note 25 to the financial statements, as at 30 June 2016 and 2015, none of the assets of the Group has been pledged.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHOW Yik

Mr. Chow Yik, aged 35, 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 was an executive directors of Hao Wen Holdings Limited, a company listed on GEM of Stock Exchange from January 2011 to May 2016.

Dr. MA Jun

Dr. Ma Jun, aged 40, is the Chief Operation Officer of the Company. Dr. Ma holds a doctorate degree in computer technology and application engineering from Tsinghua University, the PRC. He has extensive research experience in computerized control system for thermal energy saving.

Mr. LEUNG King Fai

Mr. LEUNG King Fai, aged 44, 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 58, 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 39, 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 37, 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 59, 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 was a member of the Hong Kong Legislative Council, the Eastern District Council of Hong Kong. Mr. Chung currently is a member of 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.

SENIOR MANAGEMENT

Mr. KWAN Kar Man

Mr. Kwan Kar Man, aged 34, 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.

[#] *for identification purposes only*

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 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries of the Company as at 30 June 2016 are set out in note 42 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2016 and the state of the affairs of the Group as at that date are set out in the financial statement on pages 34 to 115.

SHARE CAPITAL AND RESERVES

As at 30 June 2016, the total number of shares issued by the Company was 1,266,767,250 shares. Details of the capital structure of the Company are set out in note 29 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 37.

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 116. 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 14 to the financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 5 November 2010, pursuant to which the Directors may grant options to eligible participants to subscribe for 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 30 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.

CONNECTED TRANSACTIONS

During the year ended 30 June 2016, 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 2016 have been reviewed by the audit committee of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2016, 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 2016.

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:
Mr. Chow Yik
Dr. Ma Jun
Mr. Leung King Fai

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

Independent non-executive directors:
Mr. Ng Chi Ho, Dennis
Mr. Wai Tze Lung, Francis
Mr. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)

In accordance with the Bye-Law 87(1) of the Company's Bye-Laws, Mr. Chow Yik and Mr. Leung King Fai will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Mr. Wai Tze Lung, Francis, an Independent Non-executive Director, does not offer himself for re-election in order to devote more time to his other business and personal engagements. Therefore, Mr. Wai will retire from office as an Independent Non-executive Director upon conclusion of the forthcoming annual general meeting.

Mr. Chow Yik was 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.

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.

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. Mr. Chung has not entered into any service agreement with the Company.

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.

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 CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2016, none of the Directors or chief executives of the Company had any interests or 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 the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed below, as at 30 June 2016, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group:

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued shares as at 30 June 2016
Mr. Hui Chi Kwan	Interest in a controlled corporation	217,068,810	17.14%
Sino Ahead Holdings Limited	Beneficial owner	217,068,810	17.14%

Notes:

(1) The interest disclosed represents the corporate interest in 217,068,810 shares held by Sino Ahead Holdings Limited, which is wholly-owned by Mr. Hui Chi Kwan.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests on Short Positions in Shares, Underlying Shares on Debentures of the Company or Any Associated Corporation" 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 2016, 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.

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	8.5%
– five largest suppliers combined	40.6%
Sales	
– the largest customer	16.7%
– five largest customers combined	63.9%

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.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

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.

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 and the Circular dated 14 January 2016 and 19 February 2016 respectively. The share consolidation was completed on 8 March 2016.

On 14 January 2016, the Company entered into the underwriting agreement with the underwriter in respect of the Open Offer of five offer shares for every two consolidated share held on record date at HK$0.12 per offer share. The Open Offer was completed on 15 April 2016. The net proceeds of the Open Offer were amounted to approximately HK$100,658,000, after deducting the underwriting commission and other related expenses of approximately HK$2,054,000.

On 20 April 2016, 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 68,460,000 new shares to not less than six placees at a price of HK$0.145 per placing share, which represented approximately 5.71% of the aggregated number of the issued ordinary shares of the Company as at 20 April 2016; and approximately 5.40% of the aggregated number of the issued ordinary shares of the Company as enlarged by the issue of the 68,460,000 placing shares. The placement had been completed on 10 May 2016 and a total of 68,460,000 new shares were issued providing the aggregate net proceeds of approximately RMB8.1 million (equivalent to HK$9.73 million) to the Company. Details are set out in the announcements dated 20 April 2016 and 10 May 2016.

Report of the Directors

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.

MAJOR EVENTS AFTER THE YEAR UNDER REVIEW

On 7 July 2016, the Group had entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the "JV Company"). The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

CORPORATE GOVERNANCE CODE

A report on the principle corporate governance practices adopted by the Company is set out on page 20 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, 30 September 2016

Corporate Governance Report

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.

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 2016.

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.

BOARD COMPOSITION

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, 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. Wai Tze Lung, Francis, Mr. Chung Shu Kun, Christopher, and Ms. Chan Sin Wa, Carrie are independent non-executive Directors.

The Company has arranged directors and officers liability and company reimbursement insurance for its directors and officers.

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
- 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

BOARD DIVERSITY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

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 2016

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	
Mr. Chow Yik	16/16
Dr. Ma Jun	14/16
Mr. Leung King Fai	16/16
Non-executive Director	
Mr. Xu Bo (resigned on 13 July 2015)	0/0
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	14/16
Mr. Wai Tze Lung, Francis	14/16
Ms. Chan Sin Wa, Carrie	14/16
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)	13/15

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

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.

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 terms of reference follows the requirement of Code Provision B.1.3. 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.

For the year ended 30 June 2016, the Remuneration Committee held 2 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 Director	
Mr. Xu Bo (resigned on 13 July 2015)	0/0
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	2/2
Mr. Wai Tze Lung, Francis	2/2
Ms. Chan Sin Wa, Carrie	2/2
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)	1/1

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 2016. The attendances of the meeting of the Nomination Committee are as follows:

Name of Director	Number of Attendance Attended/Eligible to attend
Non-executive Director	
Mr. Xu Bo (resigned on 13 July 2015)	0/0
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	2/2
Mr. Wai Tze Lung, Francis	2/2
Ms. Chan Sin Wa, Carrie	2/2
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)	1/1

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 2016, approximately RMB538,000 (2015: approximately RMB360,000) 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 2016, the Audit Committee held a total of 4 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. Ng Chi Ho, Dennis	4/4
Mr. Wai Tze Lung, Francis	4/4
Ms. Chan Sin Wa, Carrie	4/4
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)	4/4

COMPANY SECRETARY

Mr. Leung King Fai ("Mr. Leung") is the Company Secretary of the Company. 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.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The Division/Department Head of each core business segment is accountable for the conduct and performance of such segment within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

The relevant executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

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 days and not less than 20 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.

In line with the practice of the Company, in respect of each issue to be considered at the AGMs and special general meetings of the Company ("SGMs"), including the re-election of Directors, a separate resolution will be proposed by the chairman of the meeting.

In accordance with the code provision E.1.2 as set out in the CG Code, chairman of the Board have attended the AGM held during the year ended 30 June 2016.

The independent non-executive Directors, for the time when the general meetings were held during the year ended 30 June 2016, had other business engagements and thus, were not able to attend most general meetings held during the year ended 30 June 2016. In this regard, the compliance officer and Company Secretary had reminded the relevant independent non-executive Directors as well as the current independent non-executive Directors to attend general meetings of the Company in future, for compliance of code provisions A.6.7 as set out in the CG Code.

Participation of individual Directors at general meetings during the year ended 30 June 2016 is as follows:

	AGM	**SGM**
Number of meetings	1	3
Executive directors:		
Mr. Chow Yik	1/1	2/3
Mr. Ma Jun	0/1	0/3
Mr. Leung King Fai	1/1	3/3
Non-executive director:		
Mr. Xu Bo (resigned on 13 July 2015)	0/0	0/0
Independent non-executive directors:		
Mr. Ng Chi Ho, Dennis	1/1	1/3
Mr. Wai Tze Lung, Francis	0/1	0/3
Ms. Chan Sin Wa, Carrie	1/1	2/3
Mr. Chung Shu Kun, Christopher (appointed on 11 September 2015)	0/1	0/3

Notices of general meetings were sent to Shareholders at least 20 clear business days before the AGM and at least 10 clear business days for all other general meetings. The Company's auditors have also attended the AGM during the year ended 30 June 2016.

Designated executive Director(s) and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any queries.

INVESTOR RELATIONS AND 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 AGM 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 AGM of the Company will be voted by poll.

Environmental, Social and Governance Report

The Company is pleased to present its first annual Environmental, Social and Governance Report ("ESG Report") to demonstrate its commitment to sustainable development. This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("the Guide") of the Stock Exchange, which covers two subject areas, Environmental and Social.

The Guide encourages an issuer to identify and disclose ESG information that is material and relevant to an issuer's business. During the self-assessment of the Company's business, the management has decided that out of the 11 ESG aspects suggested by the Guide, the below 6 ESG aspects are material to the Company:

Main ESG subject area in the Guide	ESG aspects
Environmental A1. Emissions	A2. Use of resources
Social B3. Development and training	B6. Product responsibility
	B7. Anti-corruption
	B8. Community investment

The reporting period of this ESG Report is from 1 July 2015 to 30 June 2016. Unless otherwise specified, the reporting boundary of this ESG Report is the same as this annual report.

A. ENVIRONMENTAL

Emissions and Use of Resources

The Company's operation is mainly office-based and the Company is committed to minimising the impact of businesses on the environment through adopting eco-friendly measures at the office. For example, staff is encouraged to reduce paper consumption by double-sided printing and reusing papers printed on one side.

In terms of energy saving measures, there are a number of good practices at office as follows:

- Staff is reminded to switch off lights and air-conditioning in the meeting room and the computer at the workstation when it is not in use;
- The room temperature is maintained at 25 degrees Celsius in summer to save energy; and
- Conference calls instead of face-to-face meetings are arranged where possible.

The Company is dedicated to sustain implementation of the measures above, while it will explore other eco-friendly initiatives.

B. SOCIAL

1. Employment and Labour Practices

Development and Training

The Company supports its staff to develop and enhance their professional knowledge and skills to cope with the evolving market environment and compliance level. On top of on-the-job training, the staff is encouraged to take external professional training to strengthen their work-related expertise.

2. Operating Practices

Product Responsibility

The Company puts high priority in maintaining business integrity and corporate governance standards to promote the long-term best interests to all its shareholders and stakeholders. The detailed corporate governance practices and internal control procedures regarding product responsibility are listed in the "Corporate Governance Report" section of this Annual Report.

Anti-corruption

The Company upholds high standards on promoting anti-corruption, with all its employees and directors are required to maintain a high level of business ethics. The Audit Committee has the overall responsibility for matters related to the internal controls of anti-corruption.

During the reporting period, the Company had no legal cases regarding corrupt practices brought against the Company or its employees.

3. Community

The Company is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this aspect, the Company would explore the possibility to identify suitable partners and support community and environmental programmes that align with the Company's missions and values.

The Company believes the best way to serve the community is to drive positive impact through our investment portfolio. To create shared values with the community and stakeholders, the Company will continue to consider ESG factors in selecting future investment projects.

C. HONG KONG STOCK EXCHANGE ESG GUIDE REFERENCE

Hong Kong Stock Exchange ESG Subject Areas	ESG Aspects	Disclosure Reference
A. Environmental	A1. Emissions	Refer to the "Environmental" section of this ESG Report.
	A2. Use of resources	Refer to the "Environmental" section of this ESG Report.
	A3. The environment and natural resources	The office-based nature of the Company's operations are not considered to have significant impact on environment and natural resources.
B. Social Employment and labour practices	B1. Employment	All matters related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare complied with the Employment Ordinance by the Labour Department.
	B2. Health and safety	The office-based operation of the Company is not considered to have significant occupational hazards. The Company has complied with all the major relevant laws and regulations such as Occupational Safety And Health Ordinance by the Labour Department.
	B3. Development and training	Refer to "Social" section of this ESG Report.
	B4. Labour standards	Child labour and forced labour are prohibited in the Company.
Operating practices	B5. Supply chain management	The office-based operation of the Company is not considered to have a significant environmental and social risks of the supply chain.
	B6. Product responsibility	Refer to the "Social" section of this ESG Report.
	B7. Anti-corruption	Refer to the "Social" section of this ESG Report.
Community	B8. Community investment	Refer to the "Social" section of this ESG Report.

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 MEMBERS OF KIRIN GROUP HOLDINGS LIMITED
(Formerly known as Creative Energy Solutions Holdings Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Kirin Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 115, which comprise the consolidated statement of financial position as at 30 June 2016, 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 2016, and of the Group's 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)

Hong Kong, 30 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	5	**33,774**	16,695
Cost of sales and services		**(23,162)**	(15,978)
Other income	6	**250**	5
Fair value gain on contingent consideration	11	**6,079**	—
Distribution costs		**(2,723)**	(586)
Administrative expenses		**(39,408)**	(10,424)
Loss on disposal of subsidiaries	33	**(528)**	—
Impairment loss on inventories		**—**	(3,135)
Impairment loss on trade and other receivables		**(8,354)**	(3,266)
Impairment loss on loan receivables		**(1,654)**	—
Impairment loss on goodwill	16	**(9,471)**	—
Finance costs	7	**(10,459)**	(916)
Loss before taxation	8	**(55,656)**	(17,605)
Taxation	9	**(728)**	(1)
Loss for the year		**(56,384)**	(17,606)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of financial statements of foreign operations		**4,901**	286
Release of translation reserve upon disposal of subsidiaries		**2**	—
Other comprehensive income for the year		**4,903**	286
Total comprehensive expense for the year		**(51,481)**	(17,320)
Loss for the year attributable to:			
— Equity shareholders of the Company		**(55,542)**	(15,624)
— Non-controlling interests		**(842)**	(1,982)
		(56,384)	(17,606)
Total comprehensive expense for the year attributable to:			
— Equity shareholders of the Company		**(50,701)**	(15,338)
— Non-controlling interests		**(780)**	(1,982)
		(51,481)	(17,320)
			(Restated)
Loss per share			
Basic and diluted	13	**(10.01) cents**	(5.03) cents

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Plant and equipment	*14*	**3,393**	167
Prepaid lease payment	*15*	**2,361**	—
Goodwill	*16*	**20,178**	—
Intangible assets	*17*	**5,536**	—
Deposits paid for acquisition of investments	*18*	**8,800**	27,884
Deposits paid for property, plant and equipment		**11,867**	—
Deposits paid for livestocks		**4,784**	—
Available-for-sale financial assets	*19*	**—**	—
		56,919	28,051
CURRENT ASSETS			
Prepaid lease payment	*15*	**100**	—
Loan receivables	*20*	**55,759**	—
Consideration receivables	*21*	**16,710**	—
Trade and other receivables	*22*	**45,120**	23,408
Fair value on contingent consideration	*11*	**6,298**	—
Cash and bank balances		**15,943**	272
		139,930	23,680
Assets of disposal groups classified as held for sale	*23*	**—**	31,885
Total current assets		**139,930**	55,565
CURRENT LIABILITIES			
Trade and other payables	*24*	**31,409**	15,218
Obligations under finance leases	*25*	**333**	—
Promissory notes	*26*	**4,552**	—
Corporate bonds	*27*	**34,376**	19,821
Current tax payable		**795**	—
		71,465	35,039
Liabilities directly associated with the assets classified as held for sale	*23*	**—**	10,865
Total current liabilities		**71,465**	45,904
NET CURRENT ASSETS		**68,465**	9,661
TOTAL ASSETS LESS CURRENT LIABILITIES		**125,384**	37,712

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT LIABILITIES			
Obligations under finance leases	25	**467**	—
Corporate bonds	27	**19,973**	—
Deferred tax liability	28	**277**	—
		20,717	—
NET ASSETS		**104,667**	37,712
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	29	**53,148**	9,108
Reserves		**49,727**	27,415
		102,875	36,523
Non-controlling interests		**1,792**	1,189
TOTAL EQUITY		**104,667**	37,712

The consolidated financial statements on pages 34 to 115 were approved and authorised for issue by the Board of directors on 30 September 2016 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 2016

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 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 income/(expense) for the year	–	–	286	(15,624)	(15,338)	(1,982)	(17,320)
Issue of shares, net of expense *(note 29b)*	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
Loss for the year	**–**	**–**	**–**	**(55,542)**	**(55,542)**	**(842)**	**(56,384)**
Exchange difference arising from translation of financial statements of foreign operations	**–**	**–**	**4,839**	**–**	**4,839**	**62**	**4,901**
Release of translation reserve upon disposal of subsidiaries	**–**	**–**	**2**	**–**	**2**	**–**	**2**
Total comprehensive income/(expense) for the year	**–**	**–**	**4,841**	**(55,542)**	**(50,701)**	**(780)**	**(51,481)**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Acquisition of subsidiaries *(note 32)*	**–**	**–**	**–**	**–**	**–**	**2,453**	**2,453**
Disposal of subsidiaries *(note 33)*	**–**	**–**	**–**	**–**	**–**	**(1,072)**	**(1,072)**
Issue of shares upon placing, net of expense *(note 29b)*	**3,635**	**29,392**	**–**	**–**	**33,027**	**–**	**33,027**
Issue of shares under the open offer, net of expense *(note 29d)*	**35,725**	**48,301**	**–**	**–**	**84,026**	**–**	**84,026**
Bonus issues *(note 29c)*	**4,680**	**(4,680)**	**–**	**–**	**–**	**–**	**–**
At 30 June 2016	**53,148**	**220,709**	**10,509**	**(181,491)**	**102,875**	**1,792**	**104,667**

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Operating activities			
Loss before taxation		**(55,656)**	(17,605)
Adjustments for:			
Interest income		**—**	(2)
Fair value gain on contingent consideration		**(6,079)**	—
Finance costs	*7*	**10,459**	916
Depreciation	*8*	**819**	451
Amortisation	*8*	**943**	—
Loss on disposal of subsidiaries	*33*	**528**	—
Impairment loss on goodwill	*16*	**9,471**	—
Plant and equipment written off		**—**	22
Impairment loss on loan receivables	*20*	**1,654**	—
Impairment loss on trade and other receivables	*22*	**8,354**	3,266
Impairment loss on inventories		**—**	3,135
Operating cash flows before changes in working capital		**(29,507)**	(9,817)
Increase in inventories		**—**	(832)
(Increase)/decrease in trade and other receivables		**(23,908)**	3,083
Increase in loan receivables		**(57,472)**	—
Increase/(decrease) in trade and other payables		**9,990**	(7,868)
Cash used in operations		**(100,897)**	(15,434)
Tax paid		**—**	(1)
Net cash used in operating activities		**(100,897)**	(15,435)
Investing activities			
Net deposits paid for acquisition of investments		**(398)**	(27,884)
Deposits paid for property, plant and equipment		**(11,777)**	—
Deposits paid for livestocks		**(4,784)**	—
Purchase of plant and equipment		**(2,554)**	(292)
Interest received		**—**	2
Net cash inflow from disposal of subsidiaries	*33*	**3,734**	—
Net cash outflow on acquisition of subsidiaries	*31 & 32*	**(9,729)**	—
Net cash used in investing activities		**(25,508)**	(28,174)

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Financing activities			
Inception of other borrowing		**–**	3,998
Repayment of other borrowing		**–**	(3,998)
Repayment of finance leases		**(103)**	–
Interest paid		**(3,850)**	(607)
Proceeds from issue of shares		**119,176**	24,310
Shares issue expenses		**(2,123)**	(610)
Proceeds from issue of corporate bonds		**68,861**	20,392
Expense on issue of corporate bonds		**(7,939)**	(684)
Repayment of corporate bonds		**(32,340)**	–
Capital injection from non-controlling interests of a subsidiary		**2**	–
Net cash generated from financing activities		**141,684**	42,801
Net increase/(decrease) in cash and cash equivalents		**15,279**	(808)
Effect of change in foreign exchange rate		**7**	3
Cash and cash equivalents at the beginning of the year		**657**	1,462
Cash and cash equivalents at the end of the year		**15,943**	657
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**15,943**	272
Cash and bank balances included in assets classified as held for sale	*23*	**–**	385
		15,943	657

1. GENERAL INFORMATION

Kirin Group Holdings Limited formerly known as “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”).

Pursuant to a special resolution passed by the shareholders of the Company on 15 June 2016, the Company’s name was changed from “Creative Energy Solutions Holdings Limited” to “Kirin Group Holdings Limited” with effect from 21 June 2016.

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 23/F., Sang Woo Building, No. 227-228 Gloucester Road, Wan Chai, Hong Kong. The principal activities of its subsidiaries are set out in note 42.

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 (“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")

Application of new and revised HKFRSs

There are no new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") effective for the first time in the current year that have material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
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[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[5]
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions [3]

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

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

HKFRS 9 "*Financial instruments*"

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

Key requirements of HKFRS 9:

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

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

The directors anticipate that the adoption of HKFRS 9 in the future will have an impact on the classification and re-designation of the Group's available-for-sale investments as either fair value through profit or loss or FVTOCI. The Group will also have to recognise expected credit losses on its financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 15 "*Revenue from Contracts with Customers*"

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

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

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 "*Leases*"

HKFRS 16 was issued on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees.

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

HKFRS 16 "*Leases*" *(continued)*

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in these consolidated financial statements in note 34.

The directors of the Company are in the process to assess the impact of HKFRS 16 on the Group's consolidated financial statements. Operating lease arrangements are disclosed in note 34.

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material effect on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 Hong Kong Companies Ordinances.

Basis of preparation

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.

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

Basis of preparation *(continued)*

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.

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 and 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 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.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

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

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

Property, plant and equipment *(continued)*

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Impairment losses on tangible and intangible assets other than goodwill *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) 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 (or cash-generated unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales 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.

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

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into the following categories: financial assets "at fair value through profit or loss (FVTPL)", 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.

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, loan receivables, consideration receivables and cash and bank balances) are measured 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 accounting policy on impairment of financial assets below).

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

Financial instruments *(continued)*

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "fair value change on contingent consideration" line item. Fair value is determined in the manner described in Note 37 to the consolidated financial statements.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 affected.

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

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

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 loan receivables, the total allowance for impairment losses consists of two components: individual impairment allowances and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

The individual impairment allowance is based upon management's best estimate of the present value of cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management make judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits.

In assessing the need for collective impairment allowances, management uses statistical modelling and considers historical trends of factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

Where there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

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 assets, 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.

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

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

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.

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 as either 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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, corporate bonds, promissory notes and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

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

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

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 payables where the recognition of interest would be immaterial.

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 they 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. Cost of inventories is 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 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.

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

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

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) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, 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 interests 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..

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.

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

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 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

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes and includes the following items:

(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 and commission income are 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 in profit or loss in the period 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.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payment” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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.

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

Related parties *(continued)*

(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).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

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

(i) Estimated impairment 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 costs 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.

(ii) Estimated impairment loss on loan receivables and 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 2016, the carrying amount of loan receivables and trade and other receivables is approximately RMB78,829,000 (2015: RMB15,874,000), net of accumulated impairment losses of approximately RMB15,654,000 (2015: RMB5,583,000).

(iii) Estimated impairment of intangible assets (other than goodwill)

The Group evaluates whether items of intangible assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

(iv) Fair value of contingent consideration

The directors of the Company use their judgment in selecting appropriate valuation techniques for contingent consideration. A probability model, which is commonly used by market practitioners, has been applied for estimating the fair value of contingent consideration. The estimation of fair values of the contingent consideration is derived after taking into account the input and parameters, such as the probabilities, discount rate and settlement date etc.

5. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, 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 reportable 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 and related services;

(c) Money lending services;

(d) Information technology services; and

(e) Sales of livestocks

The insurance brokerage and related services segment, money lending services segment, information technology services segment and sales of livestocks segment are introduced during the year ended 30 June 2016 through the acquisition of Kirin Financial Group Limited and its subsidiaries ("Kirin") (note 32b), Red Link Enterprises Limited and its subsidiaries ("Red Link") (note 32a), Red Rabbit International Technology, Inc. ("Red Rabbit") (note 32c) and Cyber Leader Holdings Limited ("Cyber Leader") (note 31) respectively.

Segment revenue and results

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

The segment results for the year ended 30 June 2016 are as follows:

	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending services RMB'000	Information technology services RMB'000	Consolidated RMB'000
REVENUE					
Revenue from external customers	11,781	13,105	3,234	5,654	33,774
Inter-segment revenue	–	8,487	–	–	8,487
Reportable segment revenue	11,781	21,592	3,234	5,654	42,261

Inter-segment sales are charged at prevailing market rates.

	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending services RMB'000	Information technology services RMB'000	Consolidated RMB'000
RESULTS					
Segment results	(8,719)	(14,824)	774	2,616	(20,153)
Unallocated corporate expenses					(24,516)
Finance costs					(10,459)
Loss on disposal of subsidiaries					(528)
Loss before taxation					(55,656)

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending services RMB'000	Information technology services RMB'000	Consolidated RMB'000
REVENUE					
Revenue from external customers	16,695	–	–	–	16,695
RESULTS					
Segment results	717	–	–	–	717
Unallocated corporate expenses					(17,411)
Finance costs					(916)
Other income					5
Loss before taxation					(17,605)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of certain administration costs including directors' emoluments, loss on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

The segment assets and liabilities as at 30 June 2016 are as follows:

	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending services RMB'000	Information technology services RMB'000	Sales of livestocks RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS							
Segment assets	13,938	26,822	61,159	32,471	19,447		153,837
Unallocated corporate assets							43,012
Consolidated total assets							196,849
LIABILITIES							
Segment liabilities	20,435	2,108	866	1,252	1		24,662
Unallocated corporate liabilities							67,520
Consolidated total liabilities							92,182
OTHER INFORMATION							
Capital additions	3	2,440	21	90	–	713	3,267
Depreciation and amortisation	10	603	5	992	–	152	1,762
Impairment loss on goodwill	–	9,741	–	–	–	–	9,741

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

The segment assets and liabilities as at 30 June 2015 are as follows:

	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending services RMB'000	Information technology services RMB'000	Sales of livestocks RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS							
Segment assets	53,078	–	–	–	–		53,078
Unallocated corporate assets							30,538
Consolidated total assets							83,616
LIABILITIES							
Segment liabilities	22,561	–	–	–	–		22,561
Unallocated corporate liabilities							23,343
Consolidated total liabilities							45,904
OTHER INFORMATION							
Depreciation	297	–	–	–	–	154	451

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 notes, obligations under finance leases, current tax payables, corporate bonds and deferred tax liability as these liabilities are managed on a group basis.

Geographical information

The Group operates in three principal geographical areas — The PRC (excluding Hong Kong), Hong Kong and the Philippines.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

The Group's revenue from continuing operations from external customers by location of operations and information about its specified non-current assets* by location of assets are detailed below:

	Revenue from external customers Year ended		Specified non-current assets	
	2016 RMB'000	2015 RMB'000	**2016 RMB'000**	2015 RMB'000
The PRC	**11,781**	16,695	2,373	19
Hong Kong	**16,339**	—	5,766	148
The Philippines	**5,634**	—	23,329	—

* Specified non-current assets included the Group's plant and equipment, prepaid lease payment, goodwill and intangible assets.

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:

	2016 RMB'000	2015 RMB'000
Energy saving services and related product segment		
Customer A	**N/A***	7,607
Customer B	**4,066**	4,901
Customer C	**3,513**	—
	7,579	12,508
Insurance brokerage and related service segment		
Customer D	**3,888**	—
Customer E	**4,452**	—
	8,340	—
Information technology services segment		
Customer F	**5,654**	—
	21,573	12,508

* None of revenue contributed to the Group

6. OTHER INCOME

	2016 RMB'000	2015 RMB'000
Bank interest income	**—**	2
Sundry income	**250**	3
	250	5

7. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest on corporate bonds	**6,328**	596
Imputed interest on corporate bonds *(note 27)*	**3,379**	113
Imputed interest on promissory notes *(note 26)*	**715**	—
Interest on other borrowing	**—**	207
Finance charges	**37**	—
	10,459	916

8. LOSS BEFORE TAXATION

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

	2016 RMB'000	2015 RMB'000
Staff costs (including directors' remuneration):		
— Salaries and other benefits	**4,488**	3,605
— Retirement benefits scheme contributions	**215**	160
	4,703	3,765
Amortisation of intangible assets	**943**	—
Auditors' remuneration	**538**	360
Depreciation of plant and equipment	**819**	451
Excess payment on acquisition of assets and liabilities	**248**	—
Operating lease rentals of office premises	**2,788**	1,153
Exchange loss, net	**773**	4
Plant and equipment written-off	**—**	22

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) The Philippines income tax

Upon incorporation, Cagayan Economic Zone Authority ("CEZA") approved Red Rabbit's registration as an Econzone Export Enterprise for its business activities. Under the terms of its registration, Red Rabbit is entitled to certain incentives such exemption in Value-Added Tax. Business establishments operating within the said economic zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987. In lieu of paying national and local taxes, it shall pay 5% special tax rate on gross income earned as defined under Republic Act No. 7922, the law creating CEZA.

The provision for current income tax represents the income tax computed at the special tax rate of 5% applicable to CEZA registered enterprises.

(iii) The 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.

9. TAXATION *(continued)*

(iv) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at the rate of 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

	2016 **RMB'000**	2015 RMB'000
Current tax:		
Hong Kong profits tax		
Current year	**575**	—
Overseas and Philippines income tax		
Current year	**200**	1
Deferred tax:		
Deferred taxation relating to the origination and reversal of temporary differences *(note 28)*	**(47)**	—
Taxation charge	**728**	1

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

	2016 **RMB'000**	2015 RMB'000
Loss before taxation	**(55,656)**	(17,605)
Tax calculated at the applicable tax rates	**(10,073)**	(3,652)
Tax effect of non-deductible expenses	**8,705**	2,090
Tax effect of non-taxable income	**(1,705)**	—
Tax effect of utililsation of tax losses not previous recognised	**(112)**	—
Tax effect of tax losses not recognised	**764**	609
Tax effect of other temporary differences not recognised	**3,149**	954
Taxation charge	**728**	1

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 10 (2015:10) directors of the Company are as follows:

Name of Directors	Directors' fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2016				
Executive Directors:				
Chow Yik	—	690	15	705
Leung King Fai	—	496	15	511
Ma Jun	—	488	12	500
Non-Executive Director:				
Xu Bo *(note 1)*	—	—	—	—
Independent Non-Executive Directors:				
Ng Chi Ho, Dennis	99	—	—	99
Wai Tze Lung, Francis	99	—	—	99
Zhao Bin *(note 2)*	—	—	—	—
Lau Yu Ching *(note 2)*	—	—	—	—
Chan Sin Wa Carrie *(note 3)*	99	—	—	99
Chung Shu Kun Christopher *(note 4)*	80	—	—	80
Total	377	1,674	42	2,093

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

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

(3) On 1 July 2015, Ms. Chan Sin Wa Carrie was appointed as an independent non-executive director of the Company.

(4) On 11 September 2015, Mr. Chung Shu Kun Christopher was appointed as an independent non-executive director of the Company.

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
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

(1) Mr. Wu Chun Wah was also the chief executive officer and his emoluments disclosed above included those for services rendered by him as the chief executive officer. He resigned as an executive director and a chief 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 the independent non-executive directors of the Company.

(4) Mr. Cheong Ying Chew, Henry resigned as an 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.

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

(a) Directors' emoluments *(continued)*

(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.

During the years ended 30 June 2016 and 2015, compensation of key management personnel represents only directors' remuneration as set out in the above. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2015: three) were directors of the Company whose emoluments were included in note (a) above. The emoluments of the remaining two (2015: two) individuals were as follows:

	2016 **RMB'000**	2015 RMB'000
Salaries, allowances and benefits in kind	**893**	646
Retirement benefits scheme contributions	**27**	26
	920	672

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

	2016	2015
Nil to RMB1,000,000	**2**	2

For the years ended 30 June 2016 and 2015, 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. FAIR VALUE ON CONTINGENT CONSIDERATION

	RMB'000
At 1 July 2014 and 30 June 2015	—
Acquisition of subsidiaries *(note 32b)*	—
Currency realignment	219
Change in fair value	6,079
At 30 June 2016	6,298

Pursuant to the sale and purchase agreement for the acquisition of the entire issued share capital of Kirin, the vendor has guaranteed and warranted to the Company that the audited net profit after tax of the Kirin for the 12 months immediately after the date of completion shall not be less than HK$3,000,000.

In the event that the actual profit is less than the guaranteed profit, the vendor shall compensate the Company 3.5 times of the difference between the guaranteed profit and the actual profit in proportion to their respective interests in form of cash. Details of the calculation of the compensation are set out in the Group's circular dated 24 August 2015.

The fair value of the profit guarantee was RMB6,298,000 as at 30 June 2016, which was determined by Roma Appraisal Limited, an independent professional valuer, based on the probabilistic flow method in which the cash flows for each year represent the difference between the guaranteed profit and the actual profit. The directors of the Company estimated the projected net profits of the Kirin under four different scenarios with respective scenario probabilities. The fair value of the profit guarantee was the probability-weighted average of the present values of the shortfalls between the guaranteed profits and the projected net profits under the four scenarios. A discount rate of 20.98% has been used to calculate the present value of cash flows of the profit guarantee.

Below is a summary of a significant unobservable input to the valuation of the contingent consideration together with a quantitative sensitivity analysis as at 30 June 2016:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Discounted financial instrument in respect of the profit guarantee	Income approach	Discount rate 20.98%	1% increase/decrease in discount rate would result in decrease in fair value by HK$9,000/increase in fair value by HK$9,000

12. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 30 June 2016 (2015: 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 2016 of approximately RMB55,542,000 (2015: approximately RMB15,624,000) and the weighted average number of approximately 554,614,000 (2015: approximately 310,723,000) ordinary shares in issue during the year after the adjustment of the share consolidation, open offer and bonus issue of shares as set out in note 29.

The comparative figures for the basic loss per share for the year ended 30 June 2015 are restated to take into account of the effect of the above share consolidation, open offer and bonus issue completed during the year as if they had been taken place since the beginning of the comparative period.

Diluted loss per share

The diluted loss per share is equal to the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 30 June 2016 and 2015.

14. 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 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 23)*	(284)	(226)	(972)	(1,518)	(3,000)
At 30 June 2015	290	112	–	–	402
Currency realignment	103	18	5	40	166
On acquisition of subsidiaries	386	82	–	188	656
Additions	1,881	328	136	922	3,267
At 30 June 2016	2,660	540	141	1,150	4,491
Accumulated depreciation					
At 1 July 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 23)*	(217)	(213)	(909)	(717)	(2,056)
At 30 June 2015	144	91	–	–	235
Currency realignment	35	4	–	5	44
Charge for the year	656	42	1	120	819
At 30 June 2016	835	137	1	125	1,098
Carrying values					
At 30 June 2016	1,825	403	140	1,025	3,393
At 30 June 2015	146	21	–	–	167

15. PREPAID LEASE PAYMENT

The Group's prepaid lease payment comprises:

	2016 **RMB'000**	2015 RMB'000
Acquired on acquisition of subsidiaries *(note 31)*	**2,461**	—
Analysed for reporting purposes as:		
Non-current assets	**2,361**	—
Current assets	**100**	—
	2,461	—

16. GOODWILL

	RMB'000
Cost	
At 1 July 2014	31,791
Transfer to assets of disposal groups classified as held for sale *(note 23)*	(31,791)
At 30 June 2015	—
Currency realignment	851
Acquisition of subsidiaries *(note 32)*	29,139
At 30 June 2016	29,990
Accumulated impairment losses	
At 1 July 2014	14,000
Transfer to assets of disposal groups classified as held for sale *(note 23)*	(14,000)
At 30 June 2015	—
Currency realignment	341
Impairment loss for the year	9,471
At 30 June 2016	9,812
Net book value	
At 30 June 2016	20,178
At 30 June 2015	—

Goodwill of approximately RMB17,174,000 (note 32), RMB9,581,000 (note 32) and RMB2,384,000 (note 32) arising from the acquisition of Red Rabbit, Kirin and Red Link respectively during the year were allocated to the Group's cash generating units ("CGUs") of information technology service segment, insurance brokerage segment and money lending service segment.

16. GOODWILL *(continued)*

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 a pre-tax discount rate of 22.54%. 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 a pre-tax discount rate of 25.13%. 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.

An impairment loss of RMB9,471,000 was recognised during the year due to the increase in market competition and operating expenses which affect adversely the future growth and profits of the Group's insurance brokerage service business.

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 a pre-tax discount rate of 19.66%. 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.

17. INTANGIBLE ASSETS

	Customer service contract RMB'000
COST	
At 1 July 2014 and 30 June 2015	—
Currency realignment	276
Acquisition of subsidiaries *(note 32)*	6,237
At 30 June 2016	6,513
ACCUMULATED AMORTISATION	
At 1 July 2014 and 30 June 2015	—
Currency realignment	34
Amortisation for the year	943
At 30 June 2016	977
NET BOOK VALUE	
At 30 June 2016	5,536
At 30 June 2015	—

The customer service contract was purchased as part of the acquisition of Red Rabbit.

The customer service contract has definite lives and is amortised on a straight-line basis over its useful life of 5 years.

18. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS

(a) In 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. During the year ended 30 June 2016, the Company further entered into a supplemental non-legally binding memorandum of understanding with this independent third party and paid further refundable deposit of approximately RMB2,100,000 (equivalent to HK$2,450,000).

(b) During the year ended 30 June 2016, the Group entered into an agreement with an independent third party and paid the refundable deposit of approximately RMB3,016,000 (equivalent to HK$3,520,000) for the acquisition of a business, which is principally engaged in provision of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under Securities and Futures Ordinance. The aforesaid acquisition was completed on 12 August 2016.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	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.

20. LOAN RECEIVABLES

	2016	2015
	RMB'000	RMB'000
Unsecured, fixed rate loan receivables	**57,472**	—
Less: Allowance for impairment		
— Individually assessed	**(1,713)**	—
	55,759	—

20. LOAN RECEIVABLES *(continued)*

The movements in provision for impairment of loan receivables of the Group are as follows:

	2016 **RMB'000**	2015 RMB'000
At 1 July	**—**	—
Currency realignment	**59**	—
Impairment loss recognised	**1,654**	—
At 30 June	**1,713**	—

Other than those loan receivables assessed individually, the Group has also assessed the amount of impairment loss for the remaining loan receivables collectively, in the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal and no additional impairment is required as at 30 June 2016.

The loan receivables carried at 12%-24% (2015: Nil) interest rate per annum.

The loan receivables are due for settlement at the date specified in the respect loan agreements. The ageing analysis of the loan receivables is prepared based on contractual due date:

	2016 **RMB'000**	2015 RMB'000
Neither past due nor impaired	**55,305**	—
Less than 90 days past due	**454**	—
	55,759	—

In respect of the receivables that were past due but not impaired mainly represent occasional delay in repayment and are not an indication of significant deterioration of credit quality of these loan receivables. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances and the balances are still considered fully recoverable.

21. CONSIDERATION RECEIVABLES

	2016 RMB'000	2015 RMB'000
Consideration receivables in respect of:		
Disposal of Sincere Action Investments Limited ("Sincere Action") *(note a)*	**5,200**	—
Disposal of Luck Shamrock Limited ("Luck Shamrock") *(note b)*	**11,510**	—
	16,710	—

Note a: The disposal of Sincere Action was completed on 22 September 2015 (note 33).

Note b: The disposal of Luck Shamrock was completed on 23 September 2015 (note 33).

22. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade receivables	**30,881**	17,363
Interest receivables	**3,055**	—
Less: Allowance for impairment	**(13,197)**	(4,839)
	20,739	12,524
Other receivables	**3,255**	4,094
Less: Allowance for impairment	**(744)**	(744)
	2,511	3,350
Prepayments, rental and other deposits	**21,870**	7,534
	45,120	23,408

The Group allows an average credit period normally 90 days (2015: 90 days) to its trade 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.

22. TRADE AND OTHER RECEIVABLES *(continued)*

	2016 RMB'000	2015 RMB'000
0 to 3 months	**12,823**	406
4 to 6 months	**2,999**	–
7 to 12 months	**4,707**	6,749
Over 1 year	**210**	5,369
	20,739	12,524

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

	Trade receivables	
	2016 RMB'000	2015 RMB'000
At 1 July	**4,839**	2,905
Impairment loss recognised	**8,219**	2,522
Transferred to assets of disposal groups classified as held for sale	**–**	(588)
At 30 June	**13,058**	4,839

	Other receivables	
	2016 RMB'000	2015 RMB'000
At 1 July	**744**	–
Impairment loss recognised	**–**	744
At 30 June	**744**	744

	Interest receivables	
	2016 RMB'000	2015 RMB'000
At 1 July	**–**	–
Currency realignment	**4**	–
Impairment loss recognised	**135**	–
At 30 June	**139**	–

22. TRADE AND OTHER RECEIVABLES *(continued)*

As at 30 June 2016, 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. At 30 June 2016, trade and interest receivables of approximately RMB13,197,000 (2015: RMB4,839,000) were impaired. The amount of allowance was RMB13,197,000 as at 30 June 2016 (2015: RMB4,839,000).

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000
Neither past due nor impaired	**12,269**	406
Less than 6 months past due	**5,188**	159
6 months to 1 year past due	**366**	6,590
Over 1 year past due	**—**	5,369
	17,823	12,524

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.

The ageing analysis of the interest receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000
Neither past due nor impaired	**2,916**	—

23. 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 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 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	7,229	13,791	21,020

24. TRADE AND OTHER PAYABLES

	2016 **RMB'000**	2015 RMB'000
Trade payables	**19,084**	10,117
Other payables and accruals	**7,907**	2,736
Amount due to a director	**3,175**	—
Amount due to a former director	**—**	1,919
Receipt in advance	**1,243**	446
	31,409	15,218

The ageing analysis of trade payables at the end of the reporting period is as follows:

	2016 **RMB'000**	2015 RMB'000
Within 1 year	**11,807**	1,625
Over 1 year	**7,277**	8,492
	19,084	10,117

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

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016 **RMB'000**	2015 RMB'000	**2016** **RMB'000**	2015 RMB'000
Amounts payable under finance leases:				
Not later than one year	**424**	–	**333**	–
Later than one year and not later than five years	**518**	–	**467**	–
	942	–	**800**	–
Less: Future finance charges	**142**	–	**N/A**	N/A
Present value of minimum lease payments	**800**	–	**800**	–
Less: Amount due for settlement within 1 year under current liabilities			**333**	–
Amount due for settlement after 1 year			**467**	–

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease term is expiring from two to three years. Interest is charged at 13% to 19% per annum (2015: Nil) on the outstanding loan balances. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

26. 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 32. The fair value of the promissory notes at 24 September 2015 is approximately HK$4,447,000 (equivalent to approximately RMB3,678,000) 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:

	RMB'000
At 1 July 2014 and 30 June 2015	–
Currency realignment	159
Issued during the year	3,678
Imputed interest *(note 7)*	715
At 30 June 2016	4,552

27. 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.

During the year ended 30 June 2016, the Company issued 3 months to 18 months corporate bonds with aggregate amounts of HK$83,253,500 (equivalent to approximately RMB68,861,000) to certain independent third parties, net of direct expenses of approximately HK$9,598,628 (equivalent to approximately RMB7,939,000). These corporate bonds carried 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 16.68% to 36%.

	2016 **RMB'000**	2015 RMB'000
At 1 July	**19,821**	—
Currency realignment	**2,567**	—
Proceeds from issuance of corporate bonds	**68,861**	20,392
Transaction costs for corporate bonds issuance	**(7,939)**	(684)
Imputed interest *(note 7)*	**3,379**	113
Principal repaid	**(32,340)**	—
At 30 June	**54,349**	19,821
Carrying amount repayable:		
Within one year	**34,376**	19,821
After one year but within five years	**19,973**	—
	54,349	19,821
Less: Amount shown under current liabilities	**(34,376)**	(19,821)
Amount shown under non-current liabilities	**19,973**	—

27. CORPORATE BONDS *(continued)*

Details of the Corporate Bonds over HK$9,000,000 as at 30 June 2016 are as follow:

Bond number	Subscriber	Principal amount	Date of issue
30	Lin Li Ping	HK$9,600,000	2 October 2015
56	Wang Wuyang	HK$10,000,000	2 February 2016

All bonds issued during the year ended 30 June 2015 was below HK$9,000,000.

28. DEFERRED TAXATION

The following are the major components of deferred tax liability recognised by the Group and movements thereon during the current and prior years:

	Fair value adjustment on intangible assets arising from business combination RMB'000
At 1 July 2014 and 30 June 2015	—
Currency realignment	12
Through acquisition of subsidiaries *(note 32)*	312
Credited to profit or loss	(47)
At 30 June 2016	277

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

	2016 **RMB'000**	2015 RMB'000
Deductible temporary differences	**27,170**	20,089
Unused tax losses	**14,437**	11,058
	41,607	31,147

28. DEFERRED TAXATION *(continued)*

At 30 June, 2016, the Group had unused tax losses of approximately RMB14,437,000 (2015: RMB11,058,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely except for the tax losses arising in the PRC of approximately RMB7,266,000 (2015: RMB11,058,000).

At 30 June, 2016, the Group had deductible temporary differences of approximately RMB27,170,000 (2015: HK20,089,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

29. SHARE CAPITAL

	Number of shares '000	**Amount** RMB'000
Authorised:		
At 1 July 2014 and 30 June 2015 (ordinary shares of HK$0.005)	20,000,000	106,000
Share consolidation *(note (a))*	(18,000,000)	—
Increase in authorised share capital *(note (a))*	1,000,000	42,845
At 30 June 2016 (ordinary shares of HK$0.05)	3,000,000	148,845
Issued and fully paid:		
At 30 June 2015 (ordinary shares of HK$0.005)	1,902,490	8,348
Issue of shares upon placing *(note (b)(i))*	190,000	760
At 30 June 2016	2,092,490	9,108
Issue of shares upon placing *(note (b)(ii))*	190,000	761
Bonus issue *(note (c))*	1,141,245	4,680
Share consolidation *(note (a))*	(3,081,362)	—
Issue of shares under open offer *(note (d))*	855,934	35,725
Issue of shares upon placing *(note (b)(iii))*	68,460	2,874
At 30 June 2016 (ordinary shares of HK$0.05)	1,266,767	53,148

29. SHARE CAPITAL *(continued)*

(a) Share consolidation

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 7 March 2016, the shareholders of the Company have approved the following: (i) every ten issued and unissued ordinary shares of HK$0.005 each were consolidated into one consolidated share of HK$0.05; and (ii) the authorised share capital of the Company was increased from HK$100,000,000 divided into 2,000,000,000 consolidated shares to HK$150,000,000 divided into 3,000,000,000 consolidated shares by the creation of an additional 1,000,000,000 unissued consolidated shares.

(b) Issue of shares upon placing

(i) 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 the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 26 February 2015 and 17 March 2015.

(ii) During the year ended 30 June 2016, 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 RMB761,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK$30,400,000 (equivalent to approximately RMB24,349,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 22 June 2015 and 6 July 2015.

(iii) During the year ended 30 June 2016, the Company completed the placing and subscription of 68,460,000 shares at a price of HK$0.145 per share. The proceeds of HK$3,423,000 (equivalent to approximately RMB2,874,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK$6,504,000 (equivalent to approximately RMB5,462,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 20 April 2016 and 10 May 2016.

(c) Bonus issue

By an ordinary resolution passed at the special general meeting on 24 September 2015, the Company made a bonus issue of 1 ordinary share for every 2 existing ordinary shares held by members on the register of members on 6 October 2015, resulting in the issue of 1,141,245,000 shares of HK$0.005 each and credit as fully paid from the Company's share premium account.

29. SHARE CAPITAL *(continued)*

(d) Open offer

On 14 January 2016, the Company announced its proposal to issue 855,933,750 shares of HK$0.05 each, upon the share consolidation become effective (note (a) above), by way of the open offer on the basis of five offer shares for every two ordinary shares then held by qualifying shareholders at a subscription price of HK$0.12 per offer share.

On 13 April 2016, the Company completed the open offer and issued 855,933,750 shares for gross proceeds of HK$102,712,000. The difference of HK$57,861,000 (equivalent to approximately RMB48,301,000) between the net proceeds of HK$100,658,000 (after deduction of related expenses of HK$2,054,000) and the par value of shares issued of HK$42,797,000 (equivalent to approximately RMB35,725,000) has been credited to the share premium account of the Company.

Details of the open offer were set out in the prospectus of the Company dated 18 March 2016

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.

30. 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.
Total number of Shares available for issue for options granted under Scheme	At 30 June 2011, the number of Shares issuable under for issue for the Scheme was 131,040,000 shares, which options granted under represented approximately 7.45% of the issued share capital of the Company as at that date.

30. SHARE OPTION SCHEME *(continued)*

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 director 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$1.0

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

During the years ended 30 June 2016 and 2015, no option was granted, exercised or cancelled, nor were there any outstanding at the beginning and at the end of the year.

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year, the Group entered into an agreement with the beneficial owner of a substantial shareholder of the Company to acquire the entire issued share capital of Cyber Leader Holdings Limited and its subsidiaries (the "Cyber Leader") which indirectly own a piggery for a cash consideration of HK$2,900,000 (approximately RMB2,485,000).

In the opinion of the directors of the Company, the above acquisition did not constitute a business combination in accordance with HKFRS 3 "Business Combination". As such the acquisition is in substance an acquisition of assets, the transaction was accounted for as acquisition of assets through acquisition of subsidiaries.

Fair value of assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Net assets acquired:	
Prepaid lease payment	2,461
Cash and cash equivalents	25
Accruals	(1)
Total consideration	2,485
Satisfied by:	
Cash consideration paid	2,485
Net cash outflow on acquisition of subsidiaries:	
Cash consideration paid	2,485
Less: cash and cash equivalents acquired	(25)
Net cash outflow arising on acquisition	(2,460)

32. ACQUISITION OF SUBSIDIARIES

(a) On 16 June 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Red Link Enterprises Limited and its subsidiary ("Red Link"), which principally engaged in money lending business in Hong Kong, for a cash consideration of approximately RMB2,514,000 (equivalent to HK$3,000,000). The acquisition was completed on 27 August 2015.

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

	RMB'000
Net assets acquired:	
Trade and other receivables	6
Bank balances and cash	128
Trade and other payables	(4)
	130
Goodwill *(note 16)*	2,384
Total consideration	2,514
Satisfied by:	
Cash consideration paid	500
Deposit paid during the year ended 30 June 2015	2,014
	2,514

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	(500)
Less: cash and cash equivalents acquired	128
Net cash outflow arising on acquisition	(372)

From the date of acquisition to 30 June 2016, Red Link has contributed net profit and revenue of approximately RMB774,000 and RMB3,234,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total group revenue for the year would have been approximately RMB33,774,000, and loss for the year would have been approximately RMB56,384,000. The pro forma information is for illustrative purposes only and is 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 2015, nor is it intended to be a projection of future results.

32. ACQUISITION OF SUBSIDIARIES *(continued)*

(a) *(continued)*

Goodwill arising from the acquisition of Red Link is attributable to the anticipation profitability of the provision of money lending business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

(b) On 24 August 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Kirin Financial Group Limited and its subsidiaries ("Kirin"), which principally engaged in insurance brokerage service in Hong Kong, for a cash consideration of approximately RMB8,967,000 (equivalent to HK$10,700,000). The vendor has provided a profit guarantee of approximately RMB2,514,000 (equivalent to HK$3,000,000). Details are set out in the announcement dated 24 August 2015. At the date of acquisition, the profit guarantee is not recognised in the 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 fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Plant and equipment	656
Trade and other receivables	2,216
Bank balances and cash	895
Trade and other payables	(4,738)
Obligations under finance leases	(163)
	(1,134)
Non-controlling interests	520
Goodwill *(note 16)*	9,581
Total consideration	8,967
Satisfied by:	
Cash consideration paid	3,649
Deposit paid during the year ended 30 June 2015	5,318
	8,967
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(3,649)
Less: Cash and cash equivalents acquired	895
Net cash outflow arising on acquisition	(2,754)

32. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) *(continued)*

From the date of acquisition to 30 June 2016, Kirin has contributed net loss and revenue of approximately RMB7,321,000 and RMB19,245,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total Group revenue for the year would have been approximately RMB36,541,000, and loss for the year would have been approximately RMB56,941,000. The pro forma information is for illustrative purposes only and is 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 2015, nor is it intended to be a projection of future results.

Goodwill arising from in the acquisition of Kirin is attributable to the anticipation profitability of the insurance brokerage business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

(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 International Technology Inc. ("Red Rabbit"), which engaged in provision of information technology service in the Philippines, for a consideration of approximately RMB20,678,000 (equivalent to HK$25,000,000). The acquisition was completed on 24 September 2015 (the "Completion Date"). Partial consideration of approximately RMB16,543,000 (equivalent to HK$20,000,000) has been settled by cash and the remaining balance of approximately RMB4,135,000 (equivalent to HK$5,000,000) has been satisfied by way of promissory notes issued by the Company (note 26). The settlement of the promissory notes is subject to profit guarantee and will be settled in cash within one month from the day on which the audit of the financial statements of Red Rabbit for the purpose of the determination of the actual profit have been issued by the auditor appointed by the Group. The vendors have agreed to provide a profit guarantee to the Group in relation to the financial performance of Red Rabbit, for a period of 12 months from the completion date (the "Profit Guarantee"). The Profit Guarantee requires Red Rabbit to meet a target profit after tax in the first anniversary from the Completion Date. The target profit after tax for the first anniversary is approximately RMB4,135,000 (equivalent to HK$5,000,000). In the event that the actual profit of Red Rabbit is less than the guarantee profit in its first anniversary from the completion date, the Group shall not be required to repay the aggregate principal amount of the promissory notes. In addition, the vendors shall compensate the Group 5 times of the difference between the guaranteed profit and the actual profit limited to the maximum amount of HK$20,000,000. Details are set out in the announcements dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015. The directors consider that it is virtually certain that the guaranteed profit amount would be achieved at initial recognition and at 30 June 2016 based on the actual performance of Red Rabbit for the first anniversary from the completion date. The fair value of the contingent consideration at the date of acquisition and 30 June 2016 is thus considered as insignificant. Accordingly, the fair value of total consideration amounted to approximately RMB20,221,000 at the date of acquisition.

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 the Philippines. The acquisition of Red Rabbit had been accounted for using the acquisition method.

32. ACQUISITION OF SUBSIDIARIES *(continued)*

(c) *(continued)*

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

	RMB'000
Net assets acquired:	
Deposit paid for plant and equipment	90
Bank balances and cash	5
Intangible asset *(note 17)*	6,237
Deferred tax liability *(note 28)*	(312)
	6,020
Non-controlling interests	(2,973)
Goodwill *(note 16)*	17,174
Total consideration	20,221
Satisfied by:	
Cash consideration paid	4,148
Deposit paid during the year ended 30 June 2015	12,395
Promissory notes *(note 26)*	3,678
	20,221
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(4,148)
Less: Cash and cash equivalents acquired	5
Net cash outflow arising on acquisition	(4,143)

The fair value of the intangible asset represents customer contracts at the date of acquisition amounted to approximately RMB6,237,000 which is based on a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer.

32. ACQUISITION OF SUBSIDIARIES *(continued)*

(c) *(continued)*

The fair value of the promissory notes is approximately RMB3,678,000 which is based on valuation performed by Roma Appraisals Limited.

Non-controlling interest in the Red Rabbit is measured by reference to the proportionate share of fair value of identifiable assets and liabilities of Red Rabbit at the date of acquisition.

From the date of acquisition to 30 June 2016, Red Rabbit has contributed net profit and revenue of approximately RMB3,359,000 and RMB5,654,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total Group revenue for the year would have been approximately RMB33,774,000, and loss for the year would have been approximately RMB56,631,000. The pro forma information is for illustrative purposes only and is 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 2015, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Red Rabbit been acquired at the beginning of the current year, the directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination.

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

32. ACQUISITION OF SUBSIDIARIES *(continued)*

(d) On 22 July 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Super Hero Production Company Limited ("Super Hero"). Super Hero entered into the memorandum of understanding with Live Motion Pictures Entertainment Inc. ("Live Motion") in relation to the sub-sub-license to be granted by Live Motion to Super Hero for the right to co-operate public or private presentation of Marvel's The AVENGERS Scientific Training and Tactical Intelligence Operative Network. Details are set out in the announcement dated 24 July 2015. Super Hero did not have any operation and revenue immediately before the acquisition by the Group and the excess of payment of approximately RMB248,000 (equivalent to HK$300,000) for acquisition of assets and liabilities of Super Hero does not have any measurable future economic benefits to the Group to qualify the recognition requirements of an asset, and was therefore expensed in the consolidated statement of profit or loss and other comprehensive income. The acquisition was completed on 22 July 2015.

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

	RMB'000
Net assets acquired:	
Cash and cash equivalents	–
Excess payment on acquisition of assets and liabilities charged to consolidated statement of profit or loss and other comprehensive income	248
Total consideration	248
Satisfied by:	
Deferred consideration payable	248
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	–

33. 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 RMB6,600,000. The transaction was completed on 22 September 2015.

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

	RMB'000
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)
Net assets disposed of	8,346
Release of exchange reserve upon disposals	5
Non-controlling interests	(1,072)
Loss on disposal of subsidiaries	(679)
Total consideration	6,600
Satisfied by:	
Cash received	1,400
Consideration receivable *(note 21)*	5,200
	6,600
Net cash inflow arising on disposal	
Cash consideration received during the year	1,400
Less: bank balances and cash disposed of	(12)
	1,388

33. DISPOSAL OF SUBSIDIARIES *(continued)*

(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 RMB14,380,000. The transaction was completed on 23 September 2015.

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

	RMB'000
Plant and equipment	24
Goodwill	11,665
Inventories	394
Trade and other receivables	8,169
Bank balances and cash	524
Trade and other payables	(6,544)
Net assets disposed of	14,232
Release of exchange reserve upon disposal	(3)
Gain on disposal of subsidiaries	151
Total consideration	14,380
Satisfied by:	
Cash received	2,870
Consideration receivable *(note 21)*	11,510
	14,380
Net cash inflow arising on disposal	
Cash consideration received during the year	2,870
Less: bank balances and cash disposed of	(524)
	2,346

34. 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 2016 and 2015, the Group's total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2016 **RMB'000**	2015 RMB'000
Not later than one year	**4,296**	770
Later than one year and not later than five years	**1,840**	458
	6,136	1,228

35. CAPITAL COMMITMENTS

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

	2016 **RMB'000**	2015 RMB'000
Acquisition of subsidiaries:		
Authorised, but not contracted for	**–**	3,239
Contracted, but not provided for	**240**	9,196
	240	12,435

36. RELATED PARTY TRANSACTIONS

Except those related party information disclosed elsewhere in the consolidated financial statements, the Group did not have any other material related party transactions during the year.

37. FINANCIAL INSTRUMENTS

(A) Financial instruments by categories

	Loans and receivables	
	2016	2015
	RMB'000	RMB'000
Assets		
Loan receivables	**55,759**	—
Consideration receivables	**16,710**	—
Trade and other receivables	**24,030**	16,024
Cash and bank balances	**15,943**	272
	112,442	16,296

	Financial assets at FVTPL	
	2016	2015
	RMB'000	RMB'000
Assets		
Fair value on contingent consideration	**6,298**	—

	Financial liabilities at amortised cost	
	2016	2015
	RMB'000	RMB'000
Liabilities		
Trade and other payables	**30,166**	14,772
Obligations under finance leases	**800**	—
Promissory notes	**4,552**	—
Corporate bonds	**54,349**	19,821
	89,867	34,593

37. 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 27 for details), and loan receivables (see Note 20 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.

37. FINANCIAL INSTRUMENTS *(continued)*

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

(b) Credit risk

As at 30 June 2016, 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 and loan receivables individual or collectively 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 49% (2015: 100%) of the total trade receivable as at 30 June 2016. The Group has concentration of credit risk as 33% (2015: 44%) and 92% (2015: 98%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's policy requires the reviews of individual financial assets that are above materiality thresholds periodically. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the end of the reporting period on a case by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for (i) portfolios of homogeneous assets that are not assessed individually; and (ii) losses incurred but not yet identified, by using the historical loss experience, experienced judgment and statistical techniques to provide.

37. 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.

	Carrying amount	Contractual undiscounted cash flows	Within 1 year or on demand	Between 1-2 years
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2016				
Trade and other payables	30,166	30,166	30,166	–
Obligations under finance leases	800	942	424	518
Promissory notes	4,552	4,799	4,799	–
Corporate bonds	54,349	61,390	38,398	22,992
Total	89,867	97,297	73,787	23,510
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	–

37. FINANCIAL INSTRUMENTS *(continued)*

(C) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The only financial instrument of the Group that is measured at fair value at the end of each reporting period is the fair value on contingent consideration and its fair value hierarchy is level 3. The details of information about how the fair values of this financial instrument is determined (in particular, the valuation technique and inputs used) is set out in note 11.

During the years ended 30 June 2016 and 2015, there were no transfers between Level 1 and 2 or transfers into or out of Level 3.

(ii) Fair value of the Group's financial instruments that are not measured at fair value 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.

38. 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.

39. 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 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 RMB215,000 (2015: RMB160,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

40. MAJOR NON-CASH TRANSACTIONS

During the year, the Group acquired plant and machinery with an aggregate cost of approximately RMB3,267,000 (2015: RMB292,000) of which approximately RMB713,000 was acquired by means of finance leases (2015: Nil). Cash payment of approximately RMB2,554,000 were made to purchase plant and machinery.

41. 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:

	2016 RMB'000	2015 RMB'000
Non-current assets		
Plant and equipment	—	148
Interests in subsidiaries	158,027	40,618
Deposits paid for acquisition of investments	8,800	27,084
	166,827	67,850
Current assets		
Other receivables	1,558	5,088
Cash and bank balances	13,444	33
	15,002	5,121
Current liabilities		
Other payables	6,877	2,436
Corporate bonds	33,717	19,821
Promissory notes	4,166	—
Amounts due to subsidiaries	4,217	4,692
	48,977	26,949
Net current liabilities	(33,975)	(21,828)
Total assets less current liabilities	132,852	46,022
Non-current liability		
Corporate bonds	19,504	—
Net assets	113,348	46,022
Equity		
Share capital *(note 29)*	53,148	9,108
Reserves *(note)*	60,200	36,914
Total equity	113,348	46,022

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

Note:

Reserves

	Share premium RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
At 1 July 2014	124,756	(68,371)	(10,331)	46,054
Loss for the year	—	(32,330)	—	(32,330)
Issue of shares, net of expenses *(note 29)*	22,940	—	—	22,940
Exchange difference arising from translation of financial statements of foreign operation	—	—	250	250
At 30 June 2015	147,696	(100,701)	(10,081)	36,914
Loss for the year	—	(49,675)	—	(49,675)
Issue of shares, net of expenses *(note 29)*	73,013	—	—	73,013
Exchange difference arising from translation of financial statements of foreign operation	—	—	(52)	(52)
At 30 June 2016	220,709	(150,376)	(10,133)	60,200

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 30 June 2016 and 2015 are as follows:

Name	Place of incorporation/ operations	Issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiary	Principal activities
北京科瑞易聯節能科技發展有限公司	The People's Republic of China	HK$35,000,000	100%	–	100%	Provision of energy saving services and sales of energy saving products
北京科瑞天誠科技有限公司	The People's Republic of China	HK$14,000,000	100%	–	100%	Provision of energy saving services and sales of energy saving products
浙江科瑞照明技術有限公司	The People's Republic of China	RMB10,000,000	51%	–	51%	Manufacturing, selling and undertaking of installation work of electrodeless lamps
徐州安邦自動化設備有限公司	The People's Republic of China	US$90,000	100%	–	100%	Provision of energy saving services and sales of energy saving products
Philippines Dragon Limited	Hong Kong	HK$20	100%	–	100%	Investment holding
Kirin Financial Group Limited	Hong Kong	HK$10,000	75%	–	100%	Provision of advisory service
Kirin Wealth Management Limited	Hong Kong	HK$900,000	52.5%	–	70%	Provision of insurance brokerage of service
Red Rabbit International Technology Inc.	Philippines	PHP2,500,000	51%	–	51%	Provision of information technology service
Kirin Finance Limited	Hong Kong	HK$10,000	100%	–	100%	Money lending
始興縣樂天農林開發有限公司	The People's Republic of China	HK$5,100,000	100%	–	100%	Not yet commenced business

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Portion of ownership and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015
				RMB'000	RMB'000	**RMB'000**	RMB'000
Kirin Holdings Limited	Cayman Islands/ Hong Kong	**25%**	–	**(1,925)**	–	**(2,530)**	–
Red Rabbit	Philippines	**49%**	–	**1,200**	–	**4,322**	–
Individually immaterial subsidiaries with non-controlling interests				**(117)**	(1,982)	**–**	1,189
				(842)	(1,982)	**1,792**	1,189

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The summarised financial information in respect of the Group's subsidiaries that has non-controlling interests that are material to the Group, before intragroup eliminations:

	Kirin		Red Rabbit	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current assets	**7,577**	–	**5,981**	–
Non-current assets	**3,323**	–	**8,835**	–
Current liabilities	**(21,329)**	–	**(5,718)**	–
Equity attributable to owners of the Company	**(7,899)**	–	**4,776**	–
Non-controlling interests	**(2,530)**	–	**4,322**	–
Revenue	**21,592**	–	**5,654**	–
Other income	**213**	–	**–**	–
Expenses	**(11,629)**	–	**(3,038)**	–
(Loss) profit attributable to owners of the Company	**(7,003)**	–	**1,416**	–
(Loss) profit attributable to non-controlling interests	**(1,925)**	–	**1,200**	–
(Loss) profit for the year	**(8,928)**	–	**2,616**	–
Net cash inflow (outflow) from operating activities	**5,701**	–	**(2,534)**	–
Net cash outflow from investing activities	**(3,911)**	–	**(3,800)**	–
Net cash (outflow)/inflow from financing activities	**(457)**	–	**6,432**	–
Net cash inflow	**1,333**	–	**98**	–

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

43. EVENTS AFTER THE REPORTING PERIOD

On 7 July 2016, the Group had entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the "JV Company"). The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

Financial Summary

	Years ended 30 June				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover	**33,774**	16,695	15,049	20,198	21,235
Loss for the year	**(56,384)**	(17,606)	(20,626)	(7,738)	(14,328)

	As at 30 June				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**196,849**	83,616	64,301	52,339	52,913
Total liabilities	**(92,182)**	(45,904)	(32,969)	(22,258)	(17,378)
Net assets	**104,667**	37,712	31,332	30,081	35,535
Share capital	**53,148**	9,108	8,348	8,076	8,076
Reserves	**49,727**	27,415	19,813	18,129	25,106
Total equity attributable to equity shareholders of the Company	**102,875**	36,523	28,161	26,205	33,182
Non-controlling interests	**1,792**	1,189	3,171	3,876	2,353
Total equity	**104,667**	37,712	31,332	30,081	35,535