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Blue Sky Power Holdings Limited

藍天威力控股有限公司

(Formerly known as China Print Power Group Limited)

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)

(Singapore Stock Code: B3C)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Blue Sky Power Holdings Limited (the “**Company**”, formerly known as China Print Power Group Limited) announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2014 (“**HY2014**”) together with the comparative figures for 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Key events

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

(a) *Acquisition of subsidiaries*

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

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

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

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

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

The Company issued 100,000,000 shares on 5 August 2014 at the price of HK\$2.36 per share to New Topic Limited on its exercise of the conversion rights in respect of convertible note in the principal amount of HK\$236,000,000.

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

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

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

(d) Memorandum of Understanding

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

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

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

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

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

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

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

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

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

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

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

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

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

IFRIC 21 – Levies

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

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

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

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

4. SEASONALITY OF OPERATIONS

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

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

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

5. SEGMENT REPORTING

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

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

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

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

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

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

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

6. REVENUE AND OTHER INCOME

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

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

7. FINANCE COSTS

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

8. LOSS BEFORE INCOME TAX

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

9. INCOME TAX EXPENSE

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

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

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

10. DIVIDEND

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

11. LOSS PER SHARE

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

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

12. PROPERTY, PLANT AND EQUIPMENT

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

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

13. INTANGIBLE ASSETS

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

14. GOODWILL

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

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

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

15. TRADE AND OTHER RECEIVABLES

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

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

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

16. TRADE AND OTHER PAYABLES

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

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

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

17. BANK AND OTHER BORROWINGS

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

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

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

18. SHARE CAPITAL

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

19. COMMITMENTS

Capital commitments

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

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

Operating lease commitments as lessee

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

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

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

Operating lease commitments as lessor

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

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

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

20. RELATED PARTY TRANSACTIONS

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

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

21. PLEDGE OF ASSETS

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

22. EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

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

Financial Review

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

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

Gross Profit Margin

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

Other Income

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

Operating Expenses

(a) Selling and distribution costs

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

(b) Administrative expenses

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

(c) Other operating expenses

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

(d) Finance costs

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

(e) Income tax expense

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

(f) Loss attributable to owners of the Company

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

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

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

Liabilities

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

During the six months ended 30 June 2014, the Company entered into separate agreements with such independent third parties in respect of the issue of the corporate bonds by the Company and details of the subscription is as follows:

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

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

Equity

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

FUTURE DEVELOPMENT AND PROSPECTS

Prospects

Natural Gas Business

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

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

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

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

Printing Business

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

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

LIQUIDITY AND GEARING

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

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

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

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

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

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

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

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

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

EMPLOYEES' INFORMATION

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

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

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

DIVIDEND

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

MATERIAL ACQUISITION AND DISPOSAL

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

MATERIAL LITIGATION AND ARBITRATION

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

SHARE OPTION SCHEME

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

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.blueskypower.holdings). The interim report of the Company for the six months ended 30 June 2014 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the aforesaid websites in due course.

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

Hong Kong, 29 August 2014

As at the date of this announcement, the executive directors of the Company are Mr. Sze Chun Lee, Mr. Chan Wai Ming, Mr. Hung Tao, Mr. Cheng Ming Kit and Mr. Kwok Shek San; the non-executive director of the Company is Ms. Chung Oi Ling, Stella; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Ms. Wong Fei Tat.