



**Blue Sky Power Holdings Limited**  
**藍天威力控股有限公司**

(Formerly known as China Print Power Group Limited)  
(Incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 6828

Singapore Stock Code: B3C

[www.blueskypower.holdings](http://www.blueskypower.holdings)



Interim Report **2014**

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# CORPORATE PROFILE

## NATURAL GAS BUSINESS

In recent years, the demand for energy grows as the PRC economy continues to develop. In order to rely less on conventional energy resources such as coal and petroleum, the PRC government has adopted a series of measures to promote development and utilisation of new energy; whereas natural gas, as a form of clean energy, is particularly well-received by the industry.

We have dedicated ourselves to promote the integrated utilization of natural gas as the strategic focus. Our natural gas business encompasses L/CNG refilling stations for vehicles as well as supplying natural gas to the industrial parks, commercial complex and local residents. These facilities benefit from proximity to sources of gas supply, conformance to national policies, and the significant business opportunities arising from the process of gradually replacing conventional energy with eco-friendly clean energy.

With the support of favourable government policies, we will be able to acquire sources of gas and business opportunities by fully leveraging the established cooperative partnerships with other large-scale energy enterprises including China National Petroleum Corporation. We will endeavour to expand into markets with low utilisation of natural gas, seek out projects with high return on equity and high return on assets, and attain long-term growth making use of diversified technologies.

## PRINTING BUSINESS

We are a leading books & specialised products printing group serving the international market. We specialise in the printing of books, as well as the design and manufacturing of quality specialised products such as leather and fabric-bound diaries, journals and greeting cards. Our integrated services include pre-press, printing to finishing/binding services. We are able to combine special printing skills with leather manufacturing technologies to produce high-value added composite products for our customers. Through our full suite of integrated services at our 74,398 sqm production facilities in He Yuan, Guangdong Province, PRC, we are a convenient one-stop shop for customers sourcing for unique products that require a high-level of customisation.

Today we serve a blue-chip base of customers that includes major international publishers and retail stores across Europe, North America and Asia, such as Barnes & Noble Distribution in the US, Parragon Books Ltd. in the UK, as well as Phoenix Offset Productions and World Print Limited in Hong Kong.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sze Chun Lee (*Chief Executive Officer*)  
Mr. Chan Wai Ming  
Mr. Lam Shek Kin (*resigned on 18 July 2014*)  
Mr. Hung Tao  
Mr. Cheng Ming Kit (*appointed on 7 May 2014*)  
Mr. Kwok Shek San (*Chief Financial Officer*)  
(*appointed on 18 July 2014*)

### Non-executive Director

Ms. Chung Oi Ling, Stella  
(*re-designated on 1 August 2014*)

### Independent Non-executive Directors

Mr. Lim Siang Kai (*Chairman*)  
Mr. Wee Piew  
Ms. Wong Fei Tat

## NOMINATING COMMITTEE

Ms. Wong Fei Tat (*Chairman*)  
Mr. Lim Siang Kai  
Mr. Wee Piew  
Mr. Cheng Ming Kit (*appointed on 7 May 2014*)

## REMUNERATION COMMITTEE

Mr. Lim Siang Kai (*Chairman*)  
Mr. Wee Piew  
Ms. Wong Fei Tat

## AUDIT COMMITTEE

Mr. Wee Piew (*Chairman*)  
Mr. Lim Siang Kai  
Ms. Wong Fei Tat

## AUTHORISED REPRESENTATIVES

Mr. Sze Chun Lee  
Mr. Kwok Shek San

## COMPANY SECRETARY

Mr. Sit Lak Pun, Edmund, CPA, ACCA, MBA

## REGISTERED OFFICE

Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

## HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

Room 1007-8, 10th Floor,  
New World Tower I,  
16-18 Queen's Road Central,  
Hong Kong

## BERMUDA SHARE REGISTRAR

Codan Services Limited  
Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

## SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITOR

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## PRINCIPAL BANKERS

Hong Kong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China Limited  
DBS Bank Limited (Singapore)  
China Construction Bank (Asia) Corporation Limited

## COMPANY WEBSITE

[www.blueskypower.holdings](http://www.blueskypower.holdings)

## STOCK CODES

Hong Kong: 6828  
Singapore: B3C

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
<b>Revenue</b>	6	<b>77,263</b>	63,391
Cost of sales		<b>(66,354)</b>	(52,170)
<b>Gross profit</b>		<b>10,909</b>	11,221
Other income	6	<b>3,004</b>	1,049
Selling and distribution costs		<b>(3,267)</b>	(3,833)
Administrative expenses		<b>(21,142)</b>	(12,134)
Other operating expenses		<b>(2,024)</b>	(1,902)
Finance costs	7	<b>(393)</b>	(534)
<b>Loss before income tax</b>	8	<b>(12,913)</b>	(6,133)
Income tax expense	9	<b>(17)</b>	(687)
<b>Loss for the period</b>		<b>(12,930)</b>	(6,820)
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		<b>2,819</b>	2,258
<b>Other comprehensive income for the period</b>		<b>2,819</b>	2,258
<b>Total comprehensive income for the period</b>		<b>(10,111)</b>	(4,562)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(13,607)</b>	(6,820)
Non-controlling interests		<b>677</b>	–
		<b>(12,930)</b>	(6,820)
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>(10,587)</b>	(4,562)
Non-controlling interests		<b>476</b>	–
		<b>(10,111)</b>	(4,562)
<b>Loss per share for loss attributable to owners of the Company for the period</b>			
– Basic and diluted ( <i>HK cents</i> )	11	<b>(5.60)</b>	(3.51)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Leasehold land and land use rights		5,610	5,546
Property, plant and equipment	12	128,136	99,834
Intangible assets	13	3,500	–
Goodwill	14	47,313	–
Investment properties		29,423	29,262
Deposits for acquisition of subsidiaries		36,773	12,000
Other non-current assets		426	423
		<b>251,181</b>	147,065
<b>Current assets</b>			
Inventories		22,570	17,273
Trade and other receivables	15	51,521	42,937
Current tax assets		4,090	4,090
Cash and bank balances		34,628	30,346
		<b>112,809</b>	94,646
<b>Current liabilities</b>			
Trade and other payables	16	38,453	24,186
Bank borrowings, secured	17	14,917	23,621
		<b>53,370</b>	47,807
<b>Net current assets</b>		<b>59,439</b>	46,839
<b>Total assets less current liabilities</b>		<b>310,620</b>	193,904
<b>Non-current liabilities</b>			
Other borrowings	17	6,000	–
<b>Net assets</b>		<b>304,620</b>	193,904
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	136,987	114,977
Reserves		147,398	78,927
		<b>284,385</b>	193,904
<b>Non-controlling interests</b>		<b>20,235</b>	–
<b>Total equity</b>		<b>304,620</b>	193,904

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Equity attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2013 (Audited)</b>	95,815	43,423	(43,048)	18,913	-	102,248	217,351	-	217,351
Issue of ordinary shares	19,162	14,981	-	-	-	-	34,143	-	34,143
Transaction costs on issue of ordinary shares	-	(787)	-	-	-	-	(787)	-	(787)
Transactions with owners	19,162	14,194	-	-	-	-	33,356	-	33,356
Loss for the period	-	-	-	-	-	(6,820)	(6,820)	-	(6,820)
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	-	-	-	2,258	-	-	2,258	-	2,258
<b>Total comprehensive income for the period</b>	-	-	-	2,258	-	(6,820)	(4,562)	-	(4,562)
<b>Balance at 30 June 2013 (Unaudited)</b>	114,977	57,617	(43,048)	21,171	-	95,428	246,145	-	246,145

Equity attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2014 (Audited)</b>	114,977	57,617	(43,048)	20,679	-	43,679	193,904	-	193,904
Issue of ordinary shares	22,010	82,037	-	-	-	-	104,047	-	104,047
Transaction costs on issue of ordinary shares	-	(2,396)	-	-	-	-	(2,396)	-	(2,396)
Acquisition of subsidiaries	-	-	-	-	-	-	-	16,806	16,806
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	2,370	2,370
Transfer of statutory reserve	-	-	-	-	327	(910)	(583)	583	-
Transactions with owners	22,010	79,641	-	-	327	(910)	101,068	19,759	120,827
Loss for the period	-	-	-	-	-	(13,607)	(13,607)	677	(12,930)
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	-	-	-	3,020	-	-	3,020	(201)	2,819
<b>Total comprehensive income for the period</b>	-	-	-	3,020	-	(13,607)	(10,587)	476	(10,111)
<b>Balance at 30 June 2014 (Unaudited)</b>	136,987	137,258	(43,048)	23,699	327	29,162	284,385	20,235	304,620

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(8,607)	4,011
Net cash generated from/(used in) investing activities	15,910	(5,725)
Net cash (used in)/generated from financing activities	(3,097)	27,239
Net increase in cash and cash equivalents	4,206	25,525
<b>Cash and cash equivalents at the beginning of period</b>	<b>30,346</b>	17,538
Effect of foreign exchange rate changes, on cash held	76	85
<b>Cash and cash equivalents at the end of period</b>	<b>34,628</b>	43,148



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated and domiciled in Bermuda as an exempted company with limited liability. With effective from 30 June 2014, the English name of the Company has been changed from “**China Print Power Group Limited**” to “**Blue Sky Power Holdings Limited**” and the Company has adopted the Chinese name “藍天威力控股有限公司” as the secondary name of the Company in place of the former Chinese name of “中國威力印刷集團有限公司”. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business is Rooms 1007-8, 10/F., New World Tower I, 16-18 Queen’s Road Central, Hong Kong. The Company’s shares are primary listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) and listing status in the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) was changed from primary listing to secondary listing with effective from 2 July 2014.

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally engaged in (i) sales and distribution of natural gas and other related products; (ii) sales of book products; and (iii) sales of specialised products.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousands (“**HK\$’000**”) except when otherwise indicated.

### Key events

The followings are the key events of the Group during the six months ended 30 June 2014 and up to the date of this report:

#### (a) *Acquisition of subsidiaries*

The acquisition of 60% equity interest of Focus On Group Limited was completed on 3 March 2014 at a consideration of HK\$55 million in cash. Focus On Group Limited indirectly holds 60% of Dezhou Huaxin Natural Gas Company Limited (“德州華鑫天然氣有限公司”), which holds one CNG Main Station and one CNG Satellite Station in Yu Cheng City, Shandong Province, PRC (“中國山東省禹城市”).

The acquisition of 100% equity interest in Cloud Decade Limited was completed on 30 July 2014 at a consideration of HK\$515,432,000, comprising HK\$17,000,000 in cash and the issuance of a convertible note with the principal amount of HK\$498,432,000. Cloud Decade Limited indirectly holds 89.18% of Benxi Liaoyou Xinshidai Ranqi Company Limited (“本溪遼油新時代燃氣有限公司”), which entered into an exclusive operation agreement with the Xihu Government, pursuant to which it is authorised to operate the business of providing natural gas to residential household, commercial business, industrial production and automobile fueling in the Xihu District (“**溪湖區**”) (including Dongfenghu Steel Deep Processing Industrial Park) for 30 years, commencing on 30 March 2012.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION (Continued)

### Key events (Continued)

#### **(b) Share placement and granting of share options**

On 28 January 2014, the Company completed a placement of 40,018,000 new shares at HK\$2.6 per share under the general mandate. The aggregate gross and net proceeds from the placing are approximately HK\$104.0 million and HK\$101.7 million, respectively, which was intended to be applied for potential acquisition activities as identified by the Group from time to time and as the general working capital of the Group.

On 21 July 2014, the Company granted share options to certain eligible persons of the Company to subscribe for a total of 12,809,893 ordinary shares of the Company at an exercise price of HK\$2.86 per share, subject to the vesting conditions as agreed.

#### **(c) Change of name and listing status of the Company**

Effective from 30 June 2014, the English name of the Company has been changed from “**China Print Power Group Limited**” to “**Blue Sky Power Holdings Limited**” and the Company has adopted the Chinese name “**藍天威力控股有限公司**” as the secondary name of the Company in place of the former Chinese name of “**中國威力印刷集團有限公司**”.

Effective from 2 July 2014, the Company changed its listing status in SGX-ST from primary listing to secondary listing.

#### **(d) Memorandum of Understanding**

Pursuant to a non-legally binding memorandum of understanding signed on 7 February 2013, and various supplemental memorandum of understanding signed on 11 June 2013 and 30 December 2013, Goldlink Capital Limited, a wholly-owned subsidiary of the Company, has signed another supplemental memorandum of understanding on 20 February 2014 for the acquisition of 100% equity interest of Shine Great Investments Limited and its subsidiary, where its subsidiary company is principally engaged in the gas related business in Liupanshui and Zunyi, in Guizhou Province and cities of Xuzhou and Huai’an, in Jiangsu Province, PRC. Up to 30 June 2014, HK\$14,000,000 was paid as refundable earnest money to the prospective vendors.

The Company has signed a non-legally binding memorandum of understanding with a prospective vendor on 2 July 2014, for the acquisition of at least 52% equity interest of Haikou Xin Yuan Natural Gas Technical Company Limited (“**海口鑫元天然氣技術股份有限公司**”). Up to date of this report, a refundable earnest money of approximately HK\$5,788,000 was paid to the prospective vendor.

The Company is currently in the process of performing due diligence review on the abovementioned projects. Should the acquisition of these potential projects be crystallised, further announcement will be made by the Company in accordance with the relevant listing rules as and when appropriate.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION (Continued)

### Key events (Continued)

**(e) Appointment of directors, re-designation of director, change of joint company secretaries and authorised representative**

With effect from 7 May 2014, Mr. Cheng Ming Kit has been appointed as an executive director of the Company and a member of the Nominating Committee.

With effect from 18 July 2014, Mr. Kwok Shek San has been appointed as an executive director and the group chief financial officer of the company and Mr. Lam Shek Kin has resigned as an executive director.

With effect from 1 August 2014, Ms. Chung Oi Ling, Stella has been re-designated as a non-executive director, and Mr. Tsui Kan Chun has resigned as Joint Company Secretary and Authorised Representative of the Company. And, Mr. Sit Lak Pun Edmund has been appointed as one of the Joint Company Secretaries and Mr. Kwok Shek San, an executive director of the Company has been appointed as one of the Authorized Representative with effective from 1 August 2014.

With effect from 29 August 2014, Ms. Gn Jong Yuh Gwendolyn has resigned as joint company secretary of the Company. Following Ms. Gn's resignation, Mr. Sit Lak Pun Edmund remained as company secretary at the Company.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) and the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on SEHK. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

## 3. ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2013, except for the adoption of the following new or amended International Financial Reporting Standards (“new IFRSs”) issued by the IASB and the International Financial Reporting Interpretation Committee of the IASB, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2014. The nature and the impact of each new standard or amendment is described below:

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. ACCOUNTING POLICIES (Continued)

### Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since the Company does not qualify to be an investment entity under IFRS 10.

### Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

### Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. Other than the additional disclosures by application of IAS 36, the application of IAS 36 has not had any material impact on the amounts recognised in the unaudited condensed consolidated interim financial statements.

### Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

### IFRIC 21 – Levies

IFRIC 21 is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 – Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. These amendments have no impact on the Group.

At the date of authorisation of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. SEASONALITY OF OPERATIONS

Seasonal fluctuation exists in our natural gas business. The demand is generally higher in the second half of the year due to the winter heating consumption. There is no material impact on the unaudited condensed consolidated interim financial statements as the natural gas business is still in the start-up stage.

Seasonal fluctuation exists in our sales of book and specialised products and in the overall printing industry. The demand is generally higher in the second half of the year when our customers will normally place more orders to us so as to meet their greater sales demand during Christmas and New Year holidays.

Our interim results for the first half of the year may not serve as an indication of our results of operations for the entire financial year.

## 5. SEGMENT REPORTING

The Group has identified the following reportable segments and no operating segments have been aggregated to form the following reportable segments:

- Sales and distribution of natural gas and other related products;
- Book products – provision of full suite of services from pre-press to printing to finishing/binding services; and
- Specialised products – production of custom-made and value-added printing products.

Each of these operating segments is managed separately as each of the product lines requires different resources as well as marketing approaches. For the six months ended 30 June 2014, there has been no change in the measurement policies used for reporting segment results.

Segment revenue below represents revenue from external customers. There were no inter-segment sales for the six months ended 30 June 2014 and 2013. The segment revenue and results for the six months ended 30 June 2014 and 2013 and the segment assets and liabilities as at 30 June 2014 and 31 December 2013 are as follows:

	Segment revenue		Segment profit		Segment assets		Segment liabilities	
	Six months ended 30 June		Six months ended 30 June		As at	As at	As at	As at
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Sales and distribution of natural gas and other related products	21,153	-	3,182	-	143,612	-	7,104	-
Book products	41,278	35,236	7,109	7,341	52,038	49,409	11,208	7,066
Specialised products	14,832	28,155	618	3,880	8,057	9,429	8,998	6,883
	<b>77,263</b>	63,391	<b>10,909</b>	11,221	<b>203,707</b>	58,838	<b>27,310</b>	13,949

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. SEGMENT REPORTING (Continued)

The total presented for the Group's operating segment results are reconciled to the loss before income tax as presented in the condensed consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Reportable segment profit	10,909	11,221
Interest income	6	90
Unallocated corporate income	2,998	959
Director's remuneration	(2,459)	(2,710)
Amortisation of leasehold land and land use rights	(69)	(67)
Depreciation of investment properties	(541)	(528)
Unallocated corporate expense	(23,364)	(14,564)
Finance costs	(393)	(534)
Loss before income tax	(12,913)	(6,133)

## 6. REVENUE AND OTHER INCOME

An analysis of the revenue, which is also the Group's turnover and other income, is as follows:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Revenue</b>		
Sales and distribution of natural gas and other related products	21,153	–
Sales of book products	41,278	35,236
Sales of specialised products	14,832	28,155
	77,263	63,391
<b>Other income</b>		
Interest income on financial assets not at fair value through profit or loss	6	90
Rental income from investment properties	645	622
Net foreign exchange gains	1,153	–
Reversal of impairment losses on trade receivables	600	–
Net gains on disposals of property, plant and equipment	41	–
Sundry income	559	337
	3,004	1,049

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest charges on:		
Bank borrowings repayable on demand or wholly within five years	305	534
Other borrowings wholly repayable over five years	88	–
	<b>393</b>	534

## 8. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Loss before income tax is arrived at after charging:		
Amortisation of leasehold land and land use rights	69	67
Amortisation of intangible assets	–	26
Depreciation of property, plant and equipment	2,718	4,529
Depreciation of investment properties	541	528
Net losses on disposals of property, plant and equipment	–	570
Operating lease charges		
– Premises	413	219
– Motor vehicles	228	168

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2013. No Hong Kong profits tax has been provided for the six months ended 30 June 2014 as the Group did not derive any assessable profits in Hong Kong for that period.

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, subsidiaries in Mainland China are subject to the PRC corporate income tax rate at 25% (six months ended 30 June 2013: 25%).

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Current tax</b>		
Hong Kong profits tax	–	687
PRC corporate income tax	17	–
<b>Total income tax expense</b>	<b>17</b>	<b>687</b>

## 10. DIVIDEND

The Board did not recommend a payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

## 11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$13,607,000 (six months ended 30 June 2013: approximately HK\$6,820,000) and on the weighted average number of 242,910,758 (six months ended 30 June 2013: 194,227,936) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2014 and 2013 was the same as basic loss per share as there is no dilutive potential share.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group has an addition of property, plant and equipment with a cost of approximately HK\$31,288,000 (six months ended 30 June 2013: approximately HK\$7,809,000).

Property, plant and equipment with net carrying amount of approximately HK\$37,000 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$1,853,000).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13. INTANGIBLE ASSETS

The intangible assets represented the Group's exclusive operation rights of Xuzhou Tongbei Huasheng Resource Company Limited ("徐州銅北華生能源有限公司"), an indirect wholly-owned subsidiary of the Company in respect of business of processing, storage and sales of natural gas in Xuzhou for 30 years.

## 14. GOODWILL

On 25 November 2013, Goldlink Capital Limited, a directly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party regarding to the acquisition of 60% equity interest of Focus On Group Limited at a consideration of HK\$55 million. The Focus On Group Limited indirectly holds 60% of Dezhou Huaxin Natural Gas Company Limited ("德州華鑫天然氣有限公司"), which holds one CNG Main Station and one CNG Satellite Station in Yu Cheng City, Shandong Province, PRC ("中國山東省禹城市"). The transaction was completed on 3 March 2014.

Goodwill arising from this acquisition and the fair value of the identifiable net assets acquired at the date of acquisition are as follows:

	<i>HK\$'000</i>
Fair value of identifiable net assets acquired	
Property, plant and equipment	24,654
Other receivables	7,802
Other payables	(7,963)
	24,493
Less: Non-controlling interests	(16,806)
	7,687
Goodwill	47,313
Cash consideration paid	55,000

The total revenue included in the condensed consolidated statement of comprehensive income from its date of acquisition to 30 June 2014 contributed by Focus On Group Limited and its subsidiaries were approximately HK\$21,153,000 and its reported net profit of approximately HK\$3,182,000 over the same period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 15. TRADE AND OTHER RECEIVABLES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Trade receivables	<b>41,253</b>	45,534
<i>Less:</i> Provision for impairment losses	<b>(3,969)</b>	(3,969)
Trade receivables – net	<b>37,284</b>	41,565
Deposits, prepayments and other receivables	<b>12,121</b>	1,372
Amount due from non-controlling interests	<b>2,116</b>	–
	<b>51,521</b>	42,937

The Group generally allows a credit period of 30 to 120 days to its trade customers. Based on invoice dates, ageing analysis of trade receivables (net of provision for impairment losses) is as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
0 – 90 days	<b>27,515</b>	27,200
91 – 120 days	<b>5,812</b>	9,052
121 – 180 days	<b>2,647</b>	5,145
181 – 365 days	<b>1,172</b>	162
Over 365 days	<b>138</b>	6
	<b>37,284</b>	41,565

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 16. TRADE AND OTHER PAYABLES

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Trade payables	<b>20,206</b>	13,949
Accrued charges and other creditors	<b>17,203</b>	9,315
Construction cost payables	–	588
Trade deposits received	<b>1,044</b>	334
	<b>38,453</b>	24,186

Based on invoice dates, the ageing analysis of trade payables is as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
0 – 90 days	<b>16,617</b>	9,065
91 – 180 days	<b>3,153</b>	4,707
181 – 365 days	<b>334</b>	103
Over 365 days	<b>102</b>	74
	<b>20,206</b>	13,949

## 17. BANK AND OTHER BORROWINGS

The Group's bank borrowings bear interest at floating rates and are secured. The Group's other borrowing bear fixed interest rate and is unsecured. Both of the borrowings are denominated in HK\$ and based on the scheduled repayment dates set out in the loan agreements, the Group's bank and other borrowings are repayable as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Within one year	<b>12,996</b>	18,100
In the second year	<b>1,921</b>	5,521
In the third to fifth year	–	–
After five years	<b>6,000</b>	–
	<b>20,917</b>	23,621

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 17. BANK AND OTHER BORROWINGS (Continued)

The Group's bank loan agreements contain clauses which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations. Accordingly, the amounts due for repayment after one year are classified as current liabilities.

## 18. SHARE CAPITAL

	2014		2013	
	Number of ordinary shares of HK\$0.55 each (Unaudited)	HK\$'000 (Unaudited)	Number of ordinary share of HK\$0.55 each (Audited)	HK\$'000 (Audited)
<i>Authorised:</i>				
At 1 January and 31 December	<b>909,090,909</b>	<b>500,000</b>	909,090,909	500,000
<i>Issued and fully paid:</i>				
At 1 January	<b>209,049,373</b>	<b>114,977</b>	174,209,373	95,815
Issue of ordinary shares by way of placing	<b>40,018,000</b>	<b>22,010</b>	34,840,000	19,162
At 30 June 2014/ At 31 December 2013	<b>249,067,373</b>	<b>136,987</b>	209,049,373	114,977

On 28 January 2014, the Company issued, by way of placing, 40,018,000 ordinary shares of HK\$0.55 each at HK\$2.6 and the net proceeds from such issue amounted to approximately HK\$101,700,000. An amount of HK\$82,037,000 in excess of par value was credited to the share premium during the period ended 30 June 2014.

All shares issued rank pari passu with the existing shares of the Company in all respects.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 19. COMMITMENTS

### Capital commitments

At the reporting date, commitments in respect of capital expenditure are as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Contracted but not provided for:		
– property, plant and equipment	68	1,960
– acquisition of subsidiaries	498,432	47,000
	<b>498,500</b>	48,960

### Operating lease commitments as lessee

At the reporting date, the total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Within one year	1,417	256
In the second to fifth year	1,274	–
After five years	2,631	–
	<b>5,322</b>	256

The Group leases its office premises and carpark under operating leases. The leases run for an initial period of 1 to 20 years, with an option to renew the leases and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and the landlords. The leases do not include contingent rentals.

### Operating lease commitments as lessor

At the reporting date, the total future minimum lease receipts in respect of land and buildings under non-cancellable operating leases are as follows:

	<b>30 June 2014 HK\$'000 (Unaudited)</b>	31 December 2013 HK\$'000 (Audited)
Within one year	1,316	1,269
In the second to fifth year	2,473	3,062
	<b>3,789</b>	4,331

The Group leases its investment properties under operating leases. The leases run for an initial period of 5 years and require the tenants to pay security deposits. The leases do not include contingent rentals.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 20. RELATED PARTY TRANSACTIONS

In addition to the transactions or information disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the period:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Key management personnel</b>		
Short-term employee benefits	2,879	3,284
Employment benefits	31	53
Key management personnel remuneration	2,910	3,337
<b>A company in which certain directors of the Company have controlling interest</b>		
Rental expenses	168	168

## 21. PLEDGE OF ASSETS

Trade receivables as at 30 June 2014 of approximately HK\$4,725,000 (31 December 2013: HK\$5,573,000) have been pledged to secure bank borrowings utilised by the Group.

## 22. EVENTS AFTER THE REPORTING PERIOD

- (a) On 21 July 2014, the Company granted share options to certain eligible persons to subscribe for a total of 12,809,893 ordinary shares of the Company with the exercise price of HK\$2.86 per share.
- (b) On 5 May 2014, Goldlink Capital Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with New Topic Limited regarding the acquisition of entire equity interest of Cloud Decade Limited at an aggregate consideration of HK\$515,432,000, comprising HK\$17,000,000 in cash and HK\$498,432,000 by the issue of convertible note by the Company. Cloud Decade Limited had an effective interest of 89.18% in Benxi Laiyou Xinshidai Ranqi Company Limited (“本溪遼油新時代燃氣有限公司”), which has obtained from the Xihu Government the exclusive rights to supply natural gas in the supply district of Xihu District in Benxi City, Liaoning Province for 30 years commencing on 30 March 2012. The acquisition was completed on 30 July 2014 and since then Cloud Decade Limited has become an indirect wholly-owned subsidiary of the Company. The Company is currently in the process of preparing the completion accounts of Cloud Decade Limited.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The six months ended 30 June 2014 (“HY2014”) was an important period for the Group’s corporate development and business strategies implementations. In view of the increased competition in the printing market in the PRC, the Directors have been exploring different business opportunities to boost the business performance of the Group in order to enhance the Company’s value as a whole.

Natural gas is considered a cleaner and more environmental-friendly source of fuel when compared to the conventional energy sources such as coal and crude oil. In recent years, there has been favourable macro-economic and regulatory environment for the natural gas industry in the PRC, as the PRC government strived to promote the development and utilization of natural gas which is much less polluting. In addition, amid the continual economic growth and urbanization in the PRC, the energy consumption of natural gas has also increased significantly in the PRC in recent years. Therefore, the Directors believe that the natural gas industry in the PRC will provide tremendous business opportunities for future development of the Group.

During HY2014, the Group began to venture into the business of sales and distribution of natural gas by the acquisition of 60% equity interest in a company engaged in natural gas operations in Shandong Province. Since the completion of such acquisition in March 2014, the Group commenced to record stable revenue from the new business segment of sales and distribution of natural gas.

## FINANCIAL REVIEW

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### *Revenue*

Revenue increased by approximately 21.9% from approximately HK\$63.4 million for HY2013 to approximately HK\$77.3 million for HY2014 which was mainly due to the Group diversified its revenue source by expanding its business to sales and distribution of natural gas industry and recorded additional revenue of approximately HK\$21.2 million for HY2014, offset by the decrease in revenue of the printing business by approximately HK\$7.3 million due to the increased competition in the PRC.

#### *Gross Profit Margin*

Overall gross profit margin dropped from approximately 17.7% for HY2013 to approximately 14.1% for HY2014 which was mainly due to the increasing pressure on the cost of sales of the printing business, including the increased labour costs in the PRC and the gas business was still in the start-up stage during HY2014.

#### *Other Income*

Other income increased by approximately 186.4% from approximately HK\$1.0 million for HY2013 to approximately HK\$3.0 million for HY2014. The increase was mainly due to the net foreign exchange gains of approximately HK\$1.2 million and the reversal of impairment losses on trade receivables of approximately HK\$0.6 million during HY2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Operating Expenses**

### **(a) Selling and distribution costs**

Selling and distribution costs decreased by approximately 14.8% from approximately HK\$3.8 million for HY2013 to approximately HK\$3.3 million for HY2014. This was mainly due to decreased transportation and freight charges by approximately HK\$0.5 million during HY2014.

### **(b) Administrative expenses**

The dramatic increase in administrative expenses by approximately 74.2% from approximately HK\$12.1 million for HY2013 to approximately HK\$21.1 million for HY2014 was mainly due to the increased professional fee of approximately HK\$3.5 million, staff costs of approximately HK\$1.8 million and other expenses such as motor vehicle expenses, printing cost, office rental and travelling of approximately HK\$2.0 million.

### **(c) Other operating expenses**

Other operating expenses remained stable and amounted to approximately HK\$1.9 million in HY2013 and approximately HK\$2.0 million in HY2014, respectively.

### **(d) Finance costs**

Finance costs decreased by approximately 26.4% from approximately HK\$0.5 million for HY2013 to approximately HK\$0.4 million for HY2014 which was due to (i) decrease in utilisation of bills financing and (ii) the repayment of bank borrowings during HY2014.

### **(e) Income tax expense**

Income tax expense was calculated at 25% and 16.5% of the estimated assessable profits of its PRC subsidiary and Hong Kong subsidiary for HY2014 and HY2013 respectively.

### **(f) Loss attributable to owners of the Company**

As a result of the foregoing, the Group's loss for the period attributable to owners of the Company was arrived at approximately HK\$13.6 million, representing an increase of HK\$6.8 million from HY2013.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

As at 30 June 2014, the Group's non-current assets amounted to approximately HK\$251.2 million or represented approximately 69.0% of our total assets, an increase of approximately HK\$104.1 million as compared to approximately HK\$147.1 million as at 31 December 2013. This was mainly due to (i) the completion of acquisition of Focus On Group Limited in Shandong and the acquisition of Smart Union Holdings Limited in Xuzhou, which resulted in the addition of goodwill, intangible assets and property, plant and equipment of approximately HK\$47.3 million, HK\$3.5 million and HK\$24.7 million respectively, and (ii) the increased deposits for acquisition of subsidiaries by approximately HK\$24.8 million.

As at 30 June 2014, the Group's current assets amounted to approximately HK\$112.8 million increased by approximately HK\$18.2 million as compared to approximately HK\$94.6 million as at 31 December 2013. This was mainly due to (i) the increased trade and other receivables by approximately HK\$8.6 million, and (ii) the increased inventories and cash and bank balances by approximately HK\$5.3 million and HK\$4.3 million respectively.

### Liabilities

As at 30 June 2014, the Group's non-current liabilities represents the borrowing of corporate bond amounted to HK\$6 million with fixed interest rate of 8% per annum issued by the Group to two independent third parties. Subsequent to 30 June 2014, another corporate bond amounted to HK\$4 million was issued by the Group to an independent third party.

The Company entered into separate agreements with such independent third parties in respect of the issue of the corporate bonds by the Company and details of the subscription is as follows:

Subscribers	Issue date	Principal amount (HK\$'000)
8% per annum fixed rate coupon for 7 years bonds		
DENG Zhubo (鄧竹波)	6 March 2014	3,000
ZHOU Xinwei (周昕瑋)	13 June 2014	3,000
LIANG Bin (梁斌)	13 August 2014	4,000

As at 30 June 2014, the Group's current liabilities amounted to approximately HK\$53.4 million which was an increase of approximately HK\$5.6 million as compared to approximately HK\$47.8 million as at 31 December 2013. This was mainly due to (i) the increased trade and other payables by approximately HK\$14.3 million, which comprises (a) the increased trade payables by approximately HK\$6.3 million and (b) the increased accrued charges and other creditors by approximately HK\$7.9 million, and (ii) the repayment of bank borrowings amounted to approximately HK\$8.7 million.

### Equity

As at 30 June 2014, total equity amounted to approximately HK\$304.6 million as compared to approximately HK\$193.9 million as at 31 December 2013. The increase by approximately HK\$110.7 million was mainly due to the issuance of 40,018,000 ordinary shares by way of placing at a placing price of HK\$2.60 per share.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE DEVELOPMENT AND PROSPECTS

### ***Natural Gas Business***

Under the Chinese government's energy development strategy in the "twelve-fifth year" plan to adjust national energy structure and promote growth of clean energy consumption, the industry development of natural gas has enjoyed forceful support by the State's industry policies. With this favorable business environment and the growing demand for natural gas consumption arising from the progressing urbanization in China, the Group has designated the natural gas business as the Group's priority for its future business development.

As part of the Company's new business plan, we acquired the natural gas business in Shandong Province and Liaoning Province in March 2014 and July 2014, respectively. The Directors believe that given the expected continual growth in demand of natural gas products in the PRC, the Group's projects in Shandong Province and Liaoning Province will bring recurring positive cash flow and returns to the Group. Also, the Company will spare no efforts to explore further investment opportunities in other potential natural gas projects, including a number of projects in Guizhou Province, Jiangsu Province and Hainan Province with memorandum of understandings already signed. The Group is currently in the process of performing due diligence review on these potential projects.

In terms of natural gas supply in the PRC, the "West to East Gas Transmission" pipelines and "Sichuan to East" pipelines are already in place, while "Myanmar to Yunnan" pipelines and the development of liquefied natural gas terminals in many coastal areas in the PRC are currently in good progress. The Company is always paying high attention to the latest development of the natural gas supply in the PRC, so as to derive the appropriate strategies in securing the relevant natural gas sources, when considering the expansion in the Group's natural gas business.

With our healthy low gearing financial position and the accumulated momentum from natural gas projects, the Board believes that the Group is well positioned to capture the business opportunities in the expected high growth natural gas industry in the PRC and maximize our shareholders' returns.

### ***Printing Business***

Despite ongoing recovery of the economy of the United States and given the financial instability still in the European Union as well as the weak business sentiments in the printing industry, we expect the printing business will face challenges in the coming years. The Group will strengthen its customised printing solutions and high-quality products offerings to its customers. At the same time, the Group will also prioritize the streaming of manufacturing process and manpower allocation in order to improve operation efficiency and overcome the possible challenges ahead.

In light of new opportunities and challenges, the Group will continue to focus on cost control and enhance our management efficiency.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND GEARING

Cash and bank balances of approximately HK\$34.6 million; representing an increase by approximately HK\$4.3 million from approximately HK\$30.3 million as at 31 December 2013, mainly from the insurance of ordinary shares.

The Group's bank and other borrowings amounted to approximately HK\$20.9 million. It represents (i) the bank borrowings amounted to approximately HK\$14.9 million bearing interest at floating rate, and secured by assets pledged as set out in note 21 to the unaudited condensed consolidated interim financial statements, and (ii) the other borrowings amounted to approximately HK\$6 million with fixed interest rate and unsecured.

Equity attributable to owners of the Company was approximately HK\$284.4 million as at 30 June 2014, approximately 46.7% higher than that of approximately HK\$193.9 million as at 31 December 2013.

As at 30 June 2014, the Group was in a net cash position, whereas the Group's current ratio, as at 30 June 2014 is approximately 2.11 (31 December 2013: 1.98).

## CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group's primary objective of capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may obtain borrowings from financial institutions or related parties, issue new shares or sell assets. The Group reviews and analyses its trade payables, trade receivables and cash on a regular basis. The Group closely monitors its trade receivables and has established procedures to manage and control the recoverability of the trade receivables.

During the six months ended 30 June 2014, the Group's primary source of funding included (i) placement of new shares of the Company to finance major expansion and acquisition projects of the Group; and (ii) bank and other borrowings.

On 6 March 2014 and 13 June 2014, the Company issued corporate bonds in aggregate of HK\$6 million with fixed interest rate of 8% per annum to two independent third parties.

On 28 January 2014, the Company allotted and issued an aggregate of 40,018,000 new shares by way of placing at a price of HK\$2.6 per share. The net proceeds from the placing were approximately HK\$101.7 million. Up to 30 June 2014, a total of HK\$50.5 million and HK\$28.1 million have been utilised for the acquisition of subsidiaries and for potential acquisition activities, respectively. The remaining balance of HK\$23.1 million will be utilised for potential acquisition activities and general working capital of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES' INFORMATION

Our employees are based in Hong Kong and the PRC. As at 30 June 2014, there were 758 (31 December 2013: 613) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performances and contributions to the Group.

Salaries of and allowances for the Group's employees for the six months ended 30 June 2014 were approximately HK\$24.0 million (six months ended 30 June 2013: approximately HK\$22.0 million).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's borrowings are denominated in Hong Kong dollar and its revenue is mainly denominated in US\$, HK\$ and RMB. Since the HK\$ is pegged to US\$, the Group's exposure to fluctuations in exchange rate between HK\$ and US\$ is relatively low. As the RMB is not a freely convertible currency and is regulated by the PRC government, the future exchange rates can vary significantly from current or historical exchange rates. Meanwhile, the Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

## CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liabilities.

## PLEDGE OF ASSETS

Details of the Group's assets pledged are set out in note 21 to the unaudited condensed consolidated interim financial statements.

## DIVIDEND

Details of the dividend are set out in note 10 to the unaudited condensed consolidated interim financial statements.

## MATERIAL ACQUISITION AND DISPOSAL

Save as the acquisition and disposal has been described in the "Key events" section, there was no material acquisition or disposal of subsidiaries or associates during the period.

## MATERIAL LITIGATION AND ARBITRATION

As at 30 June 2014, the Group was not involved in any material litigation or arbitration.

## SHARE OPTION SCHEME

During the six months ended 30 June 2014, no share options have been granted nor outstanding pursuant to the Share Option Scheme which was adopted at a special general meeting held on 26 May 2011.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2014, the interests or short positions of the Directors and the chief executive of the Company 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 (“SFO”)) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) contained in the Rules Governing the Listing of Securities on SEHK (“Listing Rules”) were as follows:

#### (i) Interest in the Company

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding
Mr. Sze Chun Lee	Beneficial owner	180,000	0.07%
	Interest of controlled corporation ( <i>note 1</i> )	36,668,848	14.73%
Mr. Lam Shek Kin	Beneficial owner ( <i>note 1 and 4</i> )	100,000	0.04%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation ( <i>note 2</i> )	20,634,000	8.28%
Mr. Cheng Ming Kit	Interest of controlled corporation ( <i>note 3</i> )	20,000,000	8.03%

#### Notes:

1. China Print Power Limited holds 36,668,848 Shares as at 30 June 2014 respectively and is beneficially owned by Mr. Sze Chun Lee, Mr. Chan Wai Ming, and Mr. Lam Shek Kin, all being executive Directors as at 30 June 2014, as to 43.75%, 37.50% and 18.75%, respectively. Since Mr. Sze and Mr. Chan have respectively owned one-third or more of the interests in China Print Power Limited, they are deemed to be interested in those 36,668,848 Shares respectively as at 30 June 2014.
2. Ms. Chung Oi Ling, Stella is deemed to be interested in 20,634,000 Shares of the Company by virtue of her 100% control in Flame Capital Limited.
3. Mr. Cheng Ming Kit, is deemed to be interested in 20,000,000 Shares of the Company by virtue of his 100% control in Grand Powerful Group Limited. He was appointed as an executive director and member of nominating committee of the Company with effect from 7 May 2014.
4. Mr. Lam Shek Kin resigned as an executive directors of the Company with effect from 18 July 2014.

## OTHER INFORMATION

### (ii) Interest in associated corporations

<b>Name of Director</b>	<b>Nature of associated corporation</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
Mr. Sze Chun Lee	China Print Power Limited	4,375	43.75%
Mr. Chan Wai Ming	China Print Power Limited	3,750	37.50%
Mr. Lam Shek Kin	China Print Power Limited	1,875	18.75%

(note 1)

Note 1: Mr. Lam Shek Kin resigned as an executive director of the Company with effect from 18 July 2014.

Save as disclosed above, as at 30 June 2014, none of the Directors and the chief executive officer of the Company had any interests or short positions in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have 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 as otherwise notified to the Company or the SEHK pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, persons/corporations (other than the Directors and the chief executive officer of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
China Print Power Limited	Beneficial owner	36,668,848	14.73%
Flame Capital Limited	Beneficial owner	20,634,000	8.28%
Grand Powerful Group Limited	Beneficial owner	20,000,000	8.03%

Other than disclosed above, the Company has not been notified of any persons/corporations (other than the directors and chief executive officer of the Company) who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 30 June 2014, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## OTHER INFORMATION

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK ("**Listing Rules**") and The Singapore Code of Corporate Governance 2005 throughout the six months ended 30 June 2014.

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

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the six months ended 30 June 2014, all Directors have complied with the required standards of the Model Code.

### **AUDIT OR REVIEW OF THE INTERIM FINANCIAL RESULTS**

The interim financial results have not been audited or reviewed by the Group's external auditors.

### **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results of the Group for the six months ended 30 June 2014.

By order of the Board  
**Blue Sky Power Holdings Limited**  
**Sze Chun Lee**  
*Chief Executive Officer & Executive Director*

Hong Kong, 29 August 2014