



**China Environmental Energy Investment Limited**

**中國環保能源投資有限公司\***

(Incorporated in Bermuda with limited liability)  
(Stock code: 986)



Interim  
Report  
**2015/16**

\*For identification purposes only

## CORPORATE INFORMATION

### Executive Directors

Ms. Chen Tong (*Chairman  
and Chief Executive Officer*)  
Mr. Xiang Liang

### Independent Non-executive Directors

Ms. Zhang Ruisi  
Mr. Tse Kwong Chan  
Ms. Zhou Jue

### Company Secretary

Ms. Cheng Suk Kuen

### Audit Committee

Ms. Zhang Ruisi (*Chairman*)  
Mr. Tse Kwong Chan  
Ms. Zhou Jue

### Remuneration Committee

Mr. Tse Kwong Chan (*Chairman*)  
Ms. Zhou Jue  
Mr. Xiang Liang

### Nomination Committee

Ms. Zhang Ruisi (*Chairman*)  
Mr. Tse Kwong Chan  
Mr. Xiang Liang

### Auditor

CCTH CPA Limited  
*Certified Public Accountants*  
Unit 5-6, 7/F, Greenfield Tower  
Concordia Plaza  
1 Science Museum Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### Legal Advisor

Li, Wong, Lam & W.I. Cheung  
22/F, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business

Room 910, 9/F, Harbour Centre  
25 Harbour Road, Wanchai  
Hong Kong

### Principal Bankers

DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of  
China Limited  
Wing Lung Bank Limited

### Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### Website

<http://www.986.com.hk>

### Stock Code

986

The Board of Directors (the “Board”) of China Environmental Energy Investment Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 September 2015.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are waste paper, scrap metal and consumable wastes recycling, trading of petrochemical products and online products sales, provision of web design and maintenance services and marketing services.

## **RESULTS**

The Group’s results for the six months ended 30 September 2015 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 17 to 48.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group recorded a turnover of approximately HK\$31.28 million, representing an increase of approximately 107.88% as compared with the turnover of approximately HK\$15.05 million of the corresponding period of 2014. The increase in turnover was mainly attributable to the contribution from the newly acquired businesses of internet sales and services as well as the trading of petrochemical products.

The Group's unaudited net loss for the period under review was approximately HK\$108.18 million (2014: approximately HK\$32.18 million). The increase in unaudited net loss was mainly due to (i) impairment loss on available-for-sale investment in respect of the Company's investment in Pure Power Holdings Limited ("Pure Power") of approximately HK\$68.97 million (2014: Nil); and (ii) goodwill impairment loss of approximately HK\$19.20 million recognized for the six months ended 30 September 2015 (2014: Nil). However, the Group recorded an unrealized gain of approximately HK\$680.81 million on investments in equity securities listed in Hong Kong at fair value through other comprehensive income in profit or loss for the six months ended 30 September 2015.

Selling, distribution and administrative expenses were approximately HK\$16.08 million (2014: approximately HK\$14.38 million), representing an increase of approximately 11.86% as compared with the same period last year. The finance costs of the Group amounted to approximately HK\$5.39 million (2014: approximately HK\$19.69 million) which were mainly incurred on the unconvertible bonds and the promissory notes issued by the Company. The decrease in finance costs was due to reduction in debt level during the period under review.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Business Review

The Group is principally engaged in the businesses of waste paper, scrap metal and consumable wastes recycling, trading of petrochemical products and online products sales, provision of web design and maintenance services and marketing services.

For the six months ended 30 September 2015, the revenues from the wastes recycling business and trading of petrochemical products business were approximately HK\$16.40 million (2014: approximately HK\$15.05 million) and HK\$7.99 million (2014: Nil) respectively. The revenue contributed by the newly acquired business of internet sales and services for the six months ended 30 September 2015 was approximately HK\$6.88 million (2014: Nil).

As disclosed in the annual report of the Company for the year ended 31 March 2015, the continuous rise in the costs of raw materials, labor and manufacturing overheads had a serious impact on the Group's recycling paper business performance. The situation did not improve during the period under review and it seems unable to recover in the near future. As the financial performance of recycling paper business for the six months ended 30 September 2015 deteriorated and the demand for recycled paper might not be as robust as expected, the valuation assumptions and the cash flow projection have been further adjusted to reflect a more conservative expectation of the Company. As a consequence, the Group recognised an impairment loss on goodwill of approximately HK\$15.50 million for the recycling paper business for the six months ended 30 September 2015.

The disposal of electric car battery business of the Group was completed on 30 September 2015, and the Company received the total consideration of HK\$66.00 million together with the accrued interest of approximately HK\$0.83 million.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Outlook

In order to diversify the business of the Group for maximizing returns to the shareholders of the Company, the Group has been actively seeking various investment opportunities, and entered into the following transactions:

- A. On 16 October 2015, a wholly-owned subsidiary of the Company has acquired the entire share capital of a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Board considers that such acquisition provides a prime opportunity for the Group to enter the money lending industry, which is a new business segment to the Group. The Board also considers that the demand for money lending is significant and the industry is vibrant in Hong Kong. The entry into the industry provides an attractive opportunity for the Group to broaden its income base.
  
- B. The Company has acquired 850 shares of US\$1.0 each in the issued share capital of Pure Power (representing 10% of its issued share capital) which in turn owned 100% equity interest in a company (the "Oil Company") principally engaged in the exploration and exploitation of natural resources in Nevada, the United States of America in 2014. According to a geological and drilling report produced by Ehni Enterprises Inc., a company specialised in geological consulting, in September 2015 on one of the wells owned and operated by the Oil Company, the results from the drilling showed presence of oil/condensate and gas anomalies and significant intervals of sandstone units bearing oil/hydrocarbon which were observed down the well.

On 13 November 2015, the Company (as the purchaser) entered into a sale and purchase agreement (the "Previous SPA") with certain shareholders of Pure Power (the "Previous Vendors") regarding the proposed acquisition of 4,112 shares of US\$1.0 each in the issued share capital of Pure Power at the consideration of HK\$200 million, representing approximately 48.38% of the issued share capital of Pure Power.

On 20 November 2015, the directors of the Company (the "Directors") re-considered to acquire Pure Power in a combined consideration of cash and promissory notes, which is expected to be the most advantageous way to control the financial exposure of the Company. The Company has re-negotiated with the Previous Vendors to reduce the percentage of equity interest acquired in Pure Power. Accordingly, the Company has entered into a deed with the Previous Vendors to terminate the Previous SPA. After termination of the Previous SPA, the Company

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Outlook (Continued)

#### B. (Continued)

has entered into a sale and purchase agreement (the “SPA”) with part of the Previous Vendors (the “Vendors”), pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 3,350 shares, representing approximately 39.41% of the issued share capital of Pure Power, at the consideration of HK\$163 million, which shall be settled as to HK\$100 million by way of delivery of the promissory notes issued by the Company due 12 months from the issue and carrying interest of 8% per annum and as to HK\$63 million by cash. Upon completion of the acquisition, the Company will be indirectly interested in aggregate approximately 49.41% of the issued share capital of the Oil Company through Pure Power, and Pure Power will be an associate of the Company.

The Directors consider that the acquisition will increase the Company’s interest in the Oil Company which are showing good prospects on exploration and development, and create room for business development given the presence of oil/condensate and gas anomalies and significant intervals of sandstone units bearing oil/hydrocarbon from the well owned and operated by the Oil Company. It is also a good opportunity for the Group to achieve good investment returns in the energy sector with an aim to enhance the Group’s future financial performance and profitability, and thereby improve the return of the shareholders of the Company.

- C. On 16 November 2015, a wholly-owned subsidiary (as the purchaser) of the Company entered into a sale and purchase agreement with an independent third party in relation to an acquisition of a company licensed under the Securities and Futures Ordinance to carry on the regulated activities of dealing in securities, advising on securities and providing asset management. By investing in the aforesaid company, it is expected that the Group can enter into financial services industry, being a new business segment to the Group, and will be benefited from diversifying its revenue stream which is expected to increase its shareholders’ value and benefit the Company and its shareholders as a whole. Details of which are set out in the announcement of the Company dated 16 November 2015.

Going forward, the Group will continue looking for other investment opportunities in other streams so as to sustain the growth of the Group in the long run.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Capital Structure

On 20 April 2015, the Company entered into a placing agreement with a placing agent, Southwest Securities (HK) Brokerage Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 520,000,000 placing shares of the Company to not less than six placees at the placing price of HK\$0.245 per placing share under the then general mandate granted to the Directors. The placing price of HK\$0.245 per placing share represented a discount of approximately 18.33% to the closing price of HK\$0.300 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 April 2015, being the date of the placing agreement. The placing was completed on 8 May 2015 and the Company issued 520,000,000 new shares to not less than six placees.

On 19 August 2015, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 620,000,000 placing shares of the Company to not less than six placees at the placing price of HK\$0.134 per placing share under the then general mandate granted to the Directors. The placing price of HK\$0.134 per placing share represented a discount of approximately 8.84% to the closing price of HK\$0.147 per share of the Company as quoted on the Stock Exchange on 19 August 2015, being the date of the placing agreement. The placing was completed on 28 August 2015 and the Company issued 620,000,000 new shares to not less than six placees.

On 18 September 2015, the Company issued a promissory note in the principal amount of HK\$30 million at the interest rate of 8% per annum to Mr. Wong Him Shun Philip as the consideration for the acquisition of entire issued share capital of Elite Honest Inc.

During the period ended 30 September 2015, the Company has repaid promissory note and convertible note which were both issued by the Company on 29 April 2014 in the principal amounts of HK\$123.2 million and HK\$1.8 million respectively.





## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Significant Investment

The Group has the following significant investment in equity securities listed on the Stock Exchange as at 30 September 2015 and 31 March 2015 respectively.

	<b>Fair value at 30 September 2015 HK\$'000</b>	Fair value at 31 March 2015 HK\$'000
China Jicheng Holdings Limited (“CJH”)	<b>638,903</b>	36,236
WLS Holdings Limited (“WLS”)	<b>126,000</b>	91,350
Capital VC Limited (“CVC”)	<b>21,300</b>	–
China National Culture Group Limited (“CNC”)	<b>29,992</b>	–
GreaterChina Professional Services Limited (“GCPS”)	<b>20,699</b>	–
L & A International Holdings Limited (“L&A”)	<b>218,560</b>	–
Suncorp Technologies Limited (“STL”)	<b>8,470</b>	–
	<b><u>1,063,924</u></b>	<b><u>127,586</u></b>

#### Notes:

1. CJH is principally engaged in the manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts.
2. WLS is principally engaged in the provision of scaffolding and fitting out services, management contracting services, and other services for construction and buildings work and money lending business.
3. CVC is principally engaged in investment in listed and unlisted companies.
4. CNC is principally engaged in the advertising media services and film production and distribution business.
5. GCPS is principally engaged in the provision of asset advisory services and asset appraisal; corporate services and consultancy; media advertising; and financing services.
6. L&A is principally engaged in the manufacturing, sales and retailing of garment products.
7. STL is principally engaged in the sales and marketing of residential telephone products under its license arrangements with the Motorola brand.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Significant Investment (Continued)

For the six months ended 30 September 2015, the Group has acquired certain listed equity securities on secondary market in the aggregate cost of approximately HK\$241.18 million. The Group has recorded a gain on change in fair value of the listed equity securities for the period under review of approximately HK\$680.81 million (2014: Nil). However, the future value of the listed equities may be volatile to external market condition. The Group will continue to adopt a diversified investment strategy including investing in quality stocks and other financial products with a view to achieve better shareholders' return.

### Acquisition of Subsidiaries

On 4 September 2015, the Company and Mr. Wong Him Shun Philip as a vendor entered into a sale and purchase agreement, pursuant to which the vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire equity interest in Elite Honest Inc. ("Elite Honest"), at a consideration of HK\$30 million by way of issue of promissory note by the Company. Elite Honest was incorporated under the laws of the British Virgin Islands with limited liability and it owns 100% equity interest in H & S Creation Limited ("H&S"). H&S is principally engaged in the business of trading of gold and diamond. Upon completion of the acquisition on 18 September 2015, Elite Honest and H&S have become wholly-owned subsidiaries of the Company. Details of which are set out in the announcement of the Company dated 4 September 2015.

### Liquidity and Financial Resources

As at 30 September 2015, the Group's net current liabilities were approximately HK\$50.85 million (31 March 2015: net current assets of approximately HK\$34.23 million), including cash and cash equivalents of approximately HK\$103.75 million (31 March 2015: approximately HK\$250.90 million).

Total bank loans, other borrowings, unconvertible bonds, financial liabilities designated at fair value through profit or loss and promissory notes payable amounted to approximately HK\$140.69 million as at 30 September 2015 (31 March 2015: HK\$247.89 million). The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, as at 30 September 2015 was 0.07 (31 March 2015: 0.06).

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)


### Foreign Exchange Exposure

The Group mainly operates in Hong Kong and the Mainland China, with revenues and expenditures denominated in Renminbi. During the six months ended 30 September 2015, the Group did not enter into any derivative contracts aimed at minimizing exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

### Litigation

The Company announced that a writ of summons (the “Writ”) was issued in the Court of First Instance of the High Court of Hong Kong by First Federal Capital Limited (“FDCL”) against the Company and it was served on the Company by FDCL’s legal adviser on 8 July 2013. In the statement of claim under the Writ, FDCL claims as the holder in due course or, alternatively, the holder for value of a promissory note with principal amount of HK\$5 million issued by the Company (the “Promissory Note”) and claims for the principal amount of HK\$5 million under the Promissory Note, together with interest and costs.

The Promissory Note was issued by the Company to All Prosper Group Limited (the “Note Holder”) and was due on 31 January 2013. The Company has been in negotiation with the Note Holder for extension of the maturity date for the Promissory Note but as there has been dispute between the Note Holder with FDCL on the ownership of the Promissory Note, the negotiation for extension is pending. FDCL has through its legal adviser requested the Company to register a transfer of the Promissory Note from the Note Holder to FDCL but has not delivered all necessary documents as requested by the Company and as required under the terms and conditions of the Promissory Note. The Company considered that the registration of the transfer of the Promissory Note shall only be made upon strict compliance with the terms and conditions of the Promissory Note for the interest of the Company. The Company has made enquiry to the Note Holder on the transfer of the Promissory Note to FDCL and was informed that the Note Holder has all along been the registered holder of the Promissory Note and has not effected any transfer of the Promissory Note. The Company has instructed legal adviser to contest the claim and to handle all other legal issues arising with FDCL in connection with the dispute.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Litigation (Continued)

The High Court has approved the consent summons (the “Consent Summons”) for settlement on 19 August 2015. Pursuant to the Consent Summons:

1. the Company has to make the payment of approximately HK\$5.72 million (with its breakdown of HK\$5 million being the principal sum stated in the Promissory Note together with the outstanding interest at a rate of 5.25% per annum calculable from 7 November 2012 to 6 August 2015 at approximately HK\$0.72 million in accordance with the terms and conditions of the Promissory Note) (the “Sum”) into the Court within 28 days from 20 August 2015;
2. all FDCL’s claims and allegations in this action against the Company shall be withdrawn and discontinued;
3. there be no order as to the costs in respect of the dispute(s) between FDCL and the Company in this action; and
4. there be no order as to the costs in respect of the Consent Summons application.

The Company has made the payment of the Sum to the Court on 31 August 2015.

### Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2015 and 31 March 2015.

### Capital Commitments

The Group had no material capital commitments authorised but not provided for as at 30 September 2015 and 31 March 2015.

### Pledge of Assets

As at 30 September 2015, no cash deposits and assets were pledged to bank. As at 31 March 2015, the Group had restricted deposits amounted to approximately HK\$5.88 million, which were placed in a bank to secure bills issued by the Group.

## **EMPLOYMENT, TRAINING AND REMUNERATION POLICY**

During the period under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had approximately 43 employees as at 30 September 2015 (31 March 2015: 41). Remunerations are commensurate with the nature of the job, experience and market conditions.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2015.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises three members, being the three independent non-executive Directors. The Audit Committee has reviewed the Company's unaudited condensed consolidated financial statements for the period ended 30 September 2015 and discussed financial and internal control, and financial reporting matters of the Company.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 September 2015, except for the code provisions A.2.1, A.4.1 and E.1.2:

### **Code provision A.2.1**

This code provision stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, Ms. Chen Tong ("Ms. Chen") holds the offices of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 30 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.



## **CORPORATE GOVERNANCE (Continued)**

### **Code provision A.4.1**

This code provision stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Ms. Zhang Ruisi, an independent non-executive Director, is engaged for a term of one year, which is automatically renewable for successive terms of one year upon the expiry of the then current term; whereas the other independent non-executive Directors, namely Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Company's Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

### **Code provision E.1.2**

This code provision stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Chen Tong, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 31 August 2015 since she was overseas at that time.

The code provision also stipulates that the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. At the Company's special general meeting held on 3 July 2015 in respect of the approval of the refreshment of general mandate (details of such transaction were set out in the Company's circular dated 12 June 2015), the independent board committee members were not present. However, the Company's management was arranged to answer questions from the independent shareholders at the meeting.



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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), Appendix 10 to the Listing Rules, as its own code of conduct regarding directors’ dealings in the securities of the Company. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2015.

## **COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY**

The Company has established written guidelines for the relevant employees of the Company (the “Relevant Employees”) in respect of their dealings in the securities of the Company (the “Written Guidelines”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, “Relevant Employee” includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines by the employees was noted by the Company during the six months ended 30 September 2015.

## **DIRECTORS’ INTERESTS IN CONTRACTS**

None of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

## **DIRECTORS’ INTERESTS IN A COMPETING BUSINESS**

None of the Directors nor their respective close associates was interested in any business apart from the Group’s business which competes or is likely to compete, either directly or indirectly, with the Group’s businesses pursuant to Rule 8.10 of the Listing Rules.



## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2015, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

During the period ended 30 September 2015, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their close associates, to acquire such benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2015, no person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.





## CORPORATE COMMUNICATIONS

In accordance with the Listing Rules, the Company has ascertained shareholders' wishes regarding their preferences on the language (i.e. English and/or Chinese) and means of receipt (i.e. in printed form or via the Company's website) of the Company's corporate communications\*. Shareholders who have chosen/are deemed to have chosen to receive the corporate communications via the Company's website, and who for any reason have difficulty in receiving or gaining access to the Company's corporate communications will promptly upon request be sent the corporate communications in printed form free of charge. Shareholders have the right at any time to change their choice of language and means of receipt of the Company's corporate communications.

Shareholders may request for printed copy of the Company's corporate communications or change their choice of language and means of receipt of the Company's corporate communications by sending reasonable prior notice in writing to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders may also send such a notice by email to [chinaenvenenergy-ecom@hk.tricorglobal.com](mailto:chinaenvenenergy-ecom@hk.tricorglobal.com).

Shareholders who have chosen to receive the corporate communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

- \* The Company's corporate communications refer to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to: (a) annual report; (b) interim report; (c) notice of meeting; (d) listing document; (e) circular; and (f) form of proxy.

On behalf of the Board

**Chen Tong**

*Chairman*

Hong Kong

27 November 2015



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Notes	Six months ended	
		30 September	
		2015	2014
		Unaudited	Unaudited
		HK\$'000	HK\$'000
Turnover	4	<b>31,277</b>	15,046
Cost of sales		<b>(28,511)</b>	(14,147)
Gross profit		<b>2,766</b>	899
Investment and other income	5	<b>4,169</b>	1,074
Other gains and losses	6	<b>(93,469)</b>	(84)
Selling and distribution expenses		<b>(936)</b>	(921)
Administrative and other expenses		<b>(15,147)</b>	(13,457)
Finance costs	7	<b>(5,388)</b>	(19,687)
Loss before taxation	8	<b>(108,005)</b>	(32,176)
Taxation	9	<b>(179)</b>	–
Loss for the period		<b>(108,184)</b>	(32,176)
Other comprehensive income/(expenses)			
Exchange difference arising on translation of foreign operations		<b>(11,114)</b>	(1,707)
Increase in fair value of available-for-sale investments		<b>680,811</b>	–
Other comprehensive income/(expenses) for the period		<b>669,697</b>	(1,707)
Total comprehensive income/(expenses) for the period		<b>561,513</b>	(33,883)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2015

	Notes	Six months ended 30 September	
		2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Loss for the period attributable to:			
Owners of the Company		<b>(107,588)</b>	(31,877)
Non-controlling interests		<b>(596)</b>	(299)
		<b><u>(108,184)</u></b>	<u>(32,176)</u>
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		<b>561,973</b>	(33,584)
Non-controlling interests		<b>(460)</b>	(299)
		<b><u>561,513</u></b>	<u>(33,883)</u>
Loss per share	11		
Basic		<b>HK\$(0.03)</b>	HK\$(0.12)
Diluted		<b>N/A</b>	N/A



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2015

	Notes	30 September 2015 Unaudited HK\$'000	31 March 2015 Audited HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		19,497	20,253
Goodwill	12	270,235	260,573
Intangible assets		25,199	27,979
Available-for-sale investments	13	1,137,846	274,248
		<u>1,452,777</u>	<u>583,053</u>
<b>Current assets</b>			
Inventories		388	494
Trade and bills receivables	14	13,130	16,795
Other receivables, prepayments and deposits paid		31,862	14,880
Restricted bank deposits		-	5,877
Cash deposits held by securities brokers		55,217	36,574
Bank balances and cash		48,529	214,330
		<u>149,126</u>	<u>288,950</u>
Assets classified as held for sale		-	65,092
		<u>149,126</u>	<u>354,042</u>
<b>Current liabilities</b>			
Trade and bills payables	15	7,925	7,064
Other payables and accruals		49,381	41,944
Promissory notes payable		97,245	201,902
Bank and other borrowings		23,148	23,759
Financial liabilities designated at fair value through profit or loss		-	1,933
Income tax payable		22,273	22,610
		<u>199,972</u>	<u>299,212</u>
Liabilities directly associated with assets classified as held for sale		-	20,600
		<u>199,972</u>	<u>319,812</u>
<b>Net current (liabilities)/assets</b>		<u>(50,846)</u>	<u>34,230</u>
		<u>1,401,931</u>	<u>617,283</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2015

		<b>30 September 2015 Unaudited HK\$'000</b>	31 March 2015 Audited HK\$'000
	Note		
<b>Capital and reserves</b>			
Share capital	16	<b>37,423</b>	26,023
Share premium and reserves		<b>1,314,675</b>	556,225
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>1,352,098</b>	582,248
Non-controlling interests		<b>(7,008)</b>	(6,548)
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,345,090</b>	575,700
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Unconvertible bonds		<b>20,297</b>	20,297
Deferred tax liabilities		<b>36,544</b>	21,286
		<hr/>	<hr/>
		<b>56,841</b>	41,583
		<hr/>	<hr/>
		<b>1,401,931</b>	617,283
		<hr/>	<hr/>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2015

	Share		Contributed Surplus	Investments		Capital		Non		
	Capital	Premium		Revaluation Reserve	Exchange Reserve	Redemption Reserve	Accumulated Losses	Total	Controlling Interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	2,320	1,931,981	2,031	-	3,303	464	(1,786,662)	153,437	(3,124)	150,313
Loss for the period	-	-	-	-	-	-	(31,877)	(31,877)	(299)	(32,176)
Other comprehensive expenses for the period										
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	(1,707)	-	-	(1,707)	-	(1,707)
Total comprehensive expenses for the period	-	-	-	-	(1,707)	-	(31,877)	(33,584)	(299)	(33,883)
Issue of shares upon placing of shares	90	19,170	-	-	-	-	-	19,260	-	19,260
Shares issue expenses	-	(1,273)	-	-	-	-	-	(1,273)	-	(1,273)
At 30 Sep 2014 and 1 Oct 2014	2,410	1,949,878	2,031	-	1,596	464	(1,818,539)	137,840	(3,423)	134,417
Loss for the period	-	-	-	-	-	-	(116,005)	(116,005)	(2,987)	(118,992)
Other comprehensive expenses for the period										
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	1,364	-	-	1,364	(5)	1,359
Increase in fair value of available-for-sale investments	-	-	-	80,588	-	-	-	80,588	-	80,588
Total comprehensive income/ (expenses) for the period	-	-	-	80,588	1,364	-	(116,005)	(34,053)	(2,992)	(37,045)
Non-controlling interests arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	(133)	(133)
Issue of shares upon placing of shares	482	31,324	-	-	-	-	-	31,806	-	31,806
Issue of shares upon right issue	23,131	427,932	-	-	-	-	-	451,063	-	451,063
Shares issue expenses	-	(4,408)	-	-	-	-	-	(4,408)	-	(4,408)
At 31 Mar 2015 and 1 Apr 2015	26,023	2,404,726	2,031	80,588	2,960	464	(1,934,544)	582,248	(6,548)	575,700

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2015

	Share Capital	Share Premium	Contributed Surplus	Investments Revaluation Reserve	Exchange Reserve	Capital Redemption Reserve	Accumulated Losses	Total	Non Controlling Interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 Mar 2015 and 1 Apr 2015	26,023	2,404,726	2,031	80,588	2,960	464	(1,934,544)	582,248	(6,548)	575,700
Loss for the period	-	-	-	-	-	-	(107,588)	(107,588)	(596)	(108,184)
Other comprehensive expenses for the period										
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	(11,250)	-	-	(11,250)	136	(11,114)
Increase in fair value of available-for-sale investments	-	-	-	680,811	-	-	-	680,811	-	680,811
Total comprehensive income/ (expenses) for the period	-	-	-	680,811	(11,250)	-	(107,588)	561,973	(460)	561,513
Issue of shares upon placing of shares	11,400	199,080	-	-	-	-	-	210,480	-	210,480
Shares issue expenses	-	(2,603)	-	-	-	-	-	(2,603)	-	(2,603)
<b>At 30 Sep 2015</b>	<b>37,423</b>	<b>2,601,203</b>	<b>2,031</b>	<b>761,399</b>	<b>(8,290)</b>	<b>464</b>	<b>(2,042,132)</b>	<b>1,352,098</b>	<b>(7,008)</b>	<b>1,345,090</b>

The contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1994 over the nominal value of the Company's shares issued in exchange therefor.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2015

	<b>Six Months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(24,380)</b>	(28,284)
Net cash (used in)/generated from investing activities	<b>(195,107)</b>	6,797
Net cash generated from financing activities	<b>71,556</b>	13,829
Net decrease in cash and cash equivalents	<b>(147,931)</b>	(7,658)
Cash and cash equivalents at beginning of the period (Note i)	<b>250,904</b>	10,603
Effect of foreign exchange rate changes	<b>773</b>	1,125
Cash and cash equivalents at end of the period (Note ii)	<b>103,746</b>	4,070
Notes:		
(i) Cash deposits held by securities brokers	<b>36,574</b>	-
Bank balances and cash	<b>214,330</b>	10,603
Cash and cash equivalents at the beginning of the period	<b>250,904</b>	10,603
(ii) Cash deposits held by securities brokers	<b>55,217</b>	-
Bank balances and cash	<b>48,529</b>	4,070
Cash and cash equivalents at the end of the period	<b>103,746</b>	4,070



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

### 1. General Information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and comply with the provisions set out in Appendix 16 to the Listing Rules. The unaudited 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 annual report of the Company for the year ended 31 March 2015.

### 2. Basis of Preparation of Condensed Consolidated Financial Statements

In preparing the condensed consolidated financial statements, the Directors have considered the future liquidity in light of the fact that the Group had net current liabilities of approximately HK\$50,846,000 as at 30 September 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these condensed consolidated financial statements, after taking into consideration of reclassification of the value of listed equity securities as current assets. The Group would have net current assets of approximately HK\$1,013,078,000 as at 30 September 2015. Having considered the Group's business plan, internal financial resources, fund raising activities, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of this report. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2015

### 3. Application of Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the Group’s condensed consolidated financial statements.

The following new standards and amendments to standards have been issued but are not yet effective for the period and have not been early adopted by the Group.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exemption <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

The Directors are currently assessing the impact of the adoption of the new standards and amendments to standards and are not yet in the position to comment on the impact to the Group.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information****(a) Revenue from major products and services**

The Group manages its business by segments which are organized by business line of products and services. The Group has identified three operating segments for the period which included wastes recycling, internet services and trading of petrochemical products.

The following is an analysis of the Group's revenue from its major products and services:

<b>Revenue</b>	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Wastes recycling	<b>16,403</b>	15,046
Internet services	<b>6,883</b>	–
Trading of petrochemical products	<b>7,991</b>	–
	<b>31,277</b>	15,046



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information (Continued)****(b) Business segments***Segment revenue and results*

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

**For the six months ended 30 September 2015**

	Wastes recycling HK\$'000	Internet services HK\$'000	Trading of petrochemical products HK\$'000	Total HK\$'000
Sales to external customers	16,403	6,883	7,991	31,277
Inter-segment sales	-	-	-	-
Elimination	-	-	-	-
Revenue from external customers	<u>16,403</u>	<u>6,883</u>	<u>7,991</u>	<u>31,277</u>
Segment results	<u>(17,647)</u>	<u>(2,925)</u>	<u>(173)</u>	<u>(20,745)</u>
Interest income				77
Interest on assets classified as held for sale				4,086
Loss on disposal of listed equity securities				(7,984)
Impairment loss on available-for-sale investments				(68,970)
Other unallocated expenses				(9,081)
Finance costs				<u>(5,388)</u>
Loss before taxation				<u>(108,005)</u>
Taxation				<u>(179)</u>
Loss for the period				<u>(108,184)</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information (Continued)****(b) Business segments (Continued)***Segment revenue and results (Continued)*

For the six months ended 30 September 2014

	Wastes recycling HK\$'000	Internet services HK\$'000	Trading of petrochemical products HK\$'000	Total HK\$'000
Sales to external customers	15,046	-	-	15,046
Inter-segment sales	-	-	-	-
Elimination	-	-	-	-
Revenue from external customers	<u>15,046</u>	<u>-</u>	<u>-</u>	<u>15,046</u>
Segment results	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>(30)</u>
Interest income				89
Loss on change in fair value of financial liabilities designated at fair value through profit or loss				(84)
Other unallocated expenses				(12,464)
Finance costs				<u>(19,687)</u>
Loss before taxation				(32,176)
Taxation				<u>-</u>
Loss for the period				<u>(32,176)</u>



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information (Continued)****(b) Business segments (Continued)***Segment assets and liabilities*

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

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Segment assets		
Wastes recycling	<b>184,064</b>	185,751
Internet services	<b>130,005</b>	136,020
Trading of petrochemical products	<b>6,627</b>	3,333
Total segment assets	<b>320,696</b>	325,104
Unallocated assets		
Available-for-sale investments	<b>1,137,846</b>	274,248
Assets classified as held for sale	–	65,092
Other unallocated assets	<b>143,361</b>	272,651
Total unallocated assets	<b>1,281,207</b>	611,991
Total consolidated assets	<b>1,601,903</b>	937,095



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information (Continued)****(b) Business segments (Continued)***Segment assets and liabilities (Continued)*

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Segment liabilities		
Wastes recycling	<b>36,391</b>	36,023
Internet services	<b>7,071</b>	8,434
Trading of petrochemical products	<b>11,673</b>	1,647
	<hr/>	<hr/>
Total segment liabilities	<b>55,135</b>	46,104
	<hr/>	<hr/>
Unallocated liabilities		
Promissory notes payable	<b>97,245</b>	201,902
Financial liabilities designated at fair value through profit or loss	-	1,933
Liabilities directly associated with assets classified as held for sale	-	20,600
Unconvertible bonds	<b>20,297</b>	20,297
Other unallocated liabilities	<b>84,136</b>	70,559
	<hr/>	<hr/>
Total unallocated liabilities	<b>201,678</b>	315,291
	<hr/>	<hr/>
Total consolidated liabilities	<b>256,813</b>	361,395
	<hr/>	<hr/>



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**4. Segment Information (Continued)****(b) Business segments (Continued)***Segment assets and liabilities (Continued)*

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

- all assets are allocated to reportable segments other than certain restricted bank deposits, cash deposits held by securities broker and bank balances and cash, available-for-sale investments, assets classified as held for sale, certain other receivables, prepayments and deposits paid, and assets used jointly by reportable segments.
- all liabilities are allocated to reportable segments other than bank and other borrowings, certain other payables and accruals, tax payable, promissory notes payable, financial liabilities designated at fair value through profit or loss, liabilities directly associated with assets classified as held for sale, unconvertible bonds and liabilities for which reportable segments are jointly liable.

**(c) Geographical information**

The Group's operations are mainly located in Hong Kong and the People's Republic of China ("PRC") in respect of the two periods presented.

The following table provides an analysis of the Group's revenue by geographic market, irrespective of the origin of customers:

**Six months ended 30 September 2015 and 2014 respectively**

	Hong Kong		PRC		Consolidated	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Segment revenue:						
Sales to external customers	<u>5,493</u>	<u>–</u>	<u>25,784</u>	<u>15,046</u>	<u>31,277</u>	<u>15,046</u>



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**5. Investment and Other Income**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>77</b>	89
Sale of scrap materials	–	985
Interest on assets classified as held for sale	<b>4,086</b>	–
Others	<b>6</b>	–
	<hr/>	<hr/>
Total	<b>4,169</b>	1,074
	<hr/>	<hr/>

**6. Other Gains and Losses**

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Foreign exchange gain, net	<b>4,671</b>	–
Loss on change in fair value of financial liabilities designated at fair value through profit or loss	–	(84)
Impairment loss recognised on goodwill	<b>(19,199)</b>	–
Impairment loss on available-for-sale investments	<b>(68,970)</b>	–
Amortisation of intangible assets	<b>(2,108)</b>	–
Loss on disposal of listed equity securities	<b>(7,984)</b>	–
Other gains	<b>121</b>	–
	<hr/>	<hr/>
Total	<b>(93,469)</b>	(84)
	<hr/>	<hr/>



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**7. Finance Costs**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interest on bank and other borrowings wholly repayable within five years	<b>799</b>	14,461
Interest on promissory notes	<b>3,490</b>	5,165
Interest on unconvertible bonds	<b>1,099</b>	–
Interest on convertible notes	<b>–</b>	61
	<b>5,388</b>	19,687

**8. Loss before Taxation**

The Group's loss before taxation is arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Directors' fee, staff salaries and allowances	<b>4,280</b>	3,088
Retirement benefits contributions	<b>89</b>	95
	<b>4,369</b>	3,183
Amortisation of intangible assets	<b>2,108</b>	2,091
Cost of inventories recognised as an expense	<b>23,904</b>	14,147
Depreciation of property, plant and equipment	<b>1,773</b>	742

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**9. Taxation**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Hong Kong Profits Tax	<b>48</b>	–
PRC income tax	<b>131</b>	–
	<hr/>	<hr/>
Tax charge for the period	<b>179</b>	–
	<hr/>	<hr/>

***Hong Kong Profits Tax***

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

***PRC income tax***

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25%.

**10. Interim Dividend**

The Board did not propose to declare an interim dividend for the six months ended 30 September 2015 (2014: Nil).



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**11. Loss per Share****(a) Basic loss per share**

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$107,588,000 (six months ended 30 September 2014: HK\$31,877,000) and on the weighted average number of 3,132,337,051 ordinary shares of the Company (six months ended 30 September 2014: 276,142,418) in issue during the period.

**(b) Diluted loss per share**

Diluted loss per share is not presented because the Group sustained a loss for both of the two periods presented and the impact of conversion of convertible notes and exercise of share options, if any, is regarded as anti-dilutive.

**12. Goodwill**

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
<b>COST</b>		
At beginning of the period/year	<b>645,800</b>	522,849
Arising on acquisition of subsidiaries (Note i)	<b>28,861</b>	122,951
	<hr/>	<hr/>
At end of the period/year	<b>674,661</b>	645,800
	<hr/>	<hr/>
<b>ACCUMULATED IMPAIRMENT</b>		
At beginning of the period/year	<b>385,227</b>	337,011
Impairment loss recognised in respect of businesses:		
– recycling business	<b>15,500</b>	48,216
– Internet online business	<b>3,699</b>	–
	<hr/>	<hr/>
At end of the period/year	<b>404,426</b>	385,227
	<hr/>	<hr/>
<b>CARRYING AMOUNT AT END OF THE PERIOD/YEAR</b>	<b>270,235</b>	260,573
	<hr/>	<hr/>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**12. Goodwill (Continued)**

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units. They are recycling business (wastes paper, scrap metal and consumable wastes recycling) and internet online business (provision of internet online services).

Note:

- (i) On September 2015, for the purpose of engaging in the business of trading of the gold and diamond, the Group acquired 100% equity interests in Elite Honest. Goodwill of approximately HK\$28,861,000 arose from the aforesaid acquisition was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the business of trading of the gold and diamond.

**13. Available-For-Sale Investments**

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Unlisted shares (Note i)		
At cost	<b>153,802</b>	157,860
Impairment loss recognised (Note ii)	<b>(79,880)</b>	(11,198)
	<b>73,922</b>	146,662
Equity securities listed in Hong Kong, at fair value	<b>1,063,924</b>	127,586
	<b>1,137,846</b>	274,248



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**13. Available-For-Sale Investments (Continued)**

Notes:

- (i) The unlisted shares are measured at cost less impairment loss. Particulars regarding these unlisted investments are as follows:

Name of investee	Place of incorporation	Class of shares held	Proportion of ownership interest held by the Group	
			30 September 2015	31 March 2015
Pure Power Holdings Limited ("Pure Power")	British Virgin Islands	Ordinary	10%	10%
Starfame Investments Limited ("Starfame")	British Virgin Islands	Ordinary	9.9%	9.9%

- (ii) For the six months ended 30 September 2015, the Group made an impairment provision of approximately HK\$79.88 million for its available-for-sale investment on Pure Power which was attributable to change of the fair value of three federal oil and gas leases located in Nevada of the United States of America (the "Oilfield") which were indirectly and wholly-owned by Pure Power. The fair value of the Oilfield was valued by an independent valuer.



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**14. Trade and Bills Receivables**

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Trade and bills receivables	<b>18,976</b>	22,795
<i>Less: allowance for impairment loss</i>	<b>(5,846)</b>	(6,000)
	<b>13,130</b>	16,795

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationships and good repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of the trade and bills receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Within 3 months	<b>10,760</b>	8,928
4 to 6 months	<b>790</b>	4,679
Over 6 months	<b>1,580</b>	3,188
	<b>13,130</b>	16,795



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**15. Trade and Bills Payables**

An aged analysis of the trade and bills payables at the end of reporting period, based on the invoice date, is as follows:

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Within 3 months	<b>7,825</b>	6,907
4 to 6 months	<b>100</b>	–
Over 6 months	<b>–</b>	157
	<b><u>7,925</u></b>	<b><u>7,064</u></b>

The credit period on purchase of goods ranged from 60 to 90 days.

As at 30 September 2015 and 31 March 2015, trade and bills payables were substantially denominated in the functional currencies of the relevant group entities.





**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**16. Share Capital**

	<b>Number of shares</b>	<b>Nominal amount</b>
	'000	HK\$'000
<b>Authorized:</b>		
Ordinary shares of HK\$0.0005 each at 1 April 2014 and 30 September 2014	2,000,000,000	1,000,000
Share consolidation (Note a)	<u>(1,900,000,000)</u>	<u>0</u>
<b>Ordinary shares of HK\$0.01 each at 31 March 2015 and 30 September 2015</b>	<b><u>100,000,000</u></b>	<b><u>1,000,000</u></b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.0005 each at 1 April 2014	4,639,049	2,320
Issue of shares on placing of shares (Note b)	180,000	90
Share consolidation (Note a)	(4,578,097)	0
Issue of shares on placing of shares (Note c)	48,190	482
Issue of shares on right issue (Note d)	<u>2,313,143</u>	<u>23,131</u>
Ordinary shares of HK\$0.01 each at 31 March 2015	<u>2,602,285</u>	<u>26,023</u>
Issue of shares on placement of shares (Note e)	520,000	5,200
Issue of shares on placement of shares (Note f)	<u>620,000</u>	<u>6,200</u>
<b>Ordinary shares of HK\$0.01 each at 30 September 2015</b>	<b><u>3,742,285</u></b>	<b><u>37,423</u></b>



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**16. Share Capital (Continued)**

Notes:

- (a) On 20 August 2014, the Company proposed to implement a share consolidation scheme on the basis that every twenty issued and unissued shares of HK\$0.0005 each in the share capital of the Company were consolidated into one consolidated share of HK\$0.01 each. The share consolidation was effected on 3 October 2014.
- (b) On 27 May 2014, the Company entered into a placing agreement with a placing agent, under which 180,000,000 new ordinary shares of the Company were issued at a price of HK\$0.107 per share on 3 June 2014, giving rise to a gross proceeds of HK\$19,260,000 (before expenses).
- (c) On 12 November, 19 November and 27 November 2014, the Company entered into a placing agreement, an supplementary agreement and a second supplementary agreement with a placing agent respectively, under which 48,190,489 new ordinary shares of the Company were issued at a price of HK\$0.66 per share on 3 December 2014, giving rise to a gross proceeds of approximately HK\$31,806,000 (before expenses).
- (d) On 12 November 2014, the Company proposed to implement a rights issue of the new shares of the Company at the subscription price of HK\$0.195 per rights share on the basis of eight rights shares for every one existing share held in issue. In January 2015, 2,313,143,472 new shares of HK\$0.01 each were issued by the Company pursuant to the terms of the rights issue, giving rising to a gross proceeds of approximately HK\$451,063,000 (before expenses) to repay debts payable by the Company and to increase the working capital of the Group.
- (e) On 20 April 2015, the Company entered into a placing agreement with a placing agent, under which 520,000,000 new ordinary shares of the Company were issued at a price of HK\$0.245 per share on 8 May 2015, giving rise to a gross proceeds of HK\$122,200,000 (before expenses).
- (f) On 19 August 2015, the Company entered into a placing agreement with a placing agent, under which 620,000,000 new ordinary shares of the Company were issued at a price of HK\$0.134 per share on 28 August 2015, giving rise to a gross proceeds of HK\$76,880,000 (before expense).

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**17. Share Option Scheme**

On 30 August 2011, the Company adopted a new share option scheme (the “New Scheme”) to override the share option scheme dated on 23 August 2002 (the “Old Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

A summary of the New Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the “Invested Entity”).
Eligible participants	<ul style="list-style-type: none"> <li>(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity;</li> <li>(ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and</li> <li>(iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.</li> </ul>
Total number of ordinary shares available for issue under the New Scheme and the percentage of the issued share capital that it represents as at the date of the approval of these consolidated financial statements	629,418 ordinary shares of HK\$0.01 each and approximately 0.02% of the issued share capital.



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2015

### 17. Share Option Scheme (Continued)

Maximum entitlement of  
Each eligible participant

Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

Where any grant or further grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and
- (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000,

such grant or further grant of options must be approved by the shareholders in a general meeting.

Period within which the  
securities must be  
taken up under  
an option

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the New Scheme.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2015

### 17. Share Option Scheme (Continued)

Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK\$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.
The remaining life of the New Scheme	The New Scheme remains in force until 30 August 2021.
Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.	



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**18. Employee Retirement Benefits*****Defined contribution retirement plan***

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance (“MPF schemes”) for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee’s relevant monthly income, up to a maximum of HK\$1,500 per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised during the six months ended 30 September 2015 (six months ended 30 September 2014: Nil) and there were no material forfeitures available to reduce the Group’s future contributions at 30 September 2015 and 31 March 2015.



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**19. Commitments****(a) Capital commitments**

The Group had no capital commitments as at 30 September 2015 and 31 March 2015.

**(b) Operating lease commitments**

*The Group as lessee*

The Group rented certain office premises and warehouses under operating lease arrangements, with the leases negotiated for a term within one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	<b>30 September 2015 HK\$'000</b>	31 March 2015 HK\$'000
Within one year	<b>1,081</b>	392
In the second to fifth years inclusive	<b>1,926</b>	–
	<b>3,007</b>	392



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**20. Related Party Transactions**

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

- (a) Compensation of key management personnel, which are principally the Directors of the Company, of the Group:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>884</b>	1,230
Post-employment benefits	<b>9</b>	12
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>893</b>	1,242
	<hr/>	<hr/>

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

**21. Event after the Reporting Period**

On 16 October 2015, a wholly-owned subsidiary of the Company has acquired the entire share capital of a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Board considers that such acquisition provides a prime opportunity for the Group to enter the money lending industry, which is a new business segment to the Group.



**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 September 2015

**21. Event after the Reporting Period (Continued)**

On 13 November 2015, the Company, as the purchaser, entered into a sale and purchase agreement (the "Previous SPA") with certain shareholders of Pure Power (the "Previous Vendors") regarding the proposed acquisition of 4,112 shares of US\$1.0 each in the issued share capital of Pure Power at the consideration of HK\$200 million, representing approximately 48.38% of the issued share capital of Pure Power. On 20 November 2015, the Company has entered into a deed with the Previous Vendors to terminate the Previous SPA. After termination of the Previous SPA, the Company has entered into a sale and purchase agreement (the "SPA") with part of the Previous Vendors (the "Vendors"), pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of 3,350 shares, representing approximately 39.41% of the issued share capital of Pure Power, at the consideration of HK\$163 million, which shall be settled as to HK\$100 million by way of delivery of the promissory notes issued by the Company due 12 months from their issue and carrying interest of 8% per annum and as to HK\$63 million by cash. As at the date of this interim report, this acquisition has not been completed.

On 16 November 2015, a wholly-owned subsidiary, as the purchaser, of the Company entered into a sale and purchase agreement with an independent third party in relation to an acquisition of a company licensed under the Securities and Futures Ordinance to carry on the regulated activities of dealing in securities, advising on securities and providing asset management. By investing in the aforesaid company, it is expected that the Group can enter into financial services industry, being a new business segment to the Group, and will be benefited from diversifying its revenue stream which is expected to increase its shareholders' value and benefit the Company and its shareholders as a whole. As at the date of this interim report, this acquisition has not been completed.

On 27 November 2015, the Company, as vendor, entered into a sale and purchase agreement (the "SPA") with Chow Yan Ping (the "Purchaser"), pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire issued share capital in Asian Champion Limited ("Asian Champion") at the consideration of HK\$58 million payable by the Purchaser in accordance with the terms and conditions of the SPA. Asian Champion, a wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands and its principal activity is investment holding. Asian Champion which in turn holds 90% equity interest in HKOMall Limited, is principally engaged in the business of online products sales, web design and maintenance services. As at the date of this interim report, this acquisition has not been completed.

