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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)

2016/2017 INTERIM RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of DeTai New Energy Group Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2016

		For the six months ended 31 December	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**12,988**	10,366
Cost of sales		**(5,280)**	(4,149)
Gross profit		**7,708**	6,217
Interest income	*4*	**12,148**	20
Other income		**970**	3
General and administrative expenses		**(53,241)**	(99,265)
Selling and distribution expenses		**(836)**	(1,497)
Finance costs	*5*	**(7,839)**	(8,148)
Reversal of impairment loss on loans receivable		**–**	300
Impairment loss on goodwill	*13*	**–**	(132,199)
Gain on disposal of available-for-sale investments	*15*	**42,504**	–
Change in fair value of derivative financial instrument	*15*	**(10,315)**	–
Change in fair value of financial assets at fair value through profit or loss	*18*	**(900)**	(4,978)
Loss before taxation	*6*	**(9,801)**	(239,547)
Taxation	*7*	**18**	–
Loss for the period		**(9,783)**	(239,547)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 31 December 2016

		For the six months ended 31 December	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of financial statements of foreign operations		**(36,045)**	(399)
Change in fair value of available-for-sale investments		**10,542**	–
Release of available-for-sale investments upon conversion of the convertible bonds	*15*	**(42,504)**	–
Other comprehensive income for the period		**(68,007)**	(399)
Total comprehensive income for the period		**(77,790)**	(239,946)
Loss for the period attributable to:			
Owners of the Company		**(8,197)**	(234,596)
Non-controlling interests		**(1,586)**	(4,951)
		(9,783)	(239,547)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(74,767)**	(234,992)
Non-controlling interests		**(3,023)**	(4,954)
		(77,790)	(239,946)
Loss per share:	*9*		
— Basic		**(0.18) HK cent**	(5.23) HK cents
— Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	31 December 2016 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**474,510**	19,787
Intangible assets	*11*	**188,003**	–
Prepaid lease payments for land	*12*	**8,787**	–
Goodwill	*13*	**107,541**	–
Prepayments		**7,377**	6,425
Available-for-sale investments	*14*	**58,299**	262,671
Derivative financial instrument	*15*	**–**	215,426
Total non-current assets		**844,517**	504,309
Current assets			
Inventories		**91,059**	84,360
Trade receivables, other receivables, deposits and prepayments	*16*	**120,320**	86,326
Prepaid lease payments for land	*12*	**273**	–
Loans receivable	*17*	**107,462**	70,133
Financial assets at fair value through profit or loss	*18*	**85,248**	204,526
Pledged bank balances	*23*	**830**	–
Bank balances and cash		**274,377**	63,846
Total current assets		**679,569**	509,191

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)
As at 31 December 2016

	Notes	31 December 2016 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Audited)
Current liabilities			
Trade payables, other advances and accruals	*19*	**46,547**	16,711
Borrowings	*20*	**9,848**	1,558
Corporate bonds		**149,532**	71,963
Financial liabilities at fair value through profit or loss	*21.1*	**116,574**	–
Tax payable		**2,417**	9,768
Total current liabilities		**324,918**	100,000
Net current assets		**354,651**	409,191
Total assets less current liabilities		**1,199,168**	913,500
Non-current liabilities			
Borrowings	*20*	**142,770**	–
Corporate bonds		**34,856**	110,858
Deferred tax liabilities		**113,511**	–
Total non-current liabilities		**291,137**	110,858
Net assets		**908,031**	802,642
EQUITY			
Share capital	*22*	**261,592**	224,156
Reserves		**628,410**	579,106
Equity attributable to owners of the Company		**890,002**	803,262
Non-controlling interests		**18,029**	(620)
Total equity		**908,031**	802,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 June 2016. The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2016.

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

2.1 Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2016:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

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

2.2 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.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 to Revenue from Contracts with Customers
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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 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 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.

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.

Amendments HKFRS 15 — Clarifications to Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

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 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 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.

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 process of making an assessment of potential impact of these new issues or amendments upon initial application.

3. **TURNOVER AND SEGMENT INFORMATION**

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, income from hotel operations, interest income from loans receivable and dividend income on listed securities during the period.

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers 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 six reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) new energy business;

(ii) hotel hospitality business;

(iii) provision of money lending services;

(iv) manufacturing and trading of electric cycles;

(v) trading and distribution of liquor and wine; and

(vi) investments in listed securities.

There were no inter-segment transactions between different operating segments for the period. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that are used by the chief operating decision-makers for assessment of segment performance.

For the six months ended 31 December 2016

	New energy business *HK$'000* (Unaudited)	Hotel hospitality business *HK$'000* (Unaudited)	Money lending services *HK$'000* (Unaudited)	Electric cycles *HK$'000* (Unaudited)	Liquor and wine *HK$'000* (Unaudited)	Investments in listed securities *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue	–	7,145	5,250	306	287	–	12,988
Segment (loss)/profit	(2,763)	(17,438)	4,600	(2,123)	(3,989)	(5,596)	(27,309)
Unallocated corporate income and expenses, net							(18,948)
Finance costs							(7,839)
Gain on disposal of available-for-sale investments							42,504
Change in fair value of derivative financial instrument							(10,315)
Convertible bonds interest income							12,106
Loss before taxation							(9,801)

For the six months ended 31 December 2015

	Money lending services *HK$'000* (Unaudited)	Electric cycles *HK$'000* (Unaudited)	Liquor and wine *HK$'000* (Unaudited)	Investments in listed securities *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue	8,495	760	981	130	10,366
Segment profit/(loss)	8,491	(146,204)	(7,662)	(67,505)	(212,880)
Unallocated corporate income and expenses, net					(37,979)
Finance costs					(8,148)
Share-based payment expenses					(43,025)
Change in fair value of contingent consideration receivable					62,485
Loss before taxation					(239,547)

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

	31 December 2016 ***HK$'000*** **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Segment assets		
New energy business	**298,639**	–
Hotel hospitality business	**680,645**	–
Money lending services	**111,175**	134,739
Electric cycles	**83,098**	103,029
Liquor and wine	**149,223**	157,944
Investments in listed securities	**86,957**	104,526
Total segment assets	**1,409,737**	500,238
Available-for-sale investments	**58,299**	262,671
Derivative financial instrument	**–**	215,426
Unallocated bank balances and cash	**3,528**	23,884
Unallocated corporate assets *(note)*	**52,522**	11,281
Consolidated total assets	**1,524,086**	1,013,500

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
New energy business	**123,236**	–
Hotel hospitality business	**154,600**	–
Money lending services	**127**	199
Electric cycles	**7,467**	7,831
Liquor and wine	**23,559**	5,069
Investments in listed securities	**753**	1,691
Total segment liabilities	**309,742**	14,790
Tax payable	**2,417**	9,768
Deferred tax liabilities	**113,511**	–
Corporate bonds	**184,388**	182,821
Unallocated corporate liabilities *(note)*	**5,997**	3,479
Consolidated total liabilities	**616,055**	210,858

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

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

(b) Geographical segments

The Group's operations are located in Hong Kong (place of domicile), the People's Republic of China (the "PRC"), Japan and Sweden. The Group's revenue from external customers and information about its non-current assets (other than financial instruments) by geographical markets are detailed as below:

	Revenue from external customers For the six months ended 31 December		**Non-current assets**	
	2016	2015	**31 December 2016**	30 June 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong (place of domicile)	**5,250**	8,625	**11,090**	22,976
PRC	**593**	1,741	**9,507**	3,236
Japan	**7,145**	–	**523,477**	–
Sweden	**–**	–	**242,144**	–
	12,988	10,366	**786,218**	26,212

4. INTEREST INCOME

	For the six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**42**	20
Convertible bonds interest income	**12,106**	–
	12,148	20

5. FINANCE COSTS

	For the six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on corporate bonds	**7,557**	7,961
Interest on bank loans	**10**	–
Other interest	**272**	187
	7,839	8,148

6. LOSS BEFORE TAXATION

	For the six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss before taxation is arrived at after charging:		
Amortisation of intangible assets	**80**	8,820
Amortisation of prepaid lease payments for land	**26**	–
Depreciation of property, plant and equipment	**2,749**	2,950
Share-based payments expenses	**–**	43,025

7. TAXATION

Hong Kong profit tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both the six months ended 31 December 2016 and 2015. No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at tax rates of 25% for both the six months ended 31 December 2016 and 2015. No provision for PRC EIT has been made for the current and prior periods as the Group has no assessable profits arising in the PRC.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is only subject to 20.42% withholding income tax in Japan. The withholding tax is final Japanese tax on such distributed tokumei kumiai profits and such profits are not subject to any other Japanese taxes. There is no withholding tax paid or payable for the six months ended 31 December 2016 as there is no profit distribution.

The subsidiary established in Japan is subject to prefectual and municipal inhabitant taxes on a per capita basis in accordance with the relevant Japan tax regulations for the six months ended 31 December 2016.

The subsidiaries established in Sweden are subject to corporate income tax at tax rates of 22% for the six months ended 31 December 2016. No provision for Sweden corporate income taxes have been made for the current periods as the Group has no assessable profits arising in Sweden.

8. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share amount is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share amount is based on the loss for the period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted loss per share is based on the following data:

	For the six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(8,197)**	(234,596)

	Number of shares For the six months ended 31 December	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**4,491,965**	4,482,217

Diluted loss per share amount for the six months ended 31 December 2016 was not presented because the impact of the exercise of the share options and convertible preference shares (six months ended 31 December 2015: 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.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired items of property, plant and equipment with a cost of approximately HK$512,554,000 (six months ended 31 December 2015: HK$13,994,000), of which approximately HK$511,209,000 was through the acquisition of subsidiaries (six months ended 31 December 2015: Nil). Details of the acquisition of subsidiaries are set out in note 21. Items of property, plant and equipment with carrying amount of approximately HK$2,756,000 were disposed during the six months ended 31 December 2016 (six months ended 31 December 2015: HK$455,000), resulting in a net gain on disposal of property, plant and equipment of approximately HK$63,000 (six months ended 31 December 2015: net gain on disposal of property, plant and equipment of approximately HK$325,000).

As at 31 December 2016, the Group pledged hotel land and building in Japan with an aggregated carrying value of HK$468,172,000 to secure banking facilities of the Group (30 June 2016: Nil) (note 23).

11. INTANGIBLE ASSETS

For the six months ended 31 December 2016, the Group acquired the following intangible assets through the acquisition of subsidiaries. Details of the acquisition of subsidiaries are set out in note 21.1. There is no addition of intangible assets for the six months ended 31 December 2015.

(a) Production formula of HK$136,787,000 acquired represented the production formulation of a fuel additive named EuroAd (the "Product") and the full right of use to develop and sale the Product.

(b) Non-competition agreements of HK$36,076,000 acquired represented the agreements entered with the consultants in which the consultants will not carry on or be concerned with any business that is substantially similar to the fuel additive business.

(c) Sales backlog agreements of HK$14,000,000 acquired represented the agreements entered with customers in which the customers have committed monthly minimum purchase amount for 5 years.

12. PREPAID LEASE PAYMENTS FOR LAND

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Net carrying amount:		
At beginning of the period/year	**–**	–
Acquisition during the period/year	**9,166**	–
Amortisation for the period/year	**(26)**	–
Exchange realignment	**(80)**	–
At end of the period/year	**9,060**	–

The Group's net carrying amount of the prepaid lease payments for land is analysed as follows:

	31 December 2016 *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Leasehold land under medium-term leases in the PRC	**9,060**	–
Analysed for reporting purposes as:		
Non-current	**8,787**	–
Current	**273**	–
	9,060	–

As at 31 December 2016, the Group did not pledge any prepaid lease payments for land to secure banking facilities of the Group (30 June 2016: Nil).

13. GOODWILL

	HK$'000
COST:	
At 1 July 2015 (Audited)	814,386
Exchange realignment	(53,878)
At 1 July 2016 and 30 June 2016 (Audited)	760,508
Acquired through business combination (note 21)	111,864
Exchange realignment	(37,647)
At 31 December 2016 (Unaudited)	**834,725**
ACCUMULATED IMPAIRMENT LOSSES:	
At 1 July 2015 (Audited)	425,620
Impairment loss for the year	363,046
Exchange realignment	(28,158)
At 1 July 2016 and 30 June 2016 (Audited)	760,508
Exchange realignment	(33,324)
At 31 December 2016 (Unaudited)	**727,184**
NET CARRYING AMOUNT:	
At 31 December 2016 (Unaudited)	**107,541**
At 30 June 2016 (Audited)	–

14. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2016 *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Available-for-sale investments		
— Unlisted private fund *(note)*	**58,299**	6,445
— Debt component of the convertible bonds *(note 15)*	**–**	256,226
	58,299	262,671

Note:

The fair value gain of unlisted private fund during the period was HK$1,854,000 (six months ended 31 December 2015: Nil), which has been dealt with in other comprehensive income and available-for-sale investments revaluation reserve for the six months ended 31 December 2016.

15. 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 has 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.

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 30 June 2016	**At the date of derecognition**
Fair value of shares of Integrated Capital	HK$828,339 per share	HK$849,545 per share
Conversion price	HK$680,702 per share	HK$680,702 per share
Risk free interest rate	(0.148%)	(0.256%)
Time to maturity	2.48 years	2.15 years
Expected volatility	27.85%	29.01%
Expected dividend yield	0%	0%
Discount rate	24.85%	24.50%

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 during the year	33,816	49,836	83,652
At 30 June 2016 (Audited)	256,226	215,426	471,652
Change in the fair value during the period	8,688	(10,315)	(1,627)
Derecognition of the Convertible Bonds during the period	(264,914)	(205,111)	(470,025)
At 31 December 2016 (Unaudited)	–	–	–

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. 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.

For the six months ended 31 December 2016, the Group has exercised the right to convert the Convertible Bonds in full into 570 new shares of Integrated Capital, representing 95% of the equity interest in Integrated Capital. Details of the conversion are set out in the Company's announcement dated 1 November 2016 and 25 November 2016. The related cumulated gain previously recognised in other comprehensive income on the available-for-sale investments of HK$42,504,000 was reclassified from available-for-sale investments revaluation reserve to profit or loss for the six months ended 31 December 2016.

The fair value gain of the debt component of the Convertible Bonds during the period was HK$8,688,000 (six months ended 31 December 2015: Nil), which has been dealt with in other comprehensive income and available-for-sale investments revaluation reserve for the six months ended 31 December 2016. The fair value loss of the conversion option of the Convertible Bonds was HK$10,315,000 (six months ended 31 December 2015: Nil), which has been recognised in the consolidated statement of comprehensive income for the six months ended 31 December 2016. Interest income of the Convertible Bonds was amounted to HK$12,106,000 (six months ended 31 December 2015: Nil), which has been recognised in the consolidated statement of comprehensive income for the six months ended 31 December 2016.

16. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's trade receivables, other receivables, deposits and prepayments were trade receivables of HK$5,912,000 (30 June 2016: HK$24,000). The Group allows an average credit period of 0 to 90 days to its trade receivables.

	31 December 2016 ***HK$'000*** **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Trade receivables	**88,017**	85,797
Less: Provision for impairment loss	**(82,105)**	(85,773)
Trade receivables, net	**5,912**	24

The aging analysis of trade receivables, net of allowance for doubtful debts, based on invoice date, is as follows:

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**5,286**	9
31–60 days	**123**	15
61–90 days	**127**	–
Over 90 days	**376**	–
	5,912	24

17. LOANS RECEIVABLE

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross loans and interest receivables	**107,462**	70,133

As at 31 December 2016, loans receivable with gross principal amount of HK$104,346,000 (30 June 2016: HK$65,775,000) in aggregate and related gross interest receivables of HK$3,116,000 (30 June 2016: HK$4,358,000) due from eleven (30 June 2016: four) independent third parties. These loans are interest-bearing at rates ranging from 10% to 20% (30 June 2016: 10% to 20%) per annum. All the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 31 December 2016 and 30 June 2016.

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

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**107,462**	8,005
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	–
Over 3 months past due	**–**	62,128
	107,462	70,133

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2016 *HK$'000* (Unaudited)	30 June 2016 *HK$'000* (Audited)
Hong Kong listed equity investments, at fair value *(note a)*	**5,248**	104,526
Compensation from profit guarantee *(note b)*	**80,000**	100,000
	85,248	204,526

Notes:

(a) HONG KONG LISTED EQUITY INVESTMENTS

The fair values of listed securities are based on quoted market prices (i.e. Level 1 input). There is no transfer under the fair value hierarchy classification during the six months ended 31 December 2016.

For the six months ended 31 December 2016, a loss on change in fair value of financial asset at fair value through profit or loss of HK$900,000 (six months ended 31 December 2015: HK$67,463,000) was recognised in the consolidated statement of comprehensive income.

None of the listed securities are pledged as at 31 December 2016. As at 30 June 2016, listed securities with an aggregated carrying amount of HK$98,868,000 have been pledged to secure the margin loan payable.

(b) COMPENSATION FROM PROFIT GUARANTEE

On 29 May 2015, the Company issued 700,000,000 consideration shares as the consideration for the acquisition of 85% issued share capital of Delta Prestige Holdings Limited and its subsidiaries (the "Delta Prestige Group").

Pursuant to the acquisition agreement, the vendor has irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit of the Delta Prestige Group in accordance with Hong Kong generally accepted accounting principles for the year ending 30 June 2016 shall not be less than HK$100,000,000 (the "Profit Target"). In case the Delta Prestige Group cannot achieve the Profit Target, the vendor will compensate to the Company in cash. The compensation is calculated in accordance with the following formula:

The compensation = Profit Target – Audited net profit

If the Delta Prestige Group records an audited net loss for the year ending 30 June 2016, the audited net profit will be deemed as zero for the purpose of calculation of the compensation.

With reference to the operating result of the Electric Cycle CGU for the year ended 30 June 2016, the electric cycles business is not likely to meet the Profit Target. The fair value of compensation from profit guarantee is determined by Directors with reference to the actual financial result of the Delta Prestige Group for the year ended 30 June 2016.

There is no fair value change on the compensation from profit guarantee for the six months ended 31 December 2016. On 26 September 2016, the vendor and the Company entered into a settlement deed regarding the settlement of the compensation from profit guarantee 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. The additional compensation was recognised as other income in the consolidated statement of comprehensive income for the six months ended 31 December 2016.

The fair value gain of compensation from profit guarantee during the six months ended 31 December 2015 amounted to HK$62,485,000, which has been recognised in the consolidated statement of comprehensive income.

19. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS

Included in the Group's trade payables, other advances and accruals were trade payables of HK$4,998,000 (30 June 2016: HK$2,124,000).

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

	31 December 2016 *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Within 30 days	**3,063**	110
31–60 days	**317**	195
61–90 days	**–**	–
Over 90 days	**1,618**	1,819
	4,998	2,124

20. BORROWINGS

	31 December 2016 *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Bank loan, secured *(note a)*	**152,618**	–
Margin loan payable, secured *(note b)*	**–**	1,558
Carrying amount as at the end of period/year	**152,618**	1,558
Less: Currant portion	**(9,848)**	(1,558)
Non-currant portion	**142,770**	–

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause, borrowings are repayable as follows:

Within one year	**9,848**	–
More than one year, but not exceeding two years	**8,912**	–
More than two years, but not more than five years	**133,839**	–
More than five years	**19**	–
	152,618	–

Notes:

(a) Bank loan were secured by the pledge of Group's assets as set out in note 23 and the entire equity interest of Cambridge Venture Partners Kabushiki Kaisha ("CVP KK"), a non-wholly owned subsidiary of the Company.

(b) 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 (note 18(a)).

21. ACQUISITION OF SUBSIDIARIES

21.1 Emission Particle Solution Sweden AB ("EPS")

On 22 December 2016, the Group acquired the entire issued share capital of EPS at a cash consideration of SEK239,000,000 (equivalent to approximately HK$202,186,000), in which (i) SEK101,200,000 (equivalent to approximately HK$85,612,000) was settled on 22 December 2016, and (ii) remaining maximum balance of SEK137,800,000 (equivalent to approximately HK$116,574,000) is subject to post completion adjustment mechanism. EPS principally engaged in the distribution of the Product. The primary reason for the acquisition was to further expand and diversify the business portfolio within the new energy sector.

	Fair value
	HK$'000
	(Unaudited)
Property, plant and equipment	180
Intangible assets *(note 11)*	186,863
Inventories	9,937
Trade receivables, other receivables, deposits and prepayments	308
Bank balances and cash	995
Trade payables, other advances and accruals	(3,292)
Bank loan	(3,325)
Deferred tax liabilities	(43,088)
Fair value of net assets acquired	148,577

	HK$'000
	(Unaudited)
Cash consideration	85,612
Contingent consideration payable	116,574
Total consideration	202,186
Less: Fair value of net assets acquired	(148,577)
Goodwill *(note 13)*	53,609

Pursuant to the supplemental agreement dated 22 December 2016, the remaining balance of SEK137,800,000 shall be adjusted according to the net profit after tax of EPS forcasted for the period from 1 January 2017 to 31 December 2017 ("NPAT"). The adjusted balance is calculated in accordance with the following formula:

The adjusted balance = SEK137,800,000 x NPAT/SEK30,000,000

If EPS records a net loss after tax in aggregate in its financial statements for the period from 1 January 2017 to 31 December 2017, the adjusted balance shall be deemed as zero. In the event that the value of the adjusted balance exceeds the value of the remaining balance of SEK137,800,000, the Group shall only be obliged to pay the maximum of SEK137,800,000.

At the completion date, the Directors are of the opinion that EPS would achieve a NPAT equal to or larger than SEK30,000,000. As such, remaining balance is considered to be maximum of SEK137,800,000 (equivalent to approximately HK$116,574,000). The contingent consideration payable is stated at fair value and presented as financial liabilities at fair value through profit or loss in the consolidated statement of financial position.

The goodwill of HK$53,609,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of distribution of the Product to diversify the revenue stream of the existing business of the Group.

EPS has not generated any revenue and has incurred minimal loss to the Group's profit or loss since the acquisition. If the acquisition had occurred on 1 July 2016, the Group's revenue and loss would have been increased by HK$3,688,000 and HK$984,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily and indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Group been completed on 1 July 2016 nor are they intended to be a projection of future results.

21.2 Integrated Capital

On 1 November 2016, the Group entered into a supplemental letter with Integrated Capital, in which the Group shall have the right to convert the whole outstanding principal of the Convertible Bonds into 570 new shares of Integrated Capital, representing 95% of the equity interest in Integrated Capital at any time from the date of the supplemental letter. Details of the supplemental letter are set out in the Company's announcement dated 1 November 2016.

With reference to HKFRS 10 consolidated financial statements, the Directors are in the opinion that the control on Integrated Capital become substantive and Integrated Capital would become the subsidiary of the Group since 1 November 2016. On 25 November 2016, the Group has exercised the right to convert all outstanding principal of the Convertible Bonds. Details of the conversion are set out in the Company's announcement dated 25 November 2016.

Integrated Capital and its subsidiary, namely CVP KK, are principally engaged in the hotel hospitality business in Japan. The primary reason for the acquisition was to further expand and diversify the business portfolio.

	Fair value
	HK$'000
	(Unaudited)
Property, plant and equipment	511,029
Inventories	158
Trade receivables, other receivables, deposits and prepayments	11,824
Bank balances and cash	1,728
Trade payables, other advances and accruals	(15,012)
Deferred tax liabilities	(76,285)
	433,442
Non-controlling interests	(21,672)
Fair value of net assets acquired	411,770

	HK$'000
	(Unaudited)
Fair value of the Convertible Bonds *(note 15)*	470,025
Less: Fair value of net assets acquired	(411,770)
Goodwill *(note 13)*	58,255

The goodwill of HK$58,255,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of hotel ownership and management business in Japan to diversify the revenue stream of the existing business of the Group.

Post-acquisition contribution to revenue and net loss of the hotel hospitality business as included in the Group's consolidated statement of comprehensive income for the period ended 31 December 2016 is HK$7,146,000 and HK$18,293,000 respectively. Had the acquisition been completed on 1 July 2016, the revenue and net loss of the Group for the period ended 31 December 2016 would have been HK$14,950,000 and HK$18,840,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Group been completed on 1 July 2016 nor are they intended to be a projection of future results.

22. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.05 each at 30 June 2016 and 31 December 2016		
Authorised:		
As at 30 June 2016 and 31 December 2016	30,000,000	1,500,000
Issued and fully paid:		
As at 1 July 2016	4,483,114	224,156
Arising from issue of ordinary shares on conversion of convertible preference shares during the period	746,430	37,321
Arising from issue of ordinary shares on exercise of share options during the period	2,300	115
As at 31 December 2016 (Unaudited)	5,231,844	261,592

23. PLEDGE OF ASSETS

Save as disclosed elsewhere in these condensed consolidated financial statement, the Group also had pledged the following assets to secure general banking facilities granted to the Group. The carrying amounts of these assets are analysed as follows:

	31 December 2016 ***HK$'000*** **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Property, plant and equipment	**468,172**	–
Bank balances	**830**	–
	469,002	–

24. LEASE COMMITMENTS

The Group as lessee

As at the end of reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating lease in respect of office premises which fall due as follows:

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**11,384**	10,537
In the second to fifth years inclusive	**7,444**	5,846
	18,828	16,383

Lease was negotiated for a term of three to five years and rentals are fixed for such period. None of the leases include contingent rentals.

25. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated interim financial statements, the following transaction was carried out with a related party in normal course of the Group's business:

	For the six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Corporate service fee	**330**	300
Financial advisory fee	**880**	400
	1,210	700

Corporate service fee and financial advisory fee were paid to related companies which is controlled by a Director.

Compensation of key management

The key management of the Group comprises all Directors. The short-term benefits including the share-based payments were HK$1,560,000 for the six months ended 31 December 2016 (six months ended 31 December 2015: HK$5,706,000).

26. EVENTS AFTER REPORTING PERIOD

On 25 January 2017, Noble Advantage as purchaser entered into a sale and purchase agreement (the "ICI SPA") with Key Vision Holdings Limited ("Key Vision") as vendor. Pursuant to the terms of the ICI SPA, Noble Advantage agreed to purchase and the vendor agreed to sell 5% equity interest of Integrated Capital, being the minority interest of Integrated Capital, in cash at a consideration of HK$35.6 million. Noble Advantage owned 95% equity interest at the time of entering into the ICI SPA. The completion took place on 25 January 2017 and Integrated Capital together with its subsidiary became wholly-owned subsidiaries of the Company. Details of the transaction are set out in the Company's announcements dated 24 December 2015, 1 November 2016, 25 November 2016 and 25 January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The Group is currently engaged in six business segments, (i) new energy business; (ii) hotel hospitality business; (iii) provision of money lending services; (iv) manufacturing and trading of electric cycles; (v) trading and distribution of liquor and wine; and (vi) investments in listed securities. For the six months ended 31 December 2016, the Group recorded a turnover of approximately HK$13.0 million (six months ended 31 December 2015: approximately HK$10.4 million). Loss for the period attributable to owners of the Company was approximately HK$8.2 million (six months ended 31 December 2015: approximately HK$234.6 million). Basic loss per share was approximately 0.18 HK cents (six months ended 31 December 2015: approximately 5.23 HK cents). The substantial decrease in the net loss was mainly attributable to (i) the absence of impairment loss on goodwill of approximately HK$132.2 million and (ii) the absence of share-based payment expenses of approximately HK$43.0 million for the six months ended 31 December 2016 as compared to that for the corresponding period of 2015.

New energy business

On 22 December 2016, Perfect Essential Holdings Limited ("Perfect Essential"), a wholly-owned subsidiary of the Company, acquired the entire issued share capital of EPS, which was engaged in the distribution of EuroAd, a totally biodegradable vegetable additive which catalyses the combustion process in both fossil and bio fuels to achieve fuller fuel efficiency and cost savings without compromising fuel performance. Furthermore, EuroAd has been tested by national level reputable institutes that can reduce fuel consumption and emission of Carbon Monoxide, Carbon Dioxide and particulate matter (PM) significantly.

For the six months ended 31 December 2016, no turnover was recorded from this business segment since the completion of the acquisition. The Board expects that the new energy business will generate stable source of income to the Group and will be the major development area of the Group.

Pursuant to the terms of the sale and purchase agreement dated 29 July 2016 (as amended by supplemental agreement dated 22 December 2016) entered into between Perfect Essential (the "Purchaser") and the eight vendors, the maximum consideration for the acquisition is SEK239 million, in which SEK101.2 million was paid on the completion date i.e. 22 December 2016 and the remaining maximum balance of SEK137.8 million will be subject to post completion adjustment mechanism. The remaining balance will be adjusted in accordance with the ratio of the net profit after tax of EPS forecasted for the period from 1 January 2017 to 31 December 2017 by way of agreements and/or orders as determined by the Purchaser to the guaranteed profit of SEK30.0 million.

The vendors undertake that notwithstanding the amount of the remaining consideration and other terms in the sale and purchase agreement, the vendors will deliver to the Purchaser (or its nominee) on or before 31 December 2017 (i) the original intelligence property transfer confirmation agreement and the deed of modification to modify the terms of the intelligence property transfer confirmation agreement in such form and substance satisfactory to the Purchaser; (ii) the list of ingredients for production of EuroAd, the list of suppliers of the ingredients, the technical production specification of EuroAd; (iii) the original assets transfer agreement; and (iv) any other manuals lodged with the Stockholm Chamber of Commerce by the inventor of EuroAd

Hotel hospitality business

On 1 November 2016, Noble Advantage, entered into a supplemental letter (the "Supplemental Letter") with Integrated Capital. Pursuant to the Supplemental Letter, Integrated Capital agreed that Noble Advantage has the right to convert the whole outstanding principal of the Convertible Bonds into new shares of Integrated Capital at any time from the date of the Supplemental Letter.

On 25 November 2016, the Group exercised the right to convert the outstanding principal of the Convertible Bonds in full into 570 new shares of Integrated Capital, representing 95% equity interest in Integrated Capital. Integrated Capital together with its subsidiary are principally engaged in hotel hospitality business in Japan. The resort towers located in Niseko, Hokkaido, Japan, named One Niseko Resort Towers, comprising two reinforced-concrete towers of 11 floors & 10 floors with one basement and 110 guest rooms in total. The hotel is particularly welcomed by family groups and long-stay guests for its spacious condominium rooms.

The hotel hospitality business recorded a turnover of approximately HK$7.1 million and a segment loss of approximately HK$17.4 million for the 2 months from the date of the Supplemental Letter i.e. 1 November 2016. The Directors are optimistic about the prospects and the potential momentum of the hotel and resort industry in Japan which will generate satisfactory income to the Group in future.

On 25 January 2017, the Group acquired the remaining 5% equity interest in Integrated Capital. Hence, the results of Integrated Capital and its subsidiary will be wholly reflected in the results of the Group.

Electric cycles business

The turnover for the six months ended 31 December 2016 of the electric cycles business was approximately HK$0.3 million (six months ended 31 December 2015: approximately HK$0.8 million) and a segment loss of approximately HK$2.1 million was recorded for the six months ended 31 December 2016 (six months ended 31 December 2015: approximately HK$146.2 million). The loss was mainly attributed to the drop of turnover. Although the Group has strived to market the products, the results was short of expectation. In the coming year, the Group targets to formulate an operating plan to breakeven.

Pursuant to the terms of the settlement deed dated 26 September 2016 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 due to the profit shortfall. The compensation amount shall be paid by the then vendor in 4 installments: (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 was received by the Company on 27 September 2016.

Liquor and wine business

The turnover for the six months ended 31 December 2016 of the liquor and wine business was approximately HK$0.3 million (six months ended 31 December 2015: approximately HK$1.0 million) and a segment loss of approximately HK$4.0 million was recorded for the six months ended 31 December 2016 (six months ended 31 December 2015: approximately HK$7.7 million). The sale of the liquor and wine was still short of expectation. The Group will continuously explore different sales channel to enhance the revenue stream liquor and wine business.

Listed securities investments

For the six months ended 31 December 2016, the Group managed a portfolio of listed securities. Details of the listed securities investments are as below:

Significant listed securities investments as at 31 December 2016

			As at 31 December 2016				
Name of listed securities	**Stock code**	**Brief description of the business**	**Number of shares held**	**Proportion of shares held**	**Investment cost** *HK$'000*	**Market value** *HK$'000*	**Approximate percentage to total assets value of the Group**
Zhong An Real Estate Limited	672	Property development, leasing and hotel operation	8,200,000	0.35%	11,697	5,248	0.34%

Significant gains/(losses) for the period ended 31 December 2016

		For the six months ended 31 December 2016		
Name of listed securities	**Stock code**	**Realised gains/ (losses)** *HK$'000*	**Unrealised gains/ (losses)** *HK$'000*	**Dividend received** *HK$'000*
China New Economy Fund Limited	80	(133)	(553)	–
Huarong International Financial Holdings Limited	993	(12,240)	12,436	–
Zhong An Real Estate Limited	672	–	(410)	–

Significant listed securities investments as at 30 June 2016

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion of shares held	Investment cost	Market value	Approximate Percentage to total assets value of the Group
			As at 30 June 2016				
					HK$'000	*HK$'000*	
China New Economy Fund Limited	80	Investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan	7,800,000	0.70%	1,833	1,256	0.12%
Huarong International Financial Holdings Limited	993	Broking and dealing of securities, futures and options contracts and provision of margin financing services; provides securities underwriting and sponsoring and financial advisory services, asset management services and direct investments	35,625,000	1.07%	110,394	97,613	9.63%
Zhong An Real Estate Limited	672	Property development, leasing and hotel operation	8,200,000	0.35%	11,697	5,658	0.56%

Significant gains/(losses) for the period ended 31 December 2015

Name of stock listed on the Stock Exchange	Stock code	Realised gains/ (losses)	Unrealised gains/ (losses)	Dividend received
		For the six months ended 31 December 2015		
		HK$'000	*HK$'000*	*HK$'000*
China New Economy Fund Limited	80	(4,601)	(7,606)	–
Hong Kong Exchanges and Clearing Limited	388	(6)	(392)	18
Hsin Chong Group Holdings Limited	404	–	(750)	50
Huarong International Financial Holdings Limited	993	–	(51,088)	–
Metallurgical Corporation of China Limited	1618	2,466	(3,629)	61
OP Financial Investments Limited	1140	400	(1,400)	–
Zhong An Real Estate Limited	672	–	(1,722)	–

In view of the fluctuations in the global and local financial markets, the Board is cautious of the prospects of the trading performance of the Group's portfolio of listed securities. The Group disposed most of the listed securities during the six months' period ended 31 December 2016 which resulted in a significant drop in the fair value of financial assets at fair value through profit or loss to approximately HK$5.2 million (30 June 2016: approximately HK$104.5 million). The risk in the listed securities investments was lowered and the Group reallocated financial resources to other business segments.

Money lending services

As at 31 December 2016, the Group has loans receivable with gross principal amount of approximately HK$104.3 million (30 June 2016: approximately HK$65.8 million). The Group recorded interest income from loans receivable of approximately HK$5.3 million for the six months ended 31 December 2016 (six months ended 31 December 2015: approximately HK$8.5 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2016, the Group recorded cash and bank balances amounting to approximately HK$275.2 million (30 June 2016: approximately HK$63.8 million) and the net current assets value was approximately HK$354.7 million (30 June 2016: approximately HK$409.2 million).

The Group's gearing ratio as at 31 December 2016 was approximately 0.37 (30 June 2016: approximately 0.23), being a ratio of total debts, including corporate bonds and borrowings of approximately HK$337.0 million (30 June 2016: approximately HK$184.4 million) to the total equity of approximately HK$908.0 million (30 June 2016: approximately HK$802.6 million).

On 13 September, 7 October, 28 October 2016, the Company entered into several convertible preference shares transfer agreements (the "CPS Transfer Agreements") with certain purchasers respectively. Pursuant to the CPS Transfer Agreements, the purchasers agreed to purchase and the Company agreed to procure the transfer of 1,238,095,238 convertible preference shares (the "CPS") in aggregate. For the six months ended 31 December 2016, 746,430,000 CPS in aggregate had been transferred and fully converted into shares of the Company. The net proceeds from the CPS Transfer Agreements received by the Company was approximately HK$160.2 million, of which approximately HK$85.6 million was used, in accordance with the intended use as approved by the shareholder of the Company, for the settlement of the consideration for the acquisition of the new energy business which completed on 22 December 2016. The remaining balance of approximately HK$74.6 million is intended to be used for the settlement of the remaining consideration for the acquisition of new energy business.

On 6 October 2016, the Company entered into a bond placing agreement with a placing agent in relation to the placing of bonds in an aggregate principal amount of up to HK$100 million. For the six months ended 31 December 2016, no such bonds had been placed and no proceeds had been received by the Company.

As at 31 December 2016, the Group's issued 3-year 8% and 10% coupon unlisted corporate bonds with the aggregate principal amount of approximately HK$102.0 million and HK$84.5 million (30 June 2016: approximately HK$102.0 million and HK$84.5 million) respectively. The bonds are guaranteed by the Company.

PLEDGE OF ASSETS

As at 31 December 2016, no margin loan payable was secured by the Group's listed equity investments (30 June 2016: HK$98.9 million).

As at 31 December 2016, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK$468.2 million, bank deposit of approximately HK$0.8 million and the entire equity interest of CVPKK, a non-wholly owned subsidiary of the Company, to secure banking facilities of the Group (30 June 2016: Nil).

CAPITAL STRUCTURE

During the six months ended 31 December 2016, 2,300,000 share options were exercised, 1,400,000 share options lapsed and 746,430,000 convertible preference shares were converted into shares of the Company.

Save as disclosed above, the Company had no other changes in capital structure during the period ended 31 December 2016.

INVESTMENT POSITION AND PLANNING

Acquisition of EPS

On 29 July 2016, Perfect Essential, a direct wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (as amended by supplemental agreement dated 22 December 2016) with eight vendors in relation to an acquisition of the entire issued share capital of EPS in cash at a total consideration of SEK239 million. The vendors are independent third parties of the Group. EPS is currently engaged in the distribution of EuroAd, a totally biodegradable vegetable additive which catalyzes the combustion process in both fossil and bio fuels to achieve fuller fuel efficiency and cost savings without compromising fuel performance. Furthermore, EuroAd has been tested by national level reputable institutes that can reduce fuel consumption and emission of Carbon Monoxide, Carbon Dioxide and particulate matter (PM) significantly. The completion of the acquisition took place on 22 December 2016. EPS became a wholly-owned subsidiary of the Company and its results, assets and liabilities were consolidated into the consolidated financial statements of the Company. Details of the transaction are set out in the Company's announcements dated 29 July 2016 and 22 December 2016.

Conversion of convertible bonds in relation to hotel hospitality business

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. On 1 November 2016, Noble Advantage entered into the Supplemental Letter with Integrated Capital. Pursuant to the Supplemental Letter, Integrated Capital agreed that Noble Advantage has the right to convert the whole outstanding principal amount of the Convertible Bonds into new shares of Integrated Capital at any time from the date of the Supplemental Letter. On 25 November 2016, the Convertible Bonds were converted in full into 570 new Shares of Integrated Capital, representing 95% equity interest in Integrated Capital. Integrated Capital together with its subsidiary are principally engaged in hotel hospitality business in Japan. The resort towers located in Niseko, Hokkaido, Japan, named One Niseko Resort Towers, comprising two reinforced-concrete towers of 11 floors & 10 floors with one basement and 110 guest rooms in total. The hotel is particularly welcomed by family groups and long-stay guests for its spacious condominium rooms.

On 25 January 2017, Noble Advantage as purchaser entered into the ICI SPA with Key Vision as vendor. Pursuant to the terms of the ICI SPA, Noble Advantage agreed to purchase and the vendor agreed to sell 5% equity interest of Integrated Capital in cash at a consideration of HK$35.6 million. The completion took place on 25 January 2017 and Integrated Capital together with its subsidiary became wholly-owned subsidiaries of the Company. Details of the transaction are set out in the Company's announcements dated 4 September 2015, 24 December 2015, 1 November 2016, 25 November 2016 and 25 January 2017.

Convertible preference shares transfer agreements

On 13 September 2016, the Company entered into an agreement (the "1st CPS Transfer Agreement") with Mr. Zhu Yongjun and Jumbo Grand Enterprise Development Limited (collectively the "1st Purchasers"). Both of the 1st Purchasers are independent third parties of the Group. Pursuant to the terms of the 1st CPS Transfer Agreement, the Company conditionally agreed to procure the sale of and the 1st Purchasers conditionally 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.

On 7 October 2016, the Company entered into an agreement (the "2nd CPS Transfer Agreement") with Capital Farm Limited and Jovial Sky Investments Limited (collectively the "2nd Purchasers"). Both of the 2nd Purchasers are independent third parties of the Group. Pursuant to the terms of the 2nd CPS Transfer Agreement, the Company conditionally agreed to procure the sale of and the 2nd Purchasers conditionally agreed to purchase 100,000,000 CPS in aggregate at the transfer price of HK$0.24 per CPS. Details of the transaction are set out in the Company's announcement dated 7 October 2016.

On 28 October 2016, the Company entered into an agreement (the "3rd CPS Transfer Agreement") with New Hyde Investments Limited and Wolfview Limited (collectively the "3rd Purchasers") and another agreement with the 2nd Purchasers (the "2nd Additional CPS Transfer Agreement"). Both of the 3rd Purchasers are independent third parties of the Group. Pursuant to the terms of the 3rd CPS Transfer Agreement and the 2nd Additional CPS Transfer Agreement, the Company conditionally agreed to procure the sale of and the 2nd Purchasers and 3rd Purchasers conditionally agreed to purchase 486,665,238 CPS in aggregate at the transfer price of HK$0.233 per CPS. Details of the transaction are set out in the Company's announcement dated 28 October 2016.

For the six months ended 31 December 2016, 746,430,000 CPS in aggregate had been transferred and fully converted into shares of the Company. The net proceeds from the CPS Transfer Agreements received by the Company was approximately HK$160.2 million.

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 2016 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 2016 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 was settled by Mr. Lee on 27 September 2016. Details of the transaction are set out in the Company's announcement dated 26 September 2016.

Transaction in relation to the acquisition of a land in the PRC

On 16 November 2016, Advanced System Group Limited, an indirectly wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement (the "PRC Land Agreement") with Beautiking Investments Limited as vendor. Pursuant to the PRC Land Agreement, the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of Miracle True Investment Limited and its subsidiary in the PRC and the shareholder's loan in cash at a consideration of HK$10 million. The acquisition was completed on 16 November 2016. The PRC subsidiary of Miracle True Investment Limited holds a PRC land in Huizhou City, Guangdong Province, the PRC. The acquisition was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

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.

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 has conditionally agreed to purchase and the vendor has conditionally 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.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no significant contingent liabilities (30 June 2016: Nil).

CAPITAL COMMITMENTS

As at 31 December 2016, the Group had no capital commitments, which are contracted but not provided for, in respect of acquisition of plant and machinery and motor vehicles (30 June 2016: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, Renminbi, Swedish Krona and Japanese Yen, 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 foreign exchange risk.

EVENTS AFTER REPORTING PERIOD

Transaction in relation to the acquisition of the minority interest of hotel hospitality business

On 25 January 2017, Noble Advantage as purchaser entered into the ICI SPA with Key Vision as vendor. Pursuant to the terms of the ICI SPA, Noble Advantage agreed to purchase and vendor agreed to sell 5% equity interest of Integrated Capital, being the minority interest of Integrated Capital, in cash at a consideration of HK$35.6 million. Noble Advantage owned 95% equity interest at the time of entering into the ICI SPA. The completion took place on 25 January 2017 and Integrated Capital together with its subsidiary became wholly-owned subsidiaries of the Group. Details of the transaction are set out in the Company's announcements dated 24 December 2015, 1 November 2016, 25 November 2016 and 25 January 2017.

PROSPECTS

The Paris Climate Agreement was entered into force on 4 November 2016. Along with this, China set out on its national economic planning, the 13th five-year Plan which contains unprecedented aggressive goals in curbing pollution and with aims for structural reforms in the country's energy sector.

China has been experiencing extremely bad smog pollution in recent years, with a third of the country's cities issuing red alerts for prolonged period of time. Air in the capital city in terms of PM2.5 — fine particulate matter — exceeded the 400 mark on air quality gauges on 26 January 2017 qualifying it as too hazardous to breathe.

Since our last report in June 2016, the Group has been strategically focused on completing the acquisition of EPS. At completion in December 2016, EPS became a wholly-owned subsidiary of the Group. EPS, based in Sweden, is engaged in the development, manufacturing and worldwide distribution of a biofuel product namely EuroAd, a biodegradable vegetable additive which catalyzes the combustion process in both fossil and bio fuels to achieve fuller fuel efficiency and cost savings with increased fuel performance. Meanwhile, EuroAd functions to reduce environment impacts by separating the molecular chains in fuels as well as facilitating the oxidation of fuels during combustion process. It also serves as a detergent which cleans combustion chambers, intakes channels, spreaders and injectors from soot, bacteria and algae. EuroAd is examined in different institutions over 40 countries and it is proven to be effective in reducing particulate matter (PM) by 50% on average.

EuroAd has duel competitive advantages in terms of emission reduction and cost savings for corporate clients. At the same time, it represents an economic opportunity for the Group at this important juncture for the emerging new energy sector in China and in other Europe, Middle East and Africa countries.

In January 2017, the Group completed acquisition of One Niseko Resort Towers in the famous Japanese skiing destination of Niseko, Hokkaido, Japan. In view of the large potential for growth in tourism in Japan driven by the Tokyo Olympics 2020 and the recent enactment of the Integrated Resort Laws in Japan. Given that the resort towers have continued to generate satisfactory income to the Group, we are confident the acquisition will allow the Group to achieve further diversification in our business portfolio and manage a steady income stream.

Apart from the development of new energy business and hotel hospitality business, 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 of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had 81 (30 June 2016: 46) employees in Hong Kong, the PRC, Japan and Sweden. 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, and state-sponsored retirement plans for the PRC employees and share option scheme.

CONNECTED TRANSACTIONS

For the six months ended 31 December 2016, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the deviation from the code provision A.4.1 which is explained below.

Code provision A.4.1

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 independent non-executive Directors were not appointed for a specific term as required under the 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the reporting period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "Audit Committee") currently comprises of Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 31 December 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.detai-group.com. The interim report of the Company will be despatched to the shareholders of the Company and make available on the above websites in due course.

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

Hong Kong, 24 February 2017

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.