ALLEN亚伦

CHINA CREATIVE HOME GROUP LIMITED
中國創意家居集團有限公司

(incorporated in the Cayman Islands with limited liability) Stock Code: 1678

INTERIM REPORT 2015

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CORPORATE INFORMATION

CORPORATE PROFILE

China Creative Home Group Limited ("the Company") and its subsidiaries (collectively, the "Group" or "China Creative Home") is one of the leading manufacturers of branded electric fireplaces and air purifiers, and home decor products in the People's Republic of China (the "PRC"). The Group aims to create new and diversified products with artistic design and functionality to enhance the quality of users' surroundings that reflect their furnishing styles. The Group sells its products under the "Allen (亚伦)" brand in the PRC and also exports products to overseas customers in the United States, Canada, Germany, France, the United Kingdom, etc on ODM/OEM basis. The shares of the Company (the "Shares") were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2013.

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Fanglin *(Chairman)*
Mr. Chen Hongming
Mr. Shen Jianzhong

Independent Non-executive Directors

Mr. Dai Jianping
Mr. Ng Wing Keung
Ms. Sun Kam Ching

AUDIT COMMITTEE

Mr. Ng Wing Keung *(Chairman)*
Mr. Dai Jianping
Ms. Sun Kam Ching

REMUNERATION COMMITTEE

Ms. Sun Kam Ching *(Chairman)*
Mr. Ng Wing Keung
Mr. Dai Jianping
Mr. Shen Jianzhong

NOMINATION COMMITTEE

Mr. Dai Jianping *(Chairman)*
Mr. Ng Wing Keung
Ms. Sun Kam Ching
Mr. Shen Jianzhong

COMPANY SECRETARY

Mr. Hui Hung Kwan, *CPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. Chen Hongming
Mr. Hui Hung Kwan

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

China Merchants Bank, Quanxiu Branch
China Construction Bank, Licheng Branch
Industrial Bank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 913
China Merchants Tower
168–200 Connaught Road Central
Sheung Wan
Hong Kong

HEAD OFFICE IN THE PRC

Allen Electronic Industrial Park
Heshi
Luojiang District
Quanzhou
Fujian Province
China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.cchome.hk

STOCK CODE

1678

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	Change %
Revenue	602,290	531,084	13.4
Gross profit	225,794	221,698	1.8
Profit before income tax	179,685	160,302	12.1
Profit and total comprehensive income for the period attributable to owners of the Company	149,995	131,020	14.5
Earnings per share-Basic (RMB)[1]	0.08	0.07	14.3
Gross profit margin (%)	37.5%	41.7%	
Net profit margin (%)	24.9%	24.7%	
	As at 30 June 2015	As at 31 December 2014	
Current ratio[2]	4.6	3.2	
Gearing ratio (%)[3]	2.4%	2.8%	

Notes:

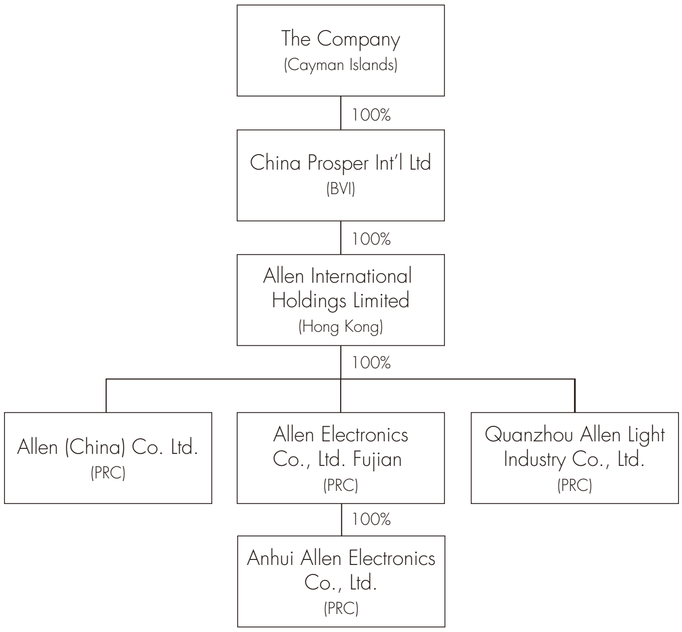
1. Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

2. Current ratio is calculated based on the total current assets divided by the total current liabilities.

3. Gearing ratio calculated based on the total debts (being the bank borrowings) divided by the total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is an organisation chart of the Group as of 30 June 2015:



INDUSTRY REVIEW

Despite the extremely volatile market environment in China during the first half of 2015, China remains as the country with the world's fastest economic growth rate. The ongoing urbanization and the increasingly stronger purchasing power among Chinese residents continues to stimulate demand for quality decorative and functional home products. Besides, the penetration rate of home electric fireplaces in the PRC is still relatively low as compared to that in developed countries. In recent years, China is also emerging as a huge potential market for air treatment products. The rising levels of air pollution and increasing health consciousness among consumers in the country has been driving the adoption of air purifiers in commercial as well as residential spaces in the PRC. According to a report "China Air Purifier Market Forecast & Opportunities, 2019," the air purifier market in China is expected to grow exponentially at a CAGR of around 33% till 2019. These indicators suggest that there is large potential for the Group as a leading manufacturer of electric fireplaces, air purifiers and home decor products, to rapidly grow in the PRC.

BUSINESS REVIEW

China Creative Home has achieved stable growth during the period under review, with a revenue of RMB602.3 million, representing a 13.4% increase compared to the corresponding period last year. The increase was mainly driven by the increase in sales of air purifiers, the Group's new product launched in October 2014, which recorded a revenue of RMB80.2 million. The Group's gross profit increased by 1.8% to RMB225.8 million, while gross profit margin decreased from 41.7% to 37.5%, as a result of the increase in cost of raw material and the higher contribution of air purifiers which have lower gross profit margin. Profit attributable to Owners of the Company rose approximately 14.5% to RMB150.0 million as compared to the same period last year. Basic earnings per share of the Group were RMB8 cents.

BUSINESS REVIEW (Continued)

Electric fireplaces and air purifiers, and home decor products are the two segments of the Group. For the six months ended 30 June 2015, the revenue of these two segments has accounted for 59.0% and 41.0% of the total revenue respectively. On the electric fireplaces and air purifiers front, the wood series electric fireplaces continued to be a major contributor to the revenue, accounting for 42.2% of the total revenue generated from this segment. Albeit only a short time has elapsed since its launch in October 2014, the series of air purifier products has already contributed RMB80.2 million representing 22.6%, in revenue to the segment. For the home decor products segment, the inorganic series of home decor products recorded a significant increase of 30.7% in sales.

Geographically, China remains as the major market of the Group. For the six months ended 30 June 2015, sales revenue from China has steadily grown, accounting for 91.1% of the total revenue (2014: 90.3%). The Group's extensive distribution network in China covered almost all major provinces and cities in the nation including Eastern China which accounted for more than 52% of sales. This proportion shows that the market demand for electric fireplaces and air purifiers, and high-quality home decor products in Eastern China remains vigourous, and the Group's innovative products made under environmentally-friendly concepts have been well-received in the coastal regions of China, where consumption power was strong.

During the period under review, the Group has maintained close cooperation with its partner designers with regards to product design. As of 30 June 2015, the Group has launched 2 lines with a total of 12 new products in collaboration with the Chief Designer Ms. Simona Melli, which has significantly uplifted the image of its "Allen (亚伦)" brand worldwide.

In line with the launch of new products, the Group also actively expanded its sales channels through developing e-commerce. The Group has established a committed e-commerce team, aiming to develop its online business.

PROSPECTS

Riding on its rich experience and carefully-crafted reputation, the Group is confident that it will remain the top choice of high-quality electric fireplaces and air purifiers, creative home decor products for consumers and as a result further increase its market penetration.

To maintain its competitiveness in the market, the Group will continue to offer a trendy and diversified range of products in order to adapt to market trends and be at the forefront of product design and development. With rising awareness of environmental protection, the Group will allocate more resources to develop products that facilitate physical health and enhance environmental quality to meet the increasing market demand. In particular, the worsening air pollution in the PRC has spurred domestic demand for products which can improve indoor air quality. One of the Group's focuses in the second half of 2015 will be the research and development of a new product, the fresh air system (新風系統) scheduled to be launched in the first half of 2016, as part of its ongoing effort towards product diversification. In view of the huge potential of low-carbon green products, the Group will also strive to expand its low-carbon green product lines.

While the Group will further enrich its product mix, it will also shift more focus to value-added products in the face of competitive pricing pressure in the market.

PROSPECTS (Continued)

In regards to capacity expansion, the construction of the phase two of the Group's production facilities in Anhui is scheduled to be completed in the third quarter of 2015. By that time an additional annual production capacity of 100,000 units of electric fireplaces are to be added to cater to the Group's further development. Construction of the phase three production facilities with an expected annual capacity of approximately 100,000 units of electric fireplaces, is scheduled to commence in the second half of 2015 and completed by the first half of 2016. Upon completion of all three phases of the new production facilities in Anhui, the Group can bring economies of scale into full play and in turn enhance our profitability.

In addition, the Group will continue to explore business opportunities and expand its creative home furnishing concept shop network through prudent site selection in major cities across the PRC. With the completion of the concept shops in Quanzhou and Shenzhen, the Group aims at establishing another shop in Beijing by the end of 2015 to capture a larger market share.

Leveraging its strong research and development capability, production capacity under its well-built brand "Allen" (亚伦), the Group has strong confidence to maintain its position as an industry leader.

FINANCIAL REVIEW

Revenue

During the reporting period, the Group's revenue increased by RMB71.2 million from RMB531.1 million to RMB602.3 million, represented a growth of 13.4% compared with the corresponding period in 2014. The increase was mainly driven by the increase in sales of air purifiers.

Revenue analysis by product type is as follows:

	Six months ended 30 June			
	2015		2014	
	RMB'000	% of revenue	RMB'000	% of revenue
Electric fireplaces and air purifiers				
Frame electric fireplaces				
– Wood series	149,992	24.9	165,222	31.1
– Natural stone series	37,839	6.3	42,904	8.1
– Inorganic series	55,686	9.2	61,189	11.5
	243,517	40.4	269,315	50.7
Non-framed electric fireplaces	31,764	5.3	22,873	4.3
Air purifiers	80,177	13.3	–	–
	355,458	59.0	292,188	55.0
Home decor products				
– Polyresin series	121,119	20.1	115,991	21.8
– Porcelain series (Note)	68,219	11.3	78,927	14.9
– Inorganic series	57,494	9.6	43,978	8.3
	246,832	41.0	238,896	45.0
	602,290	100.0	531,084	100.0

Note:

Included in sales of porcelain series home decor products are sales of humidifiers of RMB27.8 million (2014: RMB14.1 million).

FINANCIAL REVIEW (Continued)

Revenue (Continued)

The increase in the sales of non-framed series electric fireplaces was primarily due to a wider range of products to satisfy our customers' preferences, which led to an increase in our sales volume. The increase in the sales of polyresin and inorganic series home decor products is mainly due to the increase in sales volume primarily driven by a stronger customer preference for this series as we offered more styles with lower selling prices compared with last period to attract wider acceptance of customers. The new product, air purifiers, was launched in October 2014.

The decrease in the sales of wood series electric fireplaces was primarily due to the decrease in average selling price and partly set off by the increase in sales volume. The decrease in the sales of natural stone and inorganic series electric fireplaces, and porcelain series home decor products was primarily due to the decrease in sales volume.

Gross Profit And Gross Profit Margin

The Group's gross profit increased by RMB4.1 million or approximately 1.8%, from RMB221.7 million for the six months ended 30 June 2014 to RMB225.8 million for the six months ended 30 June 2015. The gross profit margin decreased from 41.7% for the six months ended 30 June 2014 to 37.5% for the six months ended 30 June 2015. The decrease was primarily due to the increase in cost of raw material and the higher contribution of air purifiers which have lower gross profit margin.

Other Income

The Group's other income increased by RMB1.1 million or approximately 15.9%, from RMB6.9 million for the six months ended 30 June 2014 to RMB8.0 million for the six months ended 30 June 2015 primarily due to the increase in interest income and rental income. The increase in interest income was mainly due to increase in interest income generated from bank deposit.

Fair Value Gain on Derivative Financial Instruments

The Group's fair value gain on derivative financial instruments represented gain on the derivative financial liabilities of RMB14.1 million for the six months ended 30 June 2015.

Selling And Distribution Costs

The Group's selling and distribution costs decreased by RMB4.6 million, or approximately 15.8%, from RMB29.1 million for the six months ended 30 June 2014 to RMB24.5 million for the six months ended 30 June 2015 primarily due to decrease in delivery expenses and partly set off by (i) the increase in staff costs due to the general increase in staff wages; (ii) the increase in advertising and promotion expenses due to our increased focus on advertising effort; and (iii) the increase in rental expense for a concept shop.

Administrative Expenses

The Group's administrative expenses increased by RMB3.2 million, or approximately 8.3%, from RMB38.5 million for the six months ended 30 June 2014 to RMB41.7 million for the six months ended 30 June 2015. The increase was mainly due to (i) the increase in depreciation expenses primarily due to the completion of office facilities in Anhui in the second half of 2014; (ii) the increase in staff costs due to the general increase in staff wages; and partly set off by the decrease in net foreign exchange loss arising from the bank balances denominated in HKD.

FINANCIAL REVIEW (Continued)

Finance Costs

The Group's finance costs increased by RMB1.3 million, or approximately 185.7%, from RMB0.7 million for the six months ended 30 June 2014 to RMB2.0 million for the six months ended 30 June 2015. The increase was mainly due to the interest on bank borrowings drawn in relation to the construction of a building which was completed in 2014 and was no longer capitalised in 2015.

Income Tax Expenses

The Group's income tax expenses increased by RMB0.4 million, or approximately 1.4%, from RMB29.3 million for the six months ended 30 June 2014 to RMB29.7 million for the six months ended 30 June 2015, primarily as a result of the increase in our profit.

The effective tax rate for the Group decreased from 18.3% in the six months ended 30 June 2014 to 16.5% in the six months ended 30 June 2015, which is mainly attributable to the non-taxable income generated from the fair value gain on derivative financial instrument.

Profit for the Period Attributable To Owners of the Company

As a result of the foregoing factors, profit attributable to Owners of the Company increased by RMB19.0 million, or approximately 14.5%, from RMB131.0 million for the six months ended 30 June 2014 to RMB150.0 million for the six months ended 30 June 2015, primarily as a result of the fair value gain on derivative financial instrument. Net profit margin increase slightly from 24.7% for the six months ended 30 June 2014 to 24.9% for the six months ended 30 June 2015.

Working Capital

The Group's net current assets increased from RMB1,007.4 million as at 31 December 2014 to RMB1,082.5 million as at 30 June 2015, representing a increase of RMB75.1 million or 7.5%. The increase in working capital is a result of the increase in deposits, prepayments and other receivables, cash and cash equivalents and, decrease in trade and other payables, derivative financial liabilities, and partially offset by the decrease in inventories, trade receivables, and increase in dividend payables.

The decrease in trade receivables and trade and other payables was mainly due to the seasonality of our business with the second half of the year being peak season of our electric fireplaces and that the balances of our trade receivables and trade and bills payables as of year end were usually higher than that as of 30 June of the same year. The increase in deposits, prepayments and other receivables was mainly due to the increase in rental receivables and interest receivables. The decrease in inventory is mainly due to the better inventory management by the Group. The dividend payables represented final dividend in respect of 2014.

The increase in cash and cash equivalents was mainly due to our net working capital inflow from our operating profits, and partially offset by capital expenditure during the six months ended 30 June 2015.

FINANCIAL REVIEW (Continued)

Financial Ratios

	At 30 June 2015	At 31 December 2014
Current ratio[1]	4.6	3.2
Gearing ratio (%)[2]	2.4%	2.8%

[1] Current ratio is calculated based on our total current assets divided by our total current liabilities.

[2] Gearing ratio calculated based on our total debts (being our bank borrowings) divided by our total equity.

Current ratio improved from 3.2 as at 31 December 2014 to 4.6 as at 30 June 2015. Gearing ratio improved slightly from 2.8% as at 31 December 2014 to 2.4% as at 30 June 2015. The improvement for the both ratios was attributable to our net working capital inflow from our operating profits.

Use of Proceeds from the Global Offering

The Company was listed on the Main Board of The Stock Exchange on 20 December 2013. Net proceeds from the global offering were approximately HKD597.2 million (after deducting the underwriting commission and relevant expenses). As at 30 June 2015, the unused proceeds were deposited in licensed banks in Hong Kong and the PRC.

	Percentage to total amount	Net Proceeds HKD'million	Utilised Amount as at 30 June 2015 HKD'million	Unutilised Amount as at 30 June 2015 HKD'million
Establishing new production facilities	53.7%	320.7	320.7	–
Establishing seven creative home furnishing concept shops	16.0%	95.6	33.7	61.9
Expanding overseas sales network under our own brand overseas	7.3%	43.6	4.0	39.6
Own-brand promotion	7.0%	41.8	41.0	0.8
Increasing and enhancing our research and development activities	6.0%	35.8	35.8	–
General working capital	10.0%	59.7	59.7	–
		597.2	494.9	102.3

FINANCIAL REVIEW (Continued)

Use of Proceeds from Issue of Unlisted Warrants

On 13 November 2014, the Company entered into a subscription agreement with a subscriber, Kingwin Capital Group Limited, a company incorporated in the British Virgin Islands which is third parties, independent of and not connected with the Company (the "Subscriber"), pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for 180,000,000 unlisted warrants at the warrant issue price of HKD0.105 (approximately RMB0.084) (the "Warrant Issue Price") per Warrant.

The Warrants entitle the holders thereof to subscribe for 180,000,000 new shares of the Company (the "Shares") at an initial warrant exercise price of HKD2.20 (approximately RMB1.76) per Warrant Share, subject to adjustments. Such Warrant carries the right to subscribe for one Warrant Share. The Warrants are to be exercised within 12 months from the date of issue of Warrant.

On 8 December 2014 (the "Issue Date"), the Company issued 180,000,000 Warrants at the Warrant Issue Price. The aggregate net proceeds of approximately HKD18.6 million was raised by the Warrant Issue and was fully utilised as general working capital of the Group as at 31 December 2014. Assuming the full exercise of the Warrants, the aggregate net proceeds of approximately HKD395.8 million will be used as (i) research and development cost for water cleaner and other new products; (ii) capital expenditure for new plants for our new products of air purifier and water cleaner; (iii) promotion and expanding our sales network; and (iv) set up of e-commerce platform. For details of the issue of the Warrants, please refer to the announcement of the Company dated 13 November 2014 and 8 December 2014.

Up to the date of this report, none of the Warrants have been exercised.

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB, HKD and USD. As at 30 June 2015, the Group had net current assets of RMB1,082.5 million (31 December 2014: RMB1,007.4 million), of which cash and cash equivalents were RMB701.0 million (31 December 2014: RMB607.1 million).

The Group principally meets its working capital and other liquidity requirements through a combination of operating cash flows, capital contributions and bank borrowings. As at 30 June 2015, the Group's bank borrowings amounted to RMB49.0 million (31 December 2014: RMB54.0 million) and these bank borrowings were denominated in RMB. As at 30 June 2015, the effective interest rate on the Group's bank borrowings was 5.81% (31 December 2014: 6.38%).

The Group manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustment to the capital structure in light of changes in economic conditions affecting the Group.

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2015.

CAPITAL EXPENDITURE

For the six months ended 30 June 2015, the capital expenditure of the Group amounted to RMB46.9 million. It was mainly comprised of property, plant and equipment, and land use rights in the PRC.

MATERIAL ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not have any material investments or capital assets, or material acquisitions or disposals of subsidiaries or significant investments for the six months ended 30 June 2015.

MANAGING CURRENCY RISK

Our functional currency is RMB. Our Group's foreign exchange risk mainly relate to fluctuations in exchange rates of RMB against our bank balances in USD and HKD and trade receivables denominated in USD, and these may affect our operation results. The Group does not have a hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGE ON ASSETS

As at 30 June 2015, the Group had pledged its certain property, plant and equipment with net book value of RMB79.1 million, assets classified as held for sale and pledged deposits of RMB2.8 million mainly for the purpose of securing bank loans and bills payable to suppliers.

HUMAN RESOURCES

As at 30 June 2015, we employed a total of 1,696 (as at 31 December 2014: 1,631) full time employees in the PRC and Hong Kong with total staff costs of RMB74.7 million for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB63.8 million). The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance. Since the adoption of the share option scheme on 2 December 2013 and up to 30 June 2015, no options have been granted.

CONTINGENT LIABILITIES

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

SUBSEQUENT EVENTS

On 6 July 2015, the Company issued a total of 180,000,000 shares at HKD1.28 per share to several investors through a placing agent and raised net proceeds of approximately HKD228,000,000 (approximately RMB182,400,000).

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") will be as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interest (%)
Mr. Chen Fanglin	Interest in controlled corporation/ Long position (Note)	1,061,271,180	59.0%

Note: Mr. Chen Fanglin is deemed to be interested in the Shares held by China Wisdom Asia Limited in which Central Profit Group Limited holds entire interests. Central Profit Group Limited is his wholly-owned company. The details are set out as below:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interests (%)
Mr. Chen Fanglin	China Wisdom Asia Limited	Interest in controlled corporation	50,000 shares of US$1.00 each	100%
Mr. Chen Fanglin	Central Profit Group Limited	Beneficial owner	one share of US$1.00	100%

Save as disclosed above, none of the Directors of the Company had interests or short positions in the Shares, underlying Shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2015.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, the following persons (other than a Director of the Company), who had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity/Nature of interest	Number of Shares	Approximate Percentage of Shareholding Interest (%)
China Wisdom Asia Limited	Beneficial owner/Long position (Note 1)	1,061,271,180	59.0%
Central Profit Group Limited	Interest in controlled corporation/ Long position (Note 1)	1,061,271,180	59.0%
Chen Xiangqun	Interest of spouse/Long position (Note 2)	1,061,271,180	59.0%
Ocean Equity Partners Fund L.P.	Beneficial owner/Long position	95,674,410	5.3%
Clear Zone Limited	Beneficial owner/Long position (Note 3)	90,074,410	5.0%
VMS Investment Group Limited	Interest in controlled corporation/ Long position (Note 3)	90,074,410	5.0%
VMS Holdings Limited	Interest in controlled corporation/ Long position (Note 3)	90,074,410	5.0%
Mak Siu Hang Viola	Interest in controlled corporation/ Long position (Note 3)	90,074,410	5.0%

Notes:

1. The entire issued share capital of China Wisdom Asia Limited is held by Central Profit Group Limited, which is deemed to be interested in the Shares held by China Wisdom Asia Limited.

2. Chen Xiangqun is the spouse of Chen Fanglin and she is deemed to be interested in the Shares interested by Chen Fanglin.

3. The entire issued share capital of Clear Zone Limited is legally and beneficially owned by VMS Investment Group Limited, VMS Holdings Limited and Mak Siu Hang Viola, who are deemed to be interested in the Shares held by Clear Zone Limited.

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, who had an interest or short positions in the Shares or underlying Shares that were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded pursuant to Section 336 of Part XV of the SFO as of 30 June 2015.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 2 December 2013, the Company has conditionally adopted the share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Board of Directors (the "Board") may, at its discretion, grant options pursuant to the Share Option Scheme to the Directors (including executive Directors and independent non-executive Directors), the Directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering, being 180,000,000 Shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HKD5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

From the date that the Share Option Scheme became effective and unconditional and up to the date of this interim report, no share options were granted under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of the shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the six months ended 30 June 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Company complied with the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company has established the audit committee and adopted the written terms of reference in compliance with the Code Provisions. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. The audit committee comprises all independent non-executive Directors, namely, Mr. Ng Wing Keung, Mr. Dai Jianping and Ms. Sun Kam Ching. Mr. Ng Wing Keung is the chairman of the audit committee.

The Group's interim results for the six months ended 30 June 2015 and this interim report have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

By order of the Board
Chen Fanglin
Chairman

Hong Kong, 28 August 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	(Unaudited) Six months ended 30 June 2015 RMB'000	2014 RMB'000
Revenue	6	602,290	531,084
Cost of sales	7	(376,496)	(309,386)
Gross profit		225,794	221,698
Other income	6	7,973	6,866
Fair value gain on derivative financial instruments	20	14,112	–
Selling and distribution costs	7	(24,492)	(29,106)
Administrative expenses	7	(41,733)	(38,450)
Operating profit		181,654	161,008
Finance costs		(1,969)	(706)
Profit before income tax		179,685	160,302
Income tax expense	8	(29,690)	(29,282)
Profit and total comprehensive income for the period attributable to owners of the Company		149,995	131,020
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (expressed in RMB per share)	9	0.08	0.07
Dividend	10	–	–

The notes on pages 22 to 38 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	595,448	572,904
Investment property	12	122,100	122,100
Land use rights		135,066	121,746
Prepayments	14	89,519	108,815
		942,133	925,565
Current assets			
Inventories		27,564	50,396
Trade receivables	13	420,809	571,688
Deposits, prepayments and other receivables	14	19,761	12,800
Pledged deposits		2,820	5,600
Bank deposits		100,000	100,000
Cash and cash equivalents		700,970	607,066
		1,271,924	1,347,550
Assets classified as held for sale	15	109,552	109,552
		1,381,476	1,457,102
Total assets		2,323,609	2,382,667
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	141	141
Share premium	16	483,413	483,413
Reserves		1,531,754	1,437,919
Total equity		2,015,308	1,921,473

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2015

	Note	(Unaudited) As at 30 June 2015 RMB'000	(Audited) As at 31 December 2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		9,340	11,517
Current liabilities			
Trade and other payables	18	171,901	335,451
Dividend payable		56,160	–
Bank borrowings	19	49,000	54,000
Derivative financial liabilities	20	3,888	18,000
Current income tax liabilities		18,012	42,226
		298,961	449,677
Total liabilities		308,301	461,194
Total equity and liabilities		2,323,609	2,382,667
Net current assets		1,082,515	1,007,425
Total assets less current liabilities		2,024,648	1,932,990

The notes on pages 22 to 38 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Note	Share capital RMB'000	Share premium RMB'000	(Unaudited) Reserves Capital reserve RMB'000 (Note 17(a))	Statutory reserve RMB'000 (Note 17(b))	Revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2014		141	483,413	406,736	94,623	1,642	633,152	1,619,707
Comprehensive income								
Profit for the period		–	–	–	–	–	131,020	131,020
Transactions with owners:								
Transfer to statutory reserve	17	–	–	–	8,803	–	(8,803)	–
Dividend related to 2013 declared in 2014	10	–	–	–	–	–	(53,147)	(53,147)
		–	–	–	8,803	–	(61,950)	(53,147)
As at 30 June 2014		141	483,413	406,736	103,426	1,642	702,222	1,697,580
As at 1 January 2015		141	483,413	406,736	121,981	1,642	907,560	1,921,473
Comprehensive income								
Profit for the period		–	–	–	–	–	149,995	149,995
Transactions with owners:								
Transfer to statutory reserve	17	–	–	–	1,978	–	(1,978)	–
Dividend related to 2014 declared in 2015	10	–	–	–	–	–	(56,160)	(56,160)
		–	–	–	1,978	–	(58,138)	(56,160)
As at 30 June 2015		141	483,413	406,736	123,959	1,642	999,417	2,015,308

The notes on pages 22 to 38 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	(Unaudited) Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Cash generated from operations	183,966	254,697
Interest paid	(1,969)	(2,112)
Income tax paid	(56,081)	(45,818)
Net cash generated from operating activities	125,916	206,767
Cash flows from investing activities		
Addition of construction in progress	–	(85,447)
Additions to land use rights	(14,661)	–
Purchases of property, plant and equipment	(2,667)	(1,095)
Prepayments for constructions	(6,018)	(14,387)
Prepayments for land use rights	–	(70,982)
Prepayments for property, plant and equipment	(4,289)	–
Interest received	696	2,275
Net cash used in investing activities	(26,939)	(169,636)
Cash flows from financing activities		
Proceeds from borrowings	15,000	–
Repayments of borrowings	(20,000)	–
Net cash used in financing activities	(5,000)	–
Net increase in cash and cash equivalents	93,977	37,131
Cash and cash equivalents at beginning of the period	607,066	995,736
Exchange difference on cash and cash equivalents	(73)	(2,812)
Cash and cash equivalents at end of the period	700,970	1,030,055

The notes on pages 22 to 38 are an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Creative Home Group Limited (the "Company") was incorporated in the Cayman Islands on 7 July 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, The Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the business of design, development, manufacture and sales of home decor products, electric fireplaces and air purifiers primarily in the People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated financial information is presented in thousands of units of Renminbi ("RMB'000"), unless otherwise stated.

This condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.2 Summary of significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the Group's consolidated financial statements for the year ended 31 December 2014.

(a) Amendments to standards adopted by the Group

The following amendments to standards are relevant for the Group's financial year beginning 1 January 2015:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

The adoption of these amendments to standards does not have significant impact to the results or financial position of the Group.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(b) New and amendments to standards not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2014.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

4.3 Fair value estimation

The Group's financial instruments carried at fair value as at balance sheet date are measured by the inputs to valuation techniques. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There has been no transfer of financial assets and liabilities between levels 1, 2 and 3 during the period.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

Assets and liabilities held by the Group using the fair value method include investment property, assets classified as held for sale and derivative financial liabilities.

For other current financial assets of the Group, including trade and other receivables, pledged deposits, bank deposits, cash and cash equivalents, and current financial liabilities of the Group including trade and other payables and bank borrowings approximate their fair values due to their short term maturities.

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements during the period.

5 SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to making strategic decisions.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from a product perspective and assess the performance of the operating segments based on a measure of revenue and segment results.

The Group's two reportable operating segments are as follows:

Electric fireplaces and air purifiers	– Design, development, manufacture and sales of electric fireplaces and air purifiers
Home decor products	– Design, development, manufacture and sales of home decor products and humidifiers

Other activities primarily relate to provision of corporate services for investment holding companies and holding corporate assets and liabilities. Corporate assets and liabilities mainly include investment property held for rental income, property, plant and equipment and land use rights for corporate use and derivative financial liabilities. These activities are excluded from the reportable operating segments.

Segment assets consist primarily of certain property, plant and equipment, land use rights, inventories, trade receivables, deposits, prepayments and other receivables, pledged deposits, bank deposits and cash and cash equivalents. They exclude investment property and other assets for corporate functions.

Segment liabilities consist primarily of trade and other payables. They exclude current income tax liabilities, deferred income tax liabilities, general bank borrowings, derivative financial liabilities and other liabilities for corporate functions.

As at 30 June 2015, a majority of assets and liabilities of the Group are located in the PRC, except for certain assets and liabilities with carrying amounts of RMB3,273,000 (31 December 2014: RMB7,918,000) and RMB61,929,000 (31 December 2014: RMB21,820,000) respectively, which are located in Hong Kong.

5 SEGMENT REPORTING (Continued)

The segment information provided to the executive directors is as follows:

	Electric fireplaces and air purifiers RMB'000	Home decor products RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2015:				
Segment revenue				
– PRC	330,471	232,239	–	562,710
– International	24,987	28,423	–	53,410
	355,458	260,662	–	616,120
Less: Inter-segment revenue	–	(13,830)	–	(13,830)
Revenue from external customers	355,458	246,832	–	602,290
Segment results	103,928	59,586	18,410	181,924
Unallocated expense				(270)
Finance costs				(1,969)
Profit before income tax				179,685
Income tax expense				(29,690)
Profit for the period				149,995
Other segment items:				
Additions to:				
Property, plant and equipment	23,053	217	9,000	32,270
Land use rights	–	14,661	–	14,661
Depreciation and amortization	10,125	672	270	11,067
Interest income	2,441	261	10	2,712
Fair value gain in derivative financial instrument	–	–	14,112	14,112

5 SEGMENT REPORTING (Continued)

	Electric fireplaces and air purifiers RMB'000	Home decor products RMB'000	Others RMB'000	Total RMB'000
For the six months ended 30 June 2014:				
Segment revenue				
– PRC	264,893	230,979	–	495,872
– International	27,295	24,116	–	51,411
	292,188	255,095	–	547,283
Less: Inter-segment revenue	–	(16,199)	–	(16,199)
Revenue from external customers	292,188	238,896	–	531,084
Segment results	106,012	55,693	(465)	161,240
Unallocated expense				(232)
Finance costs				(706)
Profit before income tax				160,302
Income tax expense				(29,282)
Profit for the period				131,020
Other segment items:				
Additions to:				
Property, plant and equipment	93,903	–	304	94,207
Land use rights	18,544	–	–	18,544
Depreciation and amortization	3,232	2,712	232	6,176
Interest income	876	494	905	2,275

5 SEGMENT REPORTING (Continued)

The information on segment assets and liabilities provided to the executive directors is as follows:

	Electric fireplaces and air purifiers RMB'000	Home decor products RMB'000	Others RMB'000	Total RMB'000
As at 30 June 2015:				
Segment assets	1,520,063	653,969	149,577	2,323,609
Segment liabilities	80,059	90,567	137,675	308,301
As at 31 December 2014:				
Segment assets	1,628,737	617,713	136,217	2,382,667
Segment liabilities	238,841	92,790	129,563	461,194

There is no individual external customer which contributed more than 10% of the Group's revenue for the six months ended 30 June 2015 (2014: Nil).

6 REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sales of products		
– Electric fireplaces	275,281	292,188
– Air purifiers	80,177	–
– Home decor products (excluding humidifiers)	219,035	224,813
– Humidifiers	27,797	14,083
	602,290	531,084
Other income		
– Interest income	2,712	2,275
– Rental income	5,261	4,490
– Others	–	101
	7,973	6,866

The sales of electric fireplaces are subject to seasonal fluctuations, with higher demand in the second half of the year due to seasonal weather conditions. In the financial year ended 31 December 2014, 33% of revenues for electric fireplaces was recorded in the first half of the year. The sales for air purifiers, home decor products and humidifiers are not subject to seasonal fluctuations.

7 EXPENSES BY NATURE

The profit before income tax is stated after charging the following:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Cost of inventories	300,484	241,826
Depreciation of property plant and equipment (Note 11)	9,726	4,766
Amortization of land use rights	1,341	1,410
Employee benefit expenses	74,657	66,764
Bad debts written-off	–	1,413
Loss on disposal of property, plant and equipment	–	142

8 INCOME TAX EXPENSE

Under the Enterprise Income Tax Law of the PRC (the "New EIT Law"), which is effective from 1 January 2008, the tax rate is 25%.

Pursuant to the New EIT Law, with respect to a new and high technology enterprise, the tax levied on its income will be charged at a preferential rate of 15% after obtaining the High New Technology Enterprise Certificate (the "Certificate") and completing the tax reduction and exemption filing with the tax authorities. Allen Electronics Co., Ltd. Fujian obtained the Certificate on 7 July 2010 and renewed the Certificate on 5 September 2013. The Certificate will expire on 4 September 2016.

Withholding tax on distributed profits of the PRC subsidiaries has been provided at a rate of 5% for the periods ended 30 June 2014 and 2015.

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current income tax	32,221	26,326
Over-provision in prior period	(354)	(33)
Deferred income tax	(2,177)	2,989
Total taxation charge	29,690	29,282

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ended 31 December 2014 is 18%.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit attributable to owners of the Company	149,995	131,020
Weighted average number of ordinary shares in issue (in thousands)	1,800,000	1,800,000
Basic and dilutive earnings per share (expressed in RMB per share)	0.08	0.07

Note:

Diluted earnings per share for the period ended 30 June 2015 equals the basic earnings per share as the exercise of the warrants as disclosed in Note 20 would be anti-dilutive.

10 DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

A dividend of HKD70,200,000 (equivalent to approximately RMB56,160,000) that relates to the year ended 31 December 2014 was paid in July 2015 (2014: HKD68,400,000 (equivalent to approximately RMB53,483,000)).

11 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Six months ended 30 June 2015			
Net book value			
At 1 January 2015	482,680	90,224	572,904
Additions	2,667	29,603	32,270
Transfer	20,603	(20,603)	–
Depreciation (Note 7)	(9,726)	–	(9,726)
At 30 June 2015	496,224	99,224	595,448
Six months ended 30 June 2014			
Net book value			
At 1 January 2014	199,858	–	199,858
Additions	1,095	93,112	94,207
Transfer	13,139	(13,139)	–
Disposals	(142)	–	(142)
Depreciation (Note 7)	(4,766)	–	(4,766)
At 30 June 2014	209,184	79,973	289,157

As at 30 June 2015, bank borrowings and bills payable are secured by certain property, plant and equipment with an aggregate net book value of approximately RMB79,120,000 (31 December 2014: RMB86,649,000) (Notes 18 and 19).

12 INVESTMENT PROPERTY

As at 30 June 2015, the Group's investment property is a hotel building located in Quanzhou, the PRC. The carrying amount of the investment property in the condensed consolidated statement of financial position is as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
At valuation	122,100	122,100

The investment property was valued at 31 December 2014 by an independent professionally qualified valuer, Roma Appraisals Limited, who is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

The valuation of the investment property as at 31 December 2014 was determined using income approach based on significant unobservable inputs. The directors have reviewed the valuation of the investment property as at 30 June 2015 and considered that there are no significant changes in the underlying assumptions and the key unobservable inputs, and the valuation of the investment property remains the same as at 30 June 2015.

13 TRADE RECEIVABLES

The majority of the Group's sales are with credit terms of 60 to 90 days. At as 30 June 2015 and 31 December 2014, the aging analysis of the trade receivables based on invoice date was as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
0 to 30 days	112,793	303,768
31 to 60 days	128,698	175,773
61 to 90 days	56,112	28,161
Over 90 days	123,206	63,986
	420,809	571,688

14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Current		
Deposits and prepayments (note)	5,944	5,791
Accrued rental income	5,093	4,485
Rental receivables	5,980	2,149
Others	2,744	375
	19,761	12,800
Non-current		
Prepayments for land use rights	49,840	49,840
Prepayments for construction costs	1,800	25,385
Prepayments for purchase of property, plant and equipment	37,879	33,590
	89,519	108,815

Note:

As at 30 June 2015, the balance included a prepayment for rental expense to a related company, which is controlled by the controlling shareholder of the Company, amounting to RMB144,000 (31 December 2014: RMB144,000).

15 ASSETS CLASSIFIED AS HELD FOR SALE

On 30 September 2014, Quanzhou Allen Light Industry Co., Ltd., a wholly owned subsidiary of the Group, was notified by the local government of Quanzhou that certain land use rights and properties will be resumed for redevelopment.

The compensation of these properties and land use rights will be RMB109,552,000 according to the correspondences from the local government of Quanzhou and the directors consider the transaction is expected to be completed in 2015. As a result, these properties and land use rights are classified as assets held for sale. The directors have reviewed the fair value of the assets classified as held for sales as at 30 June 2015 and considered that there are no significant changes in the underlying assumptions for the compensation, and the valuation of the assets classified as held for sales remains the same as at 30 June 2015.

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
At beginning of the period	109,552	–
Transfer from property, plant and equipment	–	52,059
Transfer from land use rights	–	57,493
At end of the period	109,552	109,552

Certain assets classified as held for sale were pledged as a security for bills payable and bank borrowings made available to the Group.

16 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (thousands)	Nominal value of ordinary shares HK$
Authorized:		
At 31 December 2014 and 30 June 2015	10,000,000	1,000,000

	Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:					
At 1 January 2014 and 30 June 2014, 1 January 2015 and 30 June 2015	1,800,000,000	180	141	483,413	483,554

17 CAPITAL AND STATUTORY RESERVES

(a) Capital reserve represents the cash contributions to the Group through capital injection to the companies now comprising the Group by the controlling shareholder.

(b) In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of the Group's subsidiaries incorporated in the PRC, an appropriation to the statutory reserves has to be made prior to profit distribution to the investor. The appropriation to the statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

18 TRADE AND OTHER PAYABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade payables	118,852	243,558
Bills payable	7,050	12,750
Trade and bills payables	125,902	256,308
Other tax payable	9,392	28,715
Salary and welfare payables	11,899	29,673
Retention fee payables	9,249	9,671
Deposits received in advance	12,589	3,617
Others	2,870	7,467
	171,901	335,451

The aging analysis of the Group's trade and bills payables based on invoice date is as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
0 to 30 days	66,592	116,656
31 to 60 days	53,769	122,236
61 to 90 days	5,541	9,973
Over 90 days	–	7,443
	125,902	256,308

As at 30 June 2015 and 31 December 2014, the Group's bills payable were secured by certain property, plant and equipment (Note 11), pledged deposits and assets classified as held for sale (Note 15) of the Group.

19 BORROWINGS

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Secured bank borrowings	49,000	54,000

As at 30 June 2015 and 31 December 2014, the bank borrowings are repayable within one year and with floating interest rate.

Interest expense on borrowings for the six months ended 30 June 2015 is RMB1,969,000 (30 June 2014: RMB706,000).

As at 30 June 2015 and 31 December 2014, the Group's borrowings were secured by certain property, plant, and equipment (Note 11), pledged deposits and assets classified as held for sale (Note 15).

As at 30 June 2015, the effective interest rate of the Group's borrowings is 5.81% (31 December 2014: 6.38%). The Groups borrowings approximate their fair values due to short maturity date and are denominated in RMB.

20 DERIVATIVE FINANCIAL LIABILITIES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
At beginning of the period	18,000	–
On issuance	–	15,120
Fair value (gain)/loss recognised in profit or loss	(14,112)	2,880
At end of the period	3,888	18,000

On 8 December 2014, the Company issued 180,000,000 unlisted warrants (the "Warrants") at a price of HKD0.105 per Warrant (approximately RMB0.084 per Warrant). Each Warrant entitles the holder to acquire one ordinary share at an exercise price of HKD2.2 per share (approximately RMB1.76 per share) for a period of 12 months from the issue date.

As the exercise price of the Warrants is fixed in HKD and the functional currency of the Company is in the RMB, the Warrants are considered a derivative, as a variable amount of cash in the Company's functional currency will be received on exercise. The fair value of Warrants is reclassified to equity upon exercise. The Warrants are re-measured at fair value at each statement of financial position date with the change in fair value recorded in consolidated statement of comprehensive income.

20 DERIVATIVE FINANCIAL LIABILITIES (Continued)

The financial instruments were valued on 31 December 2014 and 30 June 2015 by an independent professionally qualified valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited which is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar financial instruments.

Management reviews the valuation performed by the independent valuer for financial reporting purposes. The review includes verification of all major inputs to the valuation and discussions with the independent valuer. The valuation is determined by Binomial Lattice Model based on significant unobservable inputs and is categorised in level 3 of the fair value hierarchy.

The key unobservable inputs of the valuation are summarized as follows. These assumptions are estimated by the valuer based on the profile of the financial instruments being valued.

	As at 30 June 2015	As at 31 December 2014
Conversion price	HKD2.2	HKD2.2
Share price	HKD1.49	HKD1.8
Expected volatility	47.69%	38.13%
Remaining life	0.44 years	0.94 years
Risk-free rate	0.01%	0.12%

21 COMMITMENTS

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Contracted but not provided for		
– Land use rights	17,210	17,210
– Property, plant and equipment	42,399	47,799
	59,609	65,009

22 RELATED-PARTY TRANSACTIONS

The related-party transactions made during the period are as follows:

(a) Purchase of services

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Rental expense (note)	432	432

Note:

These services represents payments of rental expense of a home furnishing concepts shop paid to Quanzhou Xinliya Trading Co., Ltd, which is controlled by the controlling shareholder of the Company, and were determined at prevailing market rate of respective home furnishing concepts shop.

(b) Key management compensation

Key management includes directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Directors' fees	144	144
Basic salaries, housing allowances, other allowances and benefits in kind	2,754	1,540
Social security and pension costs	511	462
	3,409	2,146

23 EVENT OCCURRING AFTER THE BALANCE SHEET DATE

On 6 July 2015, the Company issued a total of 180,000,000 shares at HKD1.28 per share to several investors through a placing agent and raised net proceeds of approximately HKD228,000,000 (approximately RMB182,400,000).