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德泰新能源集團有限公司
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 559)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

RESULTS

The board (the "Board") of directors (the "Director(s)") of DeTai New Energy Group Limited (the "Company") hereby announces the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2016, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Continuing operations			
Turnover	3.1	**16,434**	49,698
Cost of sales		**(11,031)**	(21,453)
Gross profit		**5,403**	28,245
Interest income		**7,360**	2,528
Other income and gain		**371**	20
Selling and distribution expenses		**(2,646)**	(3,190)
General and administrative expenses		**(165,124)**	(119,230)
Finance costs	5	**(17,546)**	(17,100)
Reversal of impairment loss on loans receivable	14	**8,550**	600
Impairment loss on intangible assets	9	**(91,340)**	–
Impairment loss on goodwill	10	**(363,046)**	–
Impairment loss on property, plant and equipment		**(13,476)**	–
Change in fair value of compensation from profit guarantee	15.2	**100,000**	–
Change in fair value of derivative financial instrument	13	**49,836**	–
Change in fair value of listed equity investments	15.1	**(74,959)**	67,414
Change in fair value of financial liabilities at fair value through profit or loss		**–**	10,575
Loss before income tax	4	**(556,617)**	(30,138)
Income tax credit	6	**25,020**	1,216
Loss after income tax from continuing operations		**(531,597)**	(28,922)
Discontinued operations			
Profit for the year from discontinued operations		**–**	40,445
(Loss)/profit for the year		**(531,597)**	11,523
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(44,139)**	(4,638)
Change in fair value of available-for-sale investments	13	**33,816**	–
Release of exchange reserve to profit or loss upon disposal of subsidiaries		**–**	(35,890)
Other comprehensive income for the year		**(10,323)**	(40,528)
Total comprehensive income for the year		**(541,920)**	(29,005)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 30 June 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company		**(494,057)**	12,055
Non-controlling interests		**(37,540)**	(532)
		(531,597)	11,523
Total comprehensive income for the year attributable to:			
Owners of the Company		**(501,412)**	(28,471)
Non-controlling interests		**(40,508)**	(534)
		(541,920)	(29,005)
(Loss)/earnings per share attributable to owners of the Company:	*8*		
From continuing and discontinued operations			
— Basic		**(11.02)HK cents**	0.33HK cent
— Diluted		**N/A**	N/A
From continuing operations			
— Basic		**(11.02)HK cents**	(0.77)HK cent
— Diluted		**N/A**	N/A
From discontinued operations			
— Basic		**N/A**	1.10HK cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**19,787**	26,648
Intangible assets	9	**–**	116,112
Goodwill	10	**–**	388,766
Prepayments	11	**6,425**	12,880
Available-for-sale investments	12	**262,671**	–
Derivative financial instrument	13	**215,426**	–
Total non-current assets		**504,309**	544,406
Current assets			
Inventories		**84,360**	97,286
Trade receivables, other receivables, deposits and prepayments	11	**86,326**	300,412
Loans receivable	14	**70,133**	200,164
Financial assets at fair value through profit or loss	15	**204,526**	215,519
Bank balances and cash		**63,846**	179,585
Total current assets		**509,191**	992,966
Current liabilities			
Trade payables, other advances and accruals	16	**16,711**	21,756
Borrowing	19	**1,558**	–
Corporate bonds	17	**71,963**	–
Tax payable		**9,768**	10,413
Total current liabilities		**100,000**	32,169
Net current assets		**409,191**	960,797
Total assets less current liabilities		**913,500**	1,505,203

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Non-current liabilities			
Corporate bonds	*17*	**110,858**	179,704
Deferred tax liabilities		**–**	25,817
Total non-current liabilities		**110,858**	205,521
Net assets		**802,642**	1,299,682
EQUITY			
Share capital	*18*	**224,156**	223,856
Reserves		**579,106**	1,035,938
Equity attributable to owners of the Company		**803,262**	1,259,794
Non-controlling interests		**(620)**	39,888
Total equity		**802,642**	1,299,682

1. GENERAL INFORMATION

DeTai New Energy Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 12/F., Henley Building, 5 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are principally engaged in the businesses of (i) manufacturing and trading of electric cycles; (ii) trading and distribution of liquor and wine; (iii) provision of money lending services; and (iv) investments in listed securities.

Pursuant to the passing of a special resolution at the Annual General Meeting held on 19 November 2015, the English name of the Company was changed from "Guocang Group Limited" to "DeTai New Energy Group Limited" and the Chinese name of the Company was changed from "國藏集團有限公司" to "德泰新能源集團有限公司". The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda with effect from 25 November 2015.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2015:

HKFRSs (Amendments)	Annual Improvement 2010–2012
HKFRSs (Amendments)	Annual Improvement 2011–2013

The adoption of these amendments has no significant impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Annual Improvement 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
HKAS16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]

[1] Effective for annual periods beginning on or after 1 January, 2016
[2] Effective for annual periods beginning on or after 1 January, 2017
[3] Effective for annual periods beginning on or after 1 January, 2018
[4] Effective for annual periods beginning on or after 1 January, 2019

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 — Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at FVTPL should provide the disclosures related to investment entities as required by HKFRS 12.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

2. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")** *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 16 — Leases (Continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

(c) The Amended Main Board Listing Rules relating to the presentation and disclosure in consolidated financial statements

The amended Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Amended Main Board Listing Rules") in relation to the presentation and disclosure in the consolidated financial statements, including the amendments with reference to the new Hong Kong Companies Ordinance, Cap. 622 applies to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the Amended Main Board Listing Rules have impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. **TURNOVER AND SEGMENT REPORTING**

3.1 Turnover, which is also revenue, represents the amounts received and receivable for goods sold to outside customers net of returns and discounts and sales related taxes, interest income from money lending and dividend income from listed securities during the year.

	2016	2015
	HK$'000	*HK$'000*
Continuing Operations		
Electric cycles	**1,446**	–
Liquor and wine	**1,679**	33,516
Money lending services	**13,179**	13,845
Investment in listed securities	**130**	2,337
	16,434	49,698

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

The Group currently has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) manufacturing and trading of electric cycles;

(ii) trading and distribution of liquor and wine;

(iii) provision of money lending services; and

(iv) investments in listed securities.

There were no inter-segment transactions between different operating segments for the year (2015: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker for assessment of segment performance.

(b) Segment revenue and results

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

For the year ended 30 June 2016

	Electric cycles	Liquor and wine	Money lending services	Investments in listed securities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	1,446	1,679	13,179	130	16,434
Segment (loss)/profit	(393,073)	(61,508)	16,604	(75,016)	(512,993)
Unallocated corporate income					219
Unallocated corporate expenses *(Note)*					(40,441)
Finance costs					(17,546)
Convertible bonds interest					7,333
Share-based payment expenses					(43,025)
Change in fair value of derivative financial instrument					49,836
Loss before income tax from continuing operations					(556,617)

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(b) Segment revenue and results *(Continued)*

For the year ended 30 June 2015

	Electric cycles *HK$'000*	Liquor and wine *HK$'000*	Money lending services *HK$'000*	Investments in listed securities *HK$'000*	Total *HK$'000*
Segment revenue	–	33,516	13,845	2,337	49,698
Segment (loss)/profit	(2,648)	(32,691)	14,358	69,710	48,729
Unallocated corporate income					2,336
Unallocated corporate expenses *(Note)*					(40,456)
Finance costs					(17,100)
Share-based payment expenses					(34,222)
Change in fair value of contingent share consideration payable					10,575
Loss before income tax from continuing operations					(30,138)

Note: Unallocated corporate expenses mainly included staff salaries, directors' remuneration, office rental expenses, consultancy fees and amortisation of issuance cost of corporate bonds for the year ended 30 June 2016 and 2015.

(c) Segment assets and liabilities

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

	2016 ***HK$'000***	2015 *HK$'000*
Segment assets		
Electric cycles	**103,029**	520,424
Liquor and wine	**157,944**	223,929
Money lending services	**134,739**	293,131
Investments in listed securities	**104,526**	215,705
Total segment assets	**500,238**	1,253,189
Deposits for subscription of convertible bonds	**–**	180,000
Available-for-sale investments	**262,671**	–
Derivative financial instrument	**215,426**	–
Unallocated bank balances and cash	**23,884**	70,824
Unallocated corporate assets *(Note)*	**11,281**	33,359
Consolidated total assets	**1,013,500**	1,537,372

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(c) Segment assets and liabilities *(Continued)*

	2016	2015
	HK$'000	*HK$'000*
Segment liabilities		
Electric cycles	**7,831**	8,618
Liquor and wine	**5,069**	7,609
Money lending services	**199**	3,025
Investments in listed securities	**1,691**	144
Total segment liabilities	**14,790**	19,396
Tax payable	**9,768**	10,413
Deferred tax liabilities	**–**	25,817
Corporate bonds	**182,821**	179,704
Unallocated corporate liabilities *(Note)*	**3,479**	2,360
Consolidated total liabilities	**210,858**	237,690

Note: Unallocated corporate assets mainly comprised of interest receivable on convertible bond and prepaid interest for corporate bonds.

Unallocated corporate liabilities mainly comprised of bonds interest payable and accrued headquarter expenses.

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(d) Other segment information

For the year ended 30 June 2016

	Electric cycles *HK$'000*	**Liquor and wine** *HK$'000*	**Money lending services** *HK$'000*	**Investments in listed securities** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	**2,596**	**31**	**13,406**	**–**	**–**	**16,033**
Depreciation of property, plant and equipment	**(704)**	**(1,929)**	**(4,088)**	**–**	**–**	**(6,721)**
Amortisation of intangible assets	**(17,640)**	**–**	**–**	**–**	**–**	**(17,640)**
Impairment of goodwill	**(363,046)**	**–**	**–**	**–**	**–**	**(363,046)**
Write-down of inventories	**(3,017)**	**(4,722)**	**–**	**–**	**–**	**(7,739)**
Impairment loss of property, plant and equipment	**(11,414)**	**(2,062)**	**–**	**–**	**–**	**(13,476)**
Impairment loss of intangible assets	**(91,340)**	**–**	**–**	**–**	**–**	**(91,340)**
Impairment loss on trade receivables	**–**	**(42,959)**	**–**	**–**	**–**	**(42,959)**
Reversal of impairment loss on loans receivable	**–**	**–**	**8,550**	**–**	**–**	**8,550**
Change in fair value of listed equity investments	**–**	**–**	**–**	**(74,959)**	**–**	**(74,959)**
Change in fair value of compensation from profit guarantee	**100,000**	**–**	**–**	**–**	**–**	**100,000**
Interest income	**3**	**24**	**–**	**–**	**7,333**	**7,360**
Amortisation of issuance cost of corporate bonds	**–**	**–**	**–**	**–**	**(3,117)**	**(3,117)**
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Income tax credit	**24,883**	**–**	**137**	**–**	**–**	**25,020**
Finance costs	**(473)**	**–**	**–**	**(59)**	**(17,014)**	**(17,546)**

For the year ended 30 June 2015

	Electric cycles *HK$'000*	Liquor and wine *HK$'000*	Money lending services *HK$'000*	Investments in listed securities *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	2,933	6,772	–	–	4,906	14,611
Depreciation of property, plant and equipment	(51)	(774)	–	–	(1,422)	(2,247)
Amortisation of intangible assets	(1,489)	–	–	–	–	(1,489)
Impairment loss on trade receivables	–	(19,133)	–	–	–	(19,133)
Reversal of impairment loss on loans receivable	–	–	600	–	–	600
Change in fair value of listed equity investments	–	–	–	–	10,575	10,575
Change in fair value of financial assets at fair value through profit or loss	–	–	–	67,414	–	67,414
Amortisation of issuance cost of corporate bonds	–	–	–	–	(2,353)	(2,353)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Income tax credit	331	–	885	–	–	1,216
Finance costs	–	(4,247)	–	–	(12,853)	(17,100)

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(e) Geographic information

The Group's operations are mainly located in Hong Kong (place of domicile) and the People's Republic of China (the "PRC").

The Group's revenue from external customers and information about its non-current assets (other than financial assets) by geographical markets are detailed as below:

	Revenue from external customers (including continuing and discontinued operations)		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**13,309**	16,182	**22,976**	20,568
PRC	**3,125**	168,682	**3,236**	523,838
	16,434	184,864	**26,212**	544,406

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and intangible assets, the geographical location is based on the areas of operation. The geographical location of other non-current assets is based on the physical location of the assets.

(f) Major customers

Revenue from a customer of the corresponding years contributing over 10% of the total turnover (including continuing and discontinued operations) of Group is as follow:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Customer A	**3,600**	–
Customer B	**2,917**	–
Customer C	**2,212**	–
Customer D	**1,927**	–
Discontinued operations		
Customer E	**–**	35,492

4. LOSS BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**1,380**	1,300
Depreciation of property, plant and equipment	**6,721**	2,247
Cost of inventories recognised as expense, including:	**11,031**	21,453
Write-down of inventories	**7,739**	–
Amortisation of issuance cost of corporate bonds	**3,117**	2,353
Amortisation of intangible assets	**17,640**	1,489
Impairment loss on trade receivables *(note 11.1)*	**42,959**	19,133
Impairment loss on available-for-sale investments *(note 12)*	**2,864**	–
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**16,891**	23,156
Contributions to retirement benefit schemes	**386**	314
Share-based payment expenses to employees and directors	**4,820**	4,061
Share-based payment expenses to consultants	**38,205**	30,161
Operating lease rentals in respect of:		
Office premises	**10,800**	7,173
Factory premises	**951**	86
Exchange (gains)/losses, net	**(247)**	1,975
Reversal of impairment loss on loans receivable	**(8,550)**	–
Bank interest income	**(27)**	(2,528)
Loss on disposal of property, plant and equipment	**694**	14

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest on corporate bonds	**17,014**	12,853
Interest on bank loans wholly repayable within five years	**–**	4,247
Interest on margin loan	**59**	–
Other interests	**473**	–
	17,546	17,100

6. INCOME TAX (CREDIT)/EXPENSE

For both years ended 30 June 2016 and 2015, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. The subsidiaries established in the PRC are subject to income taxes at tax rate of 25% (2015: 25%).

	2016		2015	
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Current tax for the year				
Hong Kong	**–**	**–**	122	–
PRC	**–**	**–**	–	2,508
Over-provision for prior years				
Hong Kong	**(137)**	**–**	(1,007)	–
Deferred tax	**(24,883)**	**–**	(331)	(12)
Total income tax (credit)/expense	**(25,020)**	**–**	(1,216)	2,496

7. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2016 (2015: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic (loss)/earnings per share based on the following data:

	2016 *HK$'000*	2015 *HK$'000*
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share:		
Continuing operations	**(494,057)**	(28,390)
Discontinued operations	**–**	40,445
Total (loss)/profit from continuing operations and discontinued operations	**(494,057)**	12,055

	Number of shares	
	2016 *'000*	2015 *'000*
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**4,482,720**	3,672,876

Diluted (loss)/earnings per share amount for both years was not presented because the impact of the exercise of the share options and convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company from continuing operations.

9. INTANGIBLE ASSETS

	Distribution rights (note a) HK$'000	Distribution network (note b) HK$'000	Patent (note c) HK$'000	Patent use right (note d) HK$'000	Total HK$'000
COST:					
At 1 July 2014	169,475	14,809	–	–	184,284
Acquired through acquisition of subsidiaries	–	–	72,596	45,005	117,601
Exchange realignment	(1,174)	(103)	–	–	(1,277)
At 30 June 2015	168,301	14,706	72,596	45,005	300,608
Exchange realignment	(11,134)	(973)	(4,803)	(2,977)	(19,887)
At 30 June 2016	157,167	13,733	67,793	42,028	280,721
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:					
At 1 July 2014	169,475	14,809	–	–	184,284
Amortisation for the year	–	–	919	570	1,489
Exchange realignment	(1,174)	(103)	–	–	(1,277)
At 30 June 2015	168,301	14,706	919	570	184,496
Amortisation for the year	–	–	10,889	6,751	17,640
Impairment loss for the year	–	–	56,385	34,955	91,340
Exchange realignment	(11,134)	(973)	(400)	(248)	(12,755)
At 30 June 2016	157,167	13,733	67,793	42,028	280,721
NET CARRYING AMOUNT:					
At 30 June 2016	–	–	–	–	–
At 30 June 2015	–	–	71,677	44,435	116,112

9. INTANGIBLE ASSETS *(Continued)*

Notes:

(a) Distribution rights represented (i) the exclusive distribution right for 五糧液釀神 (excluding Niangshen 101 series) (in English, for identification purpose only, "Wuliangye Niangshen Liquor Series") granted by 四川五穀釀神酒業集團有限公司 (in English, for identification purpose only, "Sichuan Wugu Niangshen Wine Group Limited") for an indefinite period; and (ii) the non-exclusive distribution right for 五糧液 (in English, for identification purpose only, "Wuliangye Liquor Series") granted by 宜賓五糧液酒類銷售有限責任公司 (in English, for identification purpose only, "Yibin Wuliangye Liquor Sales Co., Ltd."), which was expired in June 2015.

Full impairment loss on the exclusive distribution right had been made in previous year. No reversal of impairment loss was considered for the year ended 30 June 2016 and 2015.

(b) Distribution network represented agreements in relation to the formation of certain joint-venture companies in various provinces of the PRC and wine distribution network between the Group and each of the provincial distributors.

Full impairment loss had been made in previous year. No reversal of impairment loss was considered for the year ended 30 June 2016 and 2015.

(c) Patent represented a technique in relation to an assembling structure for solar-powered electric cycles, which is allocated to the Electric Cycles CGU.

As at 30 June 2016, patent with the net carrying amount of HK$56,385,000 is attributable to the same cash-generating unit with which the goodwill amount is recognised. As the recoverable amount of the Electric Cycles CGU is lower than its carrying amount, an impairment loss of HK$56,385,000 was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2016. Details of the impairment assessment of that cash-generating unit are set out in note 10 to the consolidated financial statements.

(d) Patent use right represented a use right of technique under a patent in relation to electric cycle wheel hub motors and electric cycle wheels. The patent is owned by an independent third party and a non-exclusive perpetual use right was granted to the Group. Patent use right is allocated to the Electric Cycle CGU.

As at 30 June 2016, patent use right with the net carrying amount of HK$34,955,000 is attributable to the same cash-generating unit with which the goodwill amount is recognised. As the recoverable amount of the Electric Cycles CGU is lower than its carrying amount, an impairment loss of HK$34,955,000 was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2016. Details of the impairment assessment of that cash-generating unit are set out in note 10 to the consolidated financial statements.

10. GOODWILL

	HK$'000
COST:	
At 1 July 2014	428,589
Acquired through business combination	388,766
Exchange realignment	(2,969)
At 30 June 2015	814,386
Exchange realignment	(53,878)
At 30 June 2016	(760,508)
ACCUMULATED IMPAIRMENT LOSSES:	
At 1 July 2014	428,589
Exchange realignment	(2,969)
At 30 June 2015	425,620
Impairment loss for the year *(note)*	363,046
Exchange realignment	(28,158)
At 30 June 2016	760,508
NET CARRYING AMOUNT:	
At 30 June 2016	–
At 30 June 2015	388,766

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU") identified as follows:

	HK$'000
Year ended 30 June 2016	
Electric cycles business	**363,046**

	HK$'000
Year ended 30 June 2015	
Electric cycles business	388,766

10. GOODWILL *(Continued)*

Note:

Electric cycles business

The goodwill was arising from the acquisition of manufacturing and trading of electric cycles business. The goodwill with the net carrying amount of HK$363,046,000 (2015: HK$388,766,000) as at 30 June 2016 is allocated to the Electric Cycles CGU.

Due to the slowdown of the Chinese economy, the turnover of the Group's electric cycles, especially for the solar-powered electric cycles which were newly developed and introduced to the market subsequent to the acquisition of the electric cycles business by the Group in May 2015, was adversely affected. The acceptance by the general public towards the solar-powered electric cycles with advanced technology and comparatively higher selling price was below the expectation and maintained at low level. As a result, the segment result of manufacturing and trading of electric cycles business incurred the significant loss for the year and the revenue growth is not achieved as previously expected.

With reference to the operating result of the Electric Cycles CGU during the year and the latest business plan, the directors considered the goodwill and intangible assets arising from the acquisition of manufacturing and trading of electric cycles business should be impaired. As the recoverable amount of the Electric Cycles CGU amounting to HK$2,175,000 is lower than its carrying amount, an impairment loss on the goodwill of HK$363,046,000 was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2016.

The recoverable amount of the Electric Cycles CGU is determined by the directors with reference to a valuation report issued by Grant Sherman. The recoverable amount of the Electric Cycles CGU has been determined from fair value less cost of disposal, which is primarily generated from the fair value less cost of disposal of property, plant and equipment in the Electric Cycle CGU. Fair value less cost of disposal of intangible assets in the Electric Cycle CGU is determined as minimal.

The fair value less cost of disposal of property, plant and equipment in the Electric Cycle CGU is determined by the analysis of recent sales of comparable items and is Level 3 recurring fair value measurement.

The key significant unobservable inputs to determine the fair value less cost of disposal are the discount on age, condition and functional obsolescence. The higher the discount on these factors would result in the lower the fair value measurement of the fair value less cost of disposal of the Electric Cycle CGU, and vice versa.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
Trade receivables	*11.1*	**85,797**	91,709
Less: Provision for impairment loss		**(85,773)**	(47,279)
Trade receivables, net		**24**	44,430
Other receivables	*11.2*	**12,596**	6,197
Trade deposits paid		**17,564**	19,427
Prepayments for purchase		**33,876**	36,213
Other deposits and prepayments	*11.3*	**28,691**	207,025
		92,751	313,292
Less: Current portion		**(86,326)**	(300,412)
Non-current portion		**6,425**	12,880

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes:

11.1 The Group allows an average credit period of 0 to 90 days to its trade receivables.

(i) The ageing analysis of trade receivables, net of allowance for doubtful debts, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**9**	63
31–60 days	**15**	25
61–90 days	**–**	135
Over 90 days	**–**	44,207
	24	44,430

(ii) The movements in the impairment for trade receivables during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
At the beginning of year	**47,279**	28,383
Impairment loss for the year	**42,959**	19,133
Exchange realignment	**(4,465)**	(237)
At the end of year	**85,773**	47,279

Included in the provision for impairment loss is individually impaired trade receivable with balance of HK$85,773,000 (2015: HK$47,279,000) from trade debtors who have been in severe financial difficulties.

(iii) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	53
Less than 1 month past due	**9**	10
1 to 3 months past due	**15**	160
More than 3 months past due	**–**	44,207
	24	44,430

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes: (Continued)

11.2 As at 30 June 2016, other receivables mainly included HK$7,333,000 (2015: Nil) convertible bonds interest income receivable as set out in note 13 to the consolidated financial statements.

11.3 The balances included interest expenses of HK$11,055,000 (2015: HK$19,320,000) paid in advance for the corporate bonds issued, in which HK$3,091,000 has been classified as non-current assets. The prepaid interests are amortised over the maturity term of the corporate bonds. The balances also included the deposit of HK$5,260,000 (2015: Nil) to the vendor as the earnest money regarding on the proposed acquisition. The Group has subsequently terminated the proposed acquisition on 31 August 2016. Details of the termination are set out in the Company's announcement dated 31 August 2016.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Available-for-sale investments		
– Unlisted private fund *(note)*	**6,445**	–
– Debt component of the convertible bonds *(note 13)*	**256,226**	–
	262,671	–

Note:

The decline in fair value of the investment during the year was amounted to HK$2,864,000 (2015: Nil). As the decline in fair value was significant, an impairment loss of HK$2,864,000 (2015: Nil) has been recognised, which has been dealt with in consolidated statement of comprehensive income for the year. The fair value of the unlisted private fund is Level 2 recurring fair value measurement.

13. DERIVATIVE FINANCIAL INSTRUMENT

On 4 September 2015, Noble Advantage Limited ("Noble Advantage"), a direct wholly-owned subsidiary of the Company, entered into a subscription agreement (the "Subscription Agreement") with Integrated Capital Investments Limited ("Integrated Capital"), which is an independent third party of the Group. Pursuant to the terms of the Subscription Agreement, Noble Advantage has agreed to subscribe for and Integrated Capital has agreed to issue, the 3-year 3.65% coupon convertible bonds at the subscription price which is equal to the principal amount of the convertible bonds of HK$388,000,000 (the "Convertible Bonds"). All conditions precedent under the Subscription Agreement have been fulfilled and the completion of the subscription (the "Completion") took place on 24 December 2015 in accordance with the terms and conditions of the Subscription Agreement. The Convertible Bonds have been issued to Noble Advantage by Integrated Capital.

The Convertible Bonds contain debt component and conversion option. The fair values of debt component and conversion option of the Convertible Bonds are determined by the Directors with reference to the valuation performed by Grant Sherman.

13. DERIVATIVE FINANCIAL INSTRUMENT *(Continued)*

The fair values of the debt component and the conversion option of the Convertible Bonds are determined by using the discounted cash flow method and the binominal model respectively, with the following key assumptions:

	At subscription date	**At 30 June 2016**
Fair value of shares of Integrated Capital	HK$680,702 per share	HK$828,339 per share
Conversion price	HK$680,702 per share	HK$680,702 per share
Risk free interest rate	0.116%	(0.148%)
Time to maturity	3 years	2.48 years
Expected volatility	31.77%	27.85%
Expected dividend yield	0%	0%
Discount rate	25.24%	24.85%
Conversion period	On the Maturity Date	On the Maturity Date

The carrying amounts of the debt component and conversion option of the Convertible Bonds are as follows:

	Debt component *HK$'000*	**Conversion option** *HK$'000*	**Total** *HK$'000*
At subscription date	222,410	165,590	388,000
Change in the fair value	33,816	49,836	83,652
At 30 June 2016	256,226	215,426	471,652

The fair value of the debt component of the Convertible Bonds as at 30 June 2016 was estimated to be HK$256,226,000 and is recorded under non-current assets as available-for-sale investments (note 12). The fair value of the conversion option of the Convertible Bonds as at 30 June 2016 was estimated to be HK$215,426,000 and is recorded under non-current assets as derivative financial instrument.

The fair value gain of the debt component of the Convertible Bonds during the year was HK$33,816,000 (2015: Nil), which has been dealt with in other comprehensive income and available-for-sale investments revaluation reserve for the year ended 30 June 2016. The fair value gain of the conversion option of the Convertible Bonds was HK$49,836,000 (2015: Nil), which has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2016. Interest income of the Convertible Bonds was amounted to HK$7,333,000 (2015: Nil), which has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2016.

14. LOANS RECEIVABLE

	2016 ***HK$'000***	2015 *HK$'000*
Gross loans and interest receivables	**70,133**	208,940
Less: Provision for impairment loss	**–**	(8,776)
	70,133	200,164

As at 30 June 2016, the loans receivable with gross principal amount of HK$65,775,000 (2015: HK$206,875,000) in aggregate and related gross interest receivables of HK$4,358,000 (2015: HK$2,065,000) were due from four (2015: five) independent third parties. These loans are interest-bearing at rates ranging from 10% to 20% (2015: 7% to 18%) per annum. All the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets at the reporting date. The Group does not hold any collateral over these loans receivable.

14. LOANS RECEIVABLE *(Continued)*

The movements in the impairment loss for loans receivable during the year are as follows:

	2016 *HK$'000*	2015 *HK$'000*
At beginning of the year	**8,776**	9,376
Reversal of impairment loss previously recognised	**(8,550)**	(600)
Written-off during the year	**(226)**	–
At end of the year	**–**	8,776

The ageing analysis loans receivable that are neither individually nor collectively considered to be impaired is as follows:

	2016 *HK$'000*	2015 *HK$'000*
Neither past due nor impaired	**8,005**	164,018
Less than 1 month past due	**–**	36,146
1 to 3 months past due	**–**	–
Over 3 months past due	**62,128**	–
	70,133	20,164

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 *HK$'000*	2015 *HK$'000*
Hong Kong listed equity investments, at fair value *(note 15.1)*	**104,526**	215,519
Compensation from profit guarantee *(note 15.2)*	**100,000**	–
	204,526	215,519

Notes:

15.1 Hong Kong listed equity investments

The fair values of listed securities are based on quoted market prices.

For the year ended 30 June 2016 a loss on change in fair value of financial asset at fair value through profit or loss of HK$74,959,000 (2015: a gain of HK$67,414,000) was recognised in the consolidated statement of comprehensive income.

As at 30 June 2016, listed securities with an aggregated carrying amount of HK$98,868,000 (2015: Nil) have been pledged to secure the margin loan payable (note 19 (b)).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

15.2 Compensation from profit guarantee

The compensation from profit guarantee was arising from a profit guarantee undertaken by the vendor in relation to the financial performance of Delta Prestige Holdings Limited and its subsidiaries (the "Delta Prestige Group") for the year.

For the year ended 30 June 2016, a gain on change in fair value of compensation from profit guarantee of HK$100,000,000 (2015: Nil) was recognised in the consolidated statement of comprehensive income.

16. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**2,124**	2,233
Receipts in advance	**141**	4,205
Other payables and accruals	**14,446**	15,318
	16,711	21,756

The ageing analysis of trade payables, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**110**	–
31–60 days	**195**	490
61–90 days	**–**	–
Over 90 days	**1,819**	1,743
	2,124	2,233

17. CORPORATE BONDS

	2016	2015
	HK$'000	*HK$'000*
Corporate bonds	**182,821**	179,704
Less: Current portion	**(71,963)**	–
Non-current portion	**110,858**	179,704

As at 30 June 2016, the Group has issued two fixed-rate corporate bonds. A corporate bond at principal amount of HK$102,000,000 (2015: HK$102,000,000) ("Bond A") bears interest at 8% per annum and is repayable on demand, and another corporate bond at principal amount of HK$84,500,000 (2015: HK$84,500,000) ("Bond B") bears interest at 10% per annum and is repayable on demand. The interests of Bond A are paid in advance while the interest of Bond B are paid in arrears. Both bonds are guaranteed by the Company and will mature on the date falling on the third anniversary of the date of first issue.

17. CORPORATE BONDS *(Continued)*

For the year ended 30 June 2015, the net proceeds from the issue of the corporate bonds, as reduced by transaction cost, amounted to approximately HK$107,825,000. The Group has not issued any new corporate bond during the year ended 30 June 2016 and thus no proceeds were received.

The Company may, at any time falling on the first and the second anniversary of the issue dates of the corporate bonds, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving at least thirty days written notice.

18. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.05 each at 30 June 2015 and 2016		
Authorised:		
At 1 July 2014, 30 June 2015 and 30 June 2016	30,000,000	1,500,000

	Number of shares *'000*	**Amount** *HK$'000*
Issued and fully paid:		
At 1 July 2014	**3,594,414**	**179,721**
Issue of shares for acquisition of subsidiaries	**700,000**	**35,000**
Exercise of share options	**182,700**	**9,135**
At 30 June 2015	**4,477,114**	**223,856**
Exercise of share options	**6,000**	**300**
At 30 June 2016	**4,483,114**	**224,156**

19. BORROWING

	2016 ***HK$'000***	2015 *HK$'000*
Margin loan payable *(note)*	**1,558**	–

Note:

The interest rate of the margin loan payable is Hong Kong prime rate of 5% plus 3% per annum and repayable on demand. At the reporting date, margin loan payable was secured by the Group's listed equity investments with the carrying amount of HK$98,868,000 as at 30 June 2016.

20. EVENTS AFTER REPORTING PERIOD

(i) Possible acquisition of Emission Particle Solution Sweden AB

On 29 July 2016, Perfect Essential Holdings Limited ("Perfect Essential"), a direct wholly-owned subsidiary of the Company entered into the sale and purchase agreement (the "SPA") with seven vendors (the "Vendors"), which are independent third parties of the Group. Pursuant to the terms of the SPA, Perfect Essential has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the 1,366 shares of Emission Particle Solution Sweden AB at the consideration of SEK239,000,000 (equivalent to approximately HK$220,573,000). Details of the transaction are set out in the Company's announcement dated 29 July 2016.

(ii) Convertible preference shares transfer agreement

On 13 September 2016, the Company entered into the convertible preference shares ("CPS") transfer agreement with the purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the purchasers have agreed to purchase 651,430,000 CPS in aggregate at the transfer price of HK$0.21 per CPS. Details of the transaction are set out in the Company's announcement dated 13 September 2016.

(iii) Settlement deed of the profit guarantee compensation

With reference to the announcements dated 26 April 2015 and 29 May 2015, the vendor irrevocably warranted and guaranteed to the Company (the "Profit Guarantee") that the after-tax audited consolidated net profit of the Delta Prestige Group for the year ended 30 June 2016 shall not be less than HK$100,000,000 (the "Guaranteed Net Profit").

In the event that the Delta Prestige Group cannot achieve the Guaranteed Net Profit, the vendor has irrevocably undertaken to the Company to pay to the Company in cash within 10 business days from the date of receipt of the certificate from the auditors of the Company an amount equal to the shortfall (the "Profit Guarantee Compensation").

In view of the loss of the Delta Prestige Group for the year ended 30 June 2016, the vendor had been requested to settle the Profit Guarantee Compensation of HK$100,000,000. After arm's length negotiations, on 26 September 2016, the vendor and the Company entered into a settlement deed regarding the settlement of the Profit Guarantee Compensation of HK$100,000,000 and the additional amount of compensation of HK$850,000, in which HK$20,000,000 has been settled by the vendor on 27 September 2016. Details of the settlement are set out in the Company's announcements dated 26 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group was engaged in four business segments, (i) manufacturing and trading of electric cycles; (ii) trading and distribution of liquor and wine; (iii) provision of money lending services; and (iv) investments in listed securities. For the year ended 30 June 2016, the Group recorded a turnover of approximately HK$16.4 million (2015: approximately HK$49.7 million). Loss for the year attributable to shareholders of the Company was approximately HK$494.1 million (2015: profit of approximately HK$12.1 million). The loss was mainly due to (i) the impairment losses on intangible assets and goodwill of approximately HK$454.4 million and (ii) loss on fair value change of equity investments of approximately HK$75.0 million. Basic loss per share was approximately HK11.02 cents (2015: basic earnings per share of approximately HK0.33 cent).

Electric Cycles Business

The turnover for the year ended 30 June 2016 of the electric cycles business was approximately HK$1.4 million (2015: Nil) and the segment loss was approximately HK$393.1 million (2015: approximately HK$2.6 million). The loss was mainly attributed to the impairment losses on goodwill and intangible assets of approximately HK$454.4 million which was resulted from the unsatisfactory performance of the electric cycles business for the year. The Group aimed to produce and distribute products with high quality standard, fashionable design and advanced technology, like the solar-powered electric cycles, by procuring materials from suppliers with stable supply and reliable quality but the procurement cost was comparatively higher. The selling price of the cycles produced was comparatively higher than those produced by other local manufacturers with less attractive appearance, low quality and without advanced technology. The solar-powered cycles were newly developed and new to the electric cycles market during the year. The Group had strived to enhance the brand recognition and market penetration by conducting various marketing activities, including but not limited to participation in the local exhibitions, road shows sales and sponsor to the local carnivals. However, due to the slowdown of the Chinese economy and the tumbling of the Chinese stock market during the second half of 2015, the purchasing pattern of the general public became conservative that the intention for purchasing products with high quality and advanced technology was far below expectation and maintained at low level, the turnover of the Group's electric cycles, especially for the solar-powered electric cycles, was adversely affected. The Group has been aggressively restructuring its product mix with emphasis on fashionable design and advanced features on electric cycles and re-positioning the products in the electric cycles market targeting to different types of customers so as to re-develop the brand recognition and image.

Pursuant to the terms of the sale and purchase agreement dated 26 April 2015 entered into between the Company and the then vendor in relation to the acquisition of the electric cycles business, if the after-tax audited consolidated net profit (including the net profit attributable to non-controlling interests) of the electric cycles business for the year ended 30 June 2016 shall be less than HK$100 million, the then vendor shall compensate the Company in cash for the shortfall. On 26 September 2016, a settlement deed was entered into between the Company and the then vendor that the then vendor shall compensate to the Company in an amount of HK$100.85 million. The compensation amount shall be paid by the then vendor in 4 installments that (i) as of HK$20.0 million shall be paid to the Company on or before 30 September 2016; (ii) as of HK$20.4 million shall be paid to the Company on or before 31 March 2017; (iii) as of HK$30.3 million shall be paid to the Company on or before 30 September 2017; and (iv) as of HK$30.15 million shall be paid to the Company on or before 31 March 2018. The first installment of HK$20.0 million has been received by the Company on 27 September 2016.

Liquor and Wine Business

The turnover for the year ended 30 June 2016 of the liquor and wine business dropped significantly to approximately HK$1.7 million (2015: approximately HK$33.5 million) and a segment loss of approximately HK$61.5 million (2015: approximately HK$32.7 million) was recorded. The performance of the liquor and wine business was affected by the slowdown of Chinese economy and the demand for high-end liquor products remained at low level. The Group had adjusted its product structure from high-end liquor to wine and other alcoholic beverages during the year under review. However, the profit margin from wine and other alcoholic beverages was lower than those of high-end liquor. Also, the Group had adopted an aggressive pricing strategy in order to lower the high-end liquor inventory level. The Group will continuously explore different potential products from foreign wine manufacturers and importers and expand distribution channels from traditional channels to online sales to enhance the Group's revenue stream. During the year under review, due to the decline of the repayment capability of certain customers and sluggish market situation, the Group had further provided impairment loss of approximately HK$43.0 million (2015: approximately HK$19.13 million) on long overdue trade receivables.

Money Lending Services

As at 30 June 2016, the Group had loans receivable with principal amount of approximately HK$65.8 million (2015: approximately HK$206.9 million). The Group recorded interest income from loans receivable of approximately HK$13.2 million for the year ended 30 June 2016 (2015: approximately HK$13.8 million).

Listed Securities Investments

As at 30 June 2016, the Group managed a portfolio of listed equity investments with fair value of approximately HK$104.5 million (2015: approximately HK$215.5 million). During the year, the Group recorded a loss on fair value change of listed equity investments of approximately HK$75.0 million (2015: gain of approximately HK$67.4 million) due to the realised loss on disposal of listed equity investments.

PROSPECTS

Exploring different potential products from foreign and local wine manufacturers and expanding distribution channels are the coming goals to overcome the challenges from the high-end liquor market. The Group will continuously collaborate with famous liquor manufacturers in the Mainland China and overseas wine exporters to increase the Group's publicity in the liquor and wine business.

The Group will continuously research and develop the electric cycles with fashionable appearance and advanced features to enhance the market penetration and brand recognition. Also, sourcing other suppliers to provide materials with stable quality and with lower cost are other goals in the short run. The Group strives to improve the performance of the electric cycles business.

New energy business always be the Group's next development area. The entering into of the sale and purchase agreement dated 29 July 2016 in relation to the possible acquisition of Emission Particle Solution Sweden AB ("EPS") is a proof. EPS is currently engaged in the development, manufacturing and distribution of a fuel additive product namely EuroAd which can reduce fuel consumption and environmental impact. EuroAd is a vegetable additive that can separate the molecular chains exist in both fossil and bio fuels and facilitate the oxidation of the fuels during the combustion process. It also serves as a detergent which cleans the combustion chambers, intakes channels, spreaders and injectors from soot, bacteria and algae. The competitive advantages of EuroAd are reduction of particle emission such as those nitric oxide (NO) and nitrogen dioxide (NO_2) and carbon monoxide (CO), improvement to fuel consumption and maintenance of engines. As particle emission from combustion process is one of the contributory factors to global warming, EuroAd has the effect of reducing global warming by reducing the emission of particle into the atmosphere. The electric cycles business of the Group has been the first step to step into new energy industry that it uses new, sustainable and non-conventional energy source to replace the use of conventional fuel in transportation. Upon the completion of the acquisition of EPS, the Group will further expand its new energy business portfolio into other segment of new energy industry worldwide.

Looking ahead, the Group will continue to be cautious in its investment approach on listed securities investments, closely monitor the electric cycles, liquor and wine business and money lending services and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 30 June 2016 (2015: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2016, the Group had cash and bank balances amounting to approximately HK$63.8 million (2015: approximately HK$179.6 million) and net current assets value was approximately HK$409.2 million (2015: approximately HK$960.8 million).

The Group's gearing ratio as at 30 June 2016 was 0.23 (2015: 0.14), being a ratio of total debts, including borrowing and corporate bonds of approximately HK$184.4 million (2015: approximately HK$179.7 million) to the total equity of approximately HK$802.6 million (2015: approximately HK$1,299.7 million).

As at 30 June 2016, a direct wholly-owned subsidiary had issued 3-year 8% and 10% coupon unlisted straight guaranteed bonds with principal amount of HK$102.0 million and HK$84.5 million respectively (2015: HK$102.0 million and HK$84.5 million respectively). The bonds are guaranteed by the Company.

PLEDGE OF ASSETS

As at 30 June 2016, the margin loan payable was secured by the Group's listed equity investments with the carrying amount of HK$98.9 million (2015: Nil).

CHANGE OF COMPANY NAME

As announced by the Company on 18 December 2015, the English and Chinese names of the Company have been changed to "DeTai New Energy Group Limited" and "德泰新能源集團有限公司" respectively.

CAPITAL STRUCTURE

On 13 October 2015, the Board granted 448,210,000 share options to certain Directors and certain eligible participants as defined in the share option scheme adopted by the Company on 13 December 2013 at the exercise price of HK$0.32 per share.

During the year ended 30 June 2016, 6,000,000 share options were exercised and 289,050,000 share options were lapsed/cancelled.

Save as disclosed above, the Company had no other changes in capital structure during the year ended 30 June 2016.

INVESTMENT POSITION AND PLANNING

Subscription of Convertible Bonds

On 4 September 2015, Noble Advantage entered into the Subscription Agreement with Integrated Capital. Pursuant to the terms of the Subscription Agreement, Noble Advantage has agreed to subscribe for and Integrated Capital has agreed to issue, the 3-year 3.65% coupon convertible bonds at the principal amount of HK$388 million. All conditions precedent under the Subscription Agreement have been fulfilled and the Completion took place on 24 December 2015 in accordance with the terms and conditions of the Subscription Agreement. The Convertible Bonds have been issued to Noble Advantage by Integrated Capital.

Lapse of Sale and Purchase Agreement with Green Flourish

On 4 February 2015, the Company as purchaser entered into a sale and purchase agreement (the "Green Flourish SPA") with Mr. Yam Tak Cheung ("Mr. Yam") as vendor and Mr. He Yumin ("Mr. He") as executive. Both Mr. Yam and Mr. He are independent third parties of the Group. Pursuant to the terms of the Green Flourish SPA, (i) the Company has conditionally agreed to acquire and Mr. Yam has conditionally agreed to sell the entire issued share capital of Green Flourish Enterprises Limited ("Green Flourish") and all the liabilities, loans and obligations owing by Green Flourish and its subsidiaries at completion in an aggregate consideration of HK$193,777,200, which shall be satisfied to Mr. Yam by allotment and issue of 538,270,000 shares at an issue price of HK$0.36 per share at completion; and (ii) Mr. He has agreed to enter into a services agreement with a company to be established as a wholly foreign-owned enterprise in the PRC pursuant to the terms and conditions of the Green Flourish SPA at completion. Green Flourish and its subsidiaries intend to be principally engaged in new energy business including but not limited to electric vehicle business. Details of the transaction are set out in the Company's announcements dated 4 February 2015 and 4 August 2015.

Pursuant to the Green Flourish SPA and the extension letter dated 4 August 2015 and entered into by the parties to the Green Flourish SPA, completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent to the Green Flourish SPA by 4 November 2015 (the "Green Flourish Long Stop Date"). As certain conditions have not been fulfilled and/or waived (as the case may be) on or before the Green Flourish Long Stop Date and the parties to the Green Flourish SPA have not agreed on any further extension of the Green Flourish Long Stop Date, the Green Flourish SPA has lapsed and ceased to have any effect.

Lapse of framework agreement with Shenzhen Xingmei

On 30 March 2015, Tech Bloom Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser entered into a framework agreement (the "Shenzhen Xingmei Framework Agreement") with Mr. He and Ms. Zhao Yanjun as vendors and 深圳市星美新能源汽車有限公司 (in English, for identification purpose only, Shenzhen Xingmei New Energy Automobile Limited) ("Shenzhen Xingmei") as the target company. The vendors and Shenzhen Xingmei are independent third parties of the Group.

Pursuant to the terms of the Shenzhen Xingmei Framework Agreement, the purchaser agreed to acquire and the vendors agreed to sell the entire equity interest of Shenzhen Xingmei in cash consideration of RMB200 million. The business scope of Shenzhen Xingmei includes the development and sales of new energy automobiles, batteries and battery charging equipment; corporate management and advisory; and permitted operations of manufacture of new energy automobiles and batteries. Details of the transaction are set out in the Company's announcement dated 31 March 2015.

As certain conditions have not been fulfilled and/or waived (as the case may be) on or before 30 September 2015 (the "Shenzhen Xingmei Long Stop Date") and the parties to the Shenzhen Xingmei Framework Agreement have not agreed on any further extension of the Shenzhen Xingmei Long Stop Date, on 1 October 2015, the purchaser delivered a unilateral termination notice to the vendors and Shenzhen Xingmei to terminate the Shenzhen Xingmei Framework Agreement with immediate effect.

Lapse of Memorandum in relation to the Possible LNG Acquisition

On 28 July 2015, the Company entered into a non-legally binding memorandum of understanding (the "Memorandum") with Mr. Chan Hon Kiu as vendor, who is an independent third party of the Group, in relation to the possible acquisition (the "Possible LNG Acquisition") of a company (the "Target Company"), which is principally engaged in the business of investment, construction and operation of liquefied natural gas ("LNG") stations.

Pursuant to the Memorandum, the vendor and the Company shall negotiate in good faith towards one another in ensuring that the formal sale and purchase agreement (the "Formal Sale and Purchase Agreement") be entered into on or before 31 October 2015. Should the Formal Sale and Purchase Agreement be materialised and completed, the vendor shall as beneficial owner sell and the Company shall purchase the entire issued share capital of the Target Company and the consideration shall be satisfied by the Company by allotment and issue of consideration shares and warrants. Details of the transaction are set out in the Company's announcement dated 28 July 2015.

After several rounds of negotiations and discussions, the vendor and the Company had not reached consensus on the terms of the Formal Sale and Purchase Agreement by 31 October 2015. Since the vendor and the Company had not reached any agreement to extend the said time limit, the Possible LNG Acquisition had been terminated and the Possible LNG Acquisition contemplated under the Memorandum will not proceed.

Lapse of Investment Agreement with Hubei Qinlong

On 1 March 2016, Able Zone International Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser entered into an investment agreement (the "Investment Agreement") with 湖北秦龍投資集團有限公司 (in English, for identification purpose only, Hubei Qinlong Investment Group Co., Limited) ("Hubei Qinlong") as vendor. The vendor is an independent third party of the Group. Pursuant to the terms of the Investment Agreement, the purchaser agreed to purchase and the vendor agreed to sell 60% equity interest in 孝感中石油昆侖燃氣有限公司 (in English, for identification only, Xiaogan Petrochina Kunlun Gas Co., Limited) ("Xiaogan Petrochina Kunlun"). Xiaogan Petrochina Kunlun operates 2 compressed natural gas stations in Xiaogan City, Hubei Province, the PRC.

Pursuant to the Investment Agreement, completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent to the Investment Agreement by 31 August 2016. Due to the change of the capital restructuring of Xiaogan Petrochina Kunlun which is contrary to the purchaser's initial intention of the acquisition and the fact that certain conditions have not been fulfilled and/or waived in accordance with the Investment Agreement on or before 31 August 2016, the purchaser decided not to proceed with the acquisition. On 31 August 2016, the purchaser issued a written notice to the vendor for the termination of the acquisition and demanded the vendor to refund the earnest money of RMB4,387,300 to the purchaser without interest in accordance with the terms of the Investment Agreement. The earnest money has yet to be received by the Group and the Group is negotiating with the vendor for the refund.

Save as disclosed above, the Group did not have any other significant investment and there were no other material acquisition or disposal of subsidiaries and associated company for the year ended 30 June 2016.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities (2015: Nil).

COMMITMENTS

As at 30 June 2016, the Group had no capital commitments, which are contracted but not provided for, in respect of purchase of plant and machinery and motor vehicles (2015: approximately HK$1.5 million).

EVENTS AFTER THE REPORTING PERIOD

Termination of Memorandum in relation to the Possible Acquisition of Internet Education Business

On 5 July 2016, the Company as purchaser entered into a non-legally binding memorandum (the "Bei Dou Memorandum") with Mr. Ng Victor and Mr. Zheng Gang as vendors, who are independent third parties of the Group, in relation to the intention of acquisition of not less than 90% of the issued share capital of a company, of which together with its subsidiaries are engaged in operating a system platform for the development of "Bei Dou + Internet + Education" in the PRC.

Pursuant to the Bei Dou Memorandum, the parties to the Bei Dou Memorandum shall negotiate in good faith towards one another in ensuring that a formal agreement be entered on or before 30 September 2016. After several rounds of negotiations and discussions, the parties to the Bei Dou Memorandum had not reached consensus on certain commercial terms in relation to the acquisition. On 27 September 2016, the parties to the Bei Dou Memorandum entered into a termination letter whereby the parties have mutually agreed to terminate the Bei Dou Memorandum with immediate effect. Details of the transaction are set out in the Company's announcements dated 5 July 2016 and 27 September 2016.

Transaction in relation to the Acquisition of EPS

On 29 July 2016, Perfect Essential Holdings Limited, a direct wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement with seven vendors as vendors in relation to a possible acquisition of EPS at a consideration of SEK239 million. EPS is currently engaged in the development, manufacturing and distribution of a vegetable additive that can reduce the particle emission, improve the fuel consumption and maintenance of engines. The vendors are independent third parties of the Group. Upon completion of the acquisition, EPS together with its subsidiaries will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Company. Details of the transaction are set out in the Company's announcement dated 29 July 2016.

Convertible Preference Shares Transfer Agreement

On 13 September 2016, the Company entered into an agreement (the "CPS Transfer Agreement") with Mr. Zhu Yongjun and Jumbo Grand Enterprise Development Limited (collectively the "Purchasers"). Both of the Purchasers are independent third parties of the Group. Pursuant to the terms of the CPS Transfer Agreement, the Company has agreed to procure the sale of and the Purchasers have agreed to purchase 651,430,000 CPS in aggregate at the transfer price of HK$0.21 per CPS. Details of the transaction are set out in the Company's announcement dated 13 September 2016.

Settlement Deed in relation to the Profit Guarantee Compensation

With reference to the Company's announcements dated 26 April 2015 and 29 May 2015 in relation to the acquisition of the electric cycles business, Mr. Lee Man Bun ("Mr. Lee") as the vendor irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit of the electric cycles business for the year ended 30 June 2015 shall not be less than HK$100,000,000 (the "Guaranteed Net Profit").

In the event that the electric cycles business cannot achieve the Guaranteed Net Profit, Mr. Lee has irrevocably undertaken to the Company to pay to the Company in cash within 10 business days from the date of receipt of the certificate from the auditors of the Company an amount equal to the shortfall (the "Profit Guarantee Compensation").

In view of the loss recorded for the year ended 30 June 2015 of the electric cycles business, Mr. Lee had been requested to settle the Profit Guarantee Compensation of HK$100,000,000. After arm's length negotiations, on 26 September 2016, Mr. Lee and the Company entered into a settlement deed regarding the settlement of the Profit Guarantee Compensation of HK$100,000,000 and the additional amount of compensation of HK$850,000, in which HK$20,000,000 has been settled by Mr. Lee on 27 September 2016. Details of the transaction are set out in the Company's announcement dated 26 September 2016.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had approximately 46 (2015: 80) employees in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for the PRC employees and share option scheme.

CONNECTED TRANSACTIONS

For the year ended 30 June 2016, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 30 June 2016.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhance the shareholders' value and safeguard the interests of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasis an effective internal control and accountability to all shareholders.

During the year, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules except for the deviation from the code provision A.4.1 which is explained below.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing non-executive Director and independent non-executive Directors were not appointed for a specific term as required under code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors, the Board confirmed that all Directors had complied with the Model Code regarding directors' securities transactions during the year and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, Mr. Chiu Wai On (the chairman of the Audit Committee), Mr. Man Kwok Leung and Dr. Wong Yun Kuen. The primary duties of the Audit Committee are to (i) review the Group's financial reporting system, the nature and scope of audit review; (ii) review the effectiveness of the system of internal control procedures and risk management; and (iii) review and monitor the external auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year.

The Audit Committee has reviewed with the management of the Company and the external auditor the Group's annual results for the year ended 30 June 2016, and was of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.detai-group.com). The annual report will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
DeTai New Energy Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 29 September 2016

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; the non-executive Director is Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.