INNO-TECH HOLDINGS LIMITED
匯創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

* *For identification purpose only*

HIGHLIGHTS

- The Group's turnover from continuing operations for the year ended 30 June 2013 amounted to approximately HK$120,866,000, an increase of 181.8% from approximately HK$42,889,000 for the year ended 30 June 2012.

- Net loss attributable to owners of the Company amounted to HK$1,563,182,000 for the year ended 30 June 2013 compared to net loss of HK$47,160,000 for the year ended 30 June 2012.

- Basic loss per share from continuing operations was HK$15.23 for the year ended 30 June 2013 compared to HK$4.26 for the year ended 30 June 2012.

- The Directors do not recommend the payment of a final dividend for the year ended 30 June 2013.

The board of Directors (the "Board") of Inno-Tech Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2013, together with comparative figures for the year ended 30 June 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations			
Turnover	4	**120,866**	42,889
Cost of sales		**(264,117)**	(49,807)
Gross loss		**(143,251)**	(6,918)
Other revenue	5	**85**	272
Other net income	5	**1,260**	152
Marketing and promotion expenses		**(2,240)**	(1,602)
Administrative expenses		**(35,625)**	(38,199)
Finance costs	6	**(45,171)**	(1,173)
Changes in fair value of trading securities		**(15)**	(6,865)
Changes in fair value of derivative financial instruments		**510**	(852)
Change in fair value of purchase consideration payable		**4,258**	7,594
Impairment loss on intangible assets		**(426,322)**	–
Impairment loss on goodwill		**(996,804)**	–
Impairment loss on available-for-sale financial assets		**(77,766)**	–
Loss before income tax	7	**(1,721,081)**	(47,591)
Income tax	8	**148,424**	2,692
Loss for the year from continuing operations		**(1,572,657)**	(44,899)
Discontinued operation			
Loss for the year from discontinued operation		**(106)**	(6,695)
Loss for the year		**(1,572,763)**	(51,594)
Loss for the year attributable to:			
Owners of the Company		**(1,563,182)**	(47,160)
Non-controlling interests		**(9,581)**	(4,434)
		(1,572,763)	(51,594)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic *(HK$ per share)*	9	**(15.23)**	(4.96)
– Diluted *(HK$ per share)*	9	**(15.23)**	(4.96)
From continuing operations			
– Basic *(HK$ per share)*	9	**(15.23)**	(4.26)
– Diluted *(HK$ per share)*	9	**(15.23)**	(4.26)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 30 June 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(1,572,763)**	(51,594)
Other comprehensive loss for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(1,035)**	(27)
Total comprehensive loss for the year	**(1,573,798)**	(51,621)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(1,563,671)**	(47,187)
Non-controlling interests	**(10,127)**	(4,434)
	(1,573,798)	(51,621)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**870**	1,929
Intangible assets		**241,231**	44,468
Goodwill		**278,429**	48,979
Available-for-sale financial assets		**235**	78,000
		520,765	173,376
Current assets			
Trading securities		**24**	39
Accounts receivable	*11*	**31,944**	4,837
Prepayments, deposits and other receivables		**57,651**	8,140
Prepaid advertising placement service costs		**18,699**	–
Deposit for acquisition of a subsidiary		**–**	80,000
Derivative financial assets		**126**	–
Tax recoverable		**1,371**	1,089
Cash and cash equivalents		**25,133**	4,419
		134,948	98,524
Current liabilities			
Trade payables, accrued expenses and other payables	*12*	**334,148**	39,944
Purchase consideration payable		**196**	4,454
Borrowings		**20,400**	4,400
Derivative financial liabilities		**1,510**	–
Tax payable		**33,061**	–
		389,315	48,798
Net current (liabilities)/assets		**(254,367)**	49,726
Total assets less current liabilities		**266,398**	223,102
Non-current liabilities			
Promissory notes		**152,563**	–
Convertible notes		**947,094**	–
Deferred taxation		**72,770**	11,117
		1,172,427	11,117
Net (liabilities)/assets		**(906,029)**	211,985
Equity			
Share capital		**1,540**	95
Reserves		**(903,642)**	206,661
Equity attributable to owners of the Company		**(902,102)**	206,756
Non-controlling interests		**(3,927)**	5,229
Total equity		**(906,029)**	211,985

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Attributable to owners of the Company										
	Share capital	**Share premium**	**Share option reserve**	**Convertible notes reserve**	**Contributed surplus**	**Capital redemption reserve**	**Exchange reserve**	**Accumulated losses**	**Attributable to owners of the Company**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2011	95	225,775	38,714	742	52,959	43	(419)	(70,460)	247,449	9,663	257,112
Loss for the year	–	–	–	–	–	–	–	(47,160)	(47,160)	(4,434)	(51,594)
Other comprehensive loss for the year:											
Exchange difference on consolidation	–	–	–	–	–	–	(27)	–	(27)	–	(27)
Total comprehensive loss for the year	–	–	–	–	–	–	(27)	(47,160)	(47,187)	(4,434)	(51,621)
Issue of convertible note upon acquisition of available-for-sale financial assets	–	–	–	11,508	–	–	–	–	11,508	–	11,508
Deferred tax liability arising on convertible note	–	–	–	(1,014)	–	–	–	–	(1,014)	–	(1,014)
Redemption of convertible notes	–	–	–	(11,236)	–	–	–	7,236	(4,000)	–	(4,000)
At 30 June 2012 and 1 July 2012	95	225,775	38,714	–	52,959	43	(446)	(110,384)	206,756	5,229	211,985
Loss for the year	–	–	–	–	–	–	–	(1,563,182)	(1,563,182)	(9,581)	(1,572,763)
Other comprehensive loss for the year:											
Exchange difference on consolidation	–	–	–	–	–	–	(489)	–	(489)	(546)	(1,035)
Total comprehensive loss for the year	–	–	–	–	–	–	(489)	(1,563,182)	(1,563,671)	(10,127)	(1,573,798)
Issue of convertible notes	–	–	–	28,011	–	–	–	–	28,011	–	28,011
Issue of convertible notes upon acquisition of subsidiaries	–	–	–	30,784	–	–	–	–	30,784	–	30,784
Deferred tax liability arising on convertible notes	–	–	–	(27,092)	–	–	–	–	(27,092)	–	(27,092)
Issue of shares pursuant to the conversion of convertible notes	1,228	436,681	–	(21,619)	–	–	–	–	416,290	–	416,290
Issue of shares pursuant to the placing	217	7,270	–	–	–	–	–	–	7,487	–	7,487
Share placement expenses	–	(667)	–	–	–	–	–	–	(667)	–	(667)
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	971	971
At 30 June 2013	**1,540**	**669,059**	**38,714**	**10,084**	**52,959**	**43**	**(935)**	**(1,673,566)**	**(902,102)**	**(3,927)**	**(906,029)**

Notes:

1. GENERAL INFORMATION

Inno-Tech Holdings Limited (the "Company") was incorporated in Bermuda on 19 November 2001 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 606, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in the Company's annual report for the year ended 30 June 2013.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 July 2012.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors anticipate that the application of the other new and revised HKFRSs has no material impact on the results and the financial position of the Group.

New and revised HKFRSs in issue but not yet effective

The Group has not yet early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[2]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[2]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[2]
HKFRS (Amendments)	Annual Improvements 2009 – 2011 Cycle[1]
HKFRS 1 (Amendments)	Government Loan[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities – Transition Guidance[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC) – Int 21	Levies[2]

[1] *Effective for annual periods beginning on or after 1 January 2013*
[2] *Effective for annual periods beginning on or after 1 January 2014*
[3] *Effective for annual periods beginning on or after 1 January 2015*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will have no impact on the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 19 Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The directors anticipate that the application of this revised standard will have no impact on the Group's consolidated financial statements.

Annual Improvements to HKFRS 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- Amendments to HKAS 1 Presentation of Financial Statements;
- Amendments to HKAS 16 Property, Plant and Equipment; and
- Amendments to HKAS 32 Financial Instruments: Presentation

Amendments to HKAS 1

The amendments to HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out in the Company's annual report for the year ended 30 June 2013.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the historical cost convention, except for certain financial assets and financial liabilities are measured at fair values.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Hong Kong dollar is the Company's functional and presentation currency. These consolidated financial statements are presented in Hong Kong dollars ("HK$") rounded to the nearest thousand except when otherwise indicated.

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group notwithstanding that:

- The Group had incurred a gross loss of approximately HK$143,251,000 and a loss attributable to the owners of the Company of approximately HK$1,563,182,000 for the year ended 30 June 2013; and

- The Group had consolidated net current liabilities and net liabilities of approximately HK$254,367,000 and HK$906,029,000 as at 30 June 2013.

The directors adopted the going concern basis in the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

1. *Alternative sources of external funding*

   Subsequent to 30 June 2013, the Group entered into a placing agreement dated 24 September 2013 with the placing agent to place to not less than six independent placees for up to 30,000,000 shares at a price of HK$0.20 per placing share. The proceeds of the placing will be used for general working capital of the Group.

2. *Attainment of profitable and positive cash flow operations*

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

3. *Necessary debt reduction plan*

The Group will consider to implement necessary debt reduction plan to improve the working capital and reduce the liabilities of the Group.

In the opinion of the directors, in light of the various measures or arrangements implemented or will be implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The applicability of the going concern basis is dependent on the favourable outcome of the proposed measures being implemented by the Group, in order for the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. These consolidated financial statements do not include any adjustments that may result if the measures could not be implemented successfully. If the proposed measures could not proceed successfully and the going concern basis was not be appropriate, adjustments would have to be made to the consolidated financial statements to reduce the value of the assets of the Group to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

4. TURNOVER

Turnover represents revenue from the advertising operations in the People's Republic of China ("PRC"). The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Outdoor advertising on buses and bus stations	**39,682**	42,889
Outdoor advertising on billboards and outdoor display spaces	**65,019**	–
Television advertisements	**16,165**	–
	120,866	42,889

5. OTHER REVENUE AND OTHER NET INCOME

	2013 *HK$'000*	2012 *HK$'000*
Continuing operations		
Other revenue		
Bank interest income	**61**	20
Sundry income	**24**	252
	85	272
Other net income		
Dividend income	**2**	12
Exchange gain, net	**1,258**	140
	1,260	152

6. FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Continuing operations		
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**–**	4
Other borrowings wholly repayable within five years	**4,399**	90
Imputed interest on promissory notes	**5,095**	–
Imputed interest on convertible notes	**35,677**	1,079
Total interest expense on financial liabilities not at fair value through profit or loss	**45,171**	1,173

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
(a) Staff cost (including directors' emolument):		
Contributions to defined contribution plan	**2,485**	482
Salaries, wages and other benefits	**15,749**	5,241
	18,234	5,723
Number of employees	**106**	42
(b) Other items:		
Amortisation of intangible assets	**142,386**	14,640
Auditors' remuneration	**1,000**	750
Depreciation on property, plant and equipment	**397**	372
Operating lease charges in respect of office premises	**2,733**	690
Impairment loss on available-for-sale financial assets	**77,766**	–
Impairment loss on accounts receivable	**400**	–
Written-off of prepaid advertising placement service costs	**437**	–
Impairment loss on other receivables	**–**	431
Impairment loss on intangible assets	**426,322**	–
Impairment loss on goodwill	**996,804**	–
Changes in fair value of trading securities	**15**	6,865
Changes in fair value of derivative financial instruments	**(510)**	852
Changes in fair value of purchase consideration payable	**(4,258)**	(7,594)
Loss on disposal of property, plant and equipment	**47**	28
Loss on redemption of convertible notes	**–**	4,873

The cost of sales includes direct cost for the advertising operations of approximately HK$121,731,000 (2012: HK$35,167,000) and aggregate employee benefits expense, amortisation of intangible assets and operating lease charges in respect of office premises of approximately HK$142,386,000 (2012: HK$14,640,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

8. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
PRC enterprise income tax	**3**	1,185
Deferred tax		
Current year	**(148,427)**	(3,877)
Tax credit for the year	**(148,424)**	(2,692)

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: HK$ Nil).

Subsidiaries located in the PRC are subject to the PRC enterprise income tax at a rate of 25% on its assessable profits (2012: 25%).

Pursuant to Guo Fa [2007] No. 39 issued by the State Council, one of the subsidiaries of the Company, 匯創智能系統(深圳)有限公司 was granted tax concessions at a preferential tax rate of 22% for the period from 1 January 2011 to 31 December 2011, 24% for the period from 1 January 2012 to 31 December 2012 and 25% for the period from 1 January 2013 to 31 December 2013.

9. LOSS PER SHARE

From continuing and discontinued operations

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(1,563,182)**	(47,160)

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**102,621**	9,506

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 30 June 2012 was restated from 95,062,000 to 9,506,200 with the effect of share consolidation effective on 29 January 2013.

The basic and diluted loss per share are the same for years ended 30 June 2013 and 2012 respectively, as the effect of the share options, convertible notes and contingently issuable shares outstanding as at 30 June 2013 and 2012 were anti-dilutive and were not included in the calculation of diluted loss per share.

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(1,563,182)**	(47,160)
Less:		
Loss for the year from discontinued operation	**106**	6,695
Loss for the purpose of basic and diluted loss per share from continuing operations	**(1,563,076)**	(40,465)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**102,621**	9,506

The basic and diluted loss per share are the same for years ended 30 June 2013 and 2012 respectively, as the effect of the share options, convertible notes and contingently issuable shares outstanding as at 30 June 2013 and 2012 were anti-dilutive and were not included in the calculation of diluted loss per share.

From discontinued operation

For the year ended 30 June 2013, basic loss per share from discontinued operation is HK$0.001 per share based on the loss for the year from the discontinued operation of approximately HK$106,000 and the denominators detailed above.

For the year ended 30 June 2012, basic loss per share from discontinued operation is HK$0.70 per share based on the loss for the year from the discontinued operation of approximately HK$6,695,000 and the denominators detailed above.

For the years ended 30 June 2013 and 2012, diluted loss per share from discontinued operation is the same as the basic loss per share from discontinued operation as the effect of the share options, convertible notes and contingently issuable shares as at 30 June 2013 and 2012 were anti-dilutive and were not included in the calculation of diluted loss per share.

10. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The Group has the following continuing operating segments during the year. These segments are managed separately. No operating segments have been aggregated to form the following reportable segments.

(1) Outdoor advertising on buses and bus stations: outdoor advertising operations on buses and bus stations in the PRC

(2) Outdoor advertising on billboards and outdoor display spaces: outdoor advertising operations on billboards and outdoor display spaces in the PRC

(3) Television advertisements: television advertising operations in the PRC

In prior years, the Group was involved in following segment which was discontinued during the year ended 30 June 2013. The segment information does not include any amounts for this discontinued operation.

(4) Intelligent system: the development and sale of intelligent home electronic application system in the PRC

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss from each segment without allocation of central administration costs (e.g. directors' emoluments, share of loss of associates and finance costs). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation (credit)/charge is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Sales between segments are carried out on arm's length basis. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the profit or loss.

All assets are allocated to reportable segments other than deposit for acquisition of a subsidiary, available-for-sale financial assets, trading securities, and unallocated corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and all liabilities are allocated to reportable segments other than borrowings, deferred tax liabilities, promissory note and convertible notes. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Continuing operations

(a) Business segments

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

	Outdoor advertising on buses and bus stations		Outdoor advertising on billboards and outdoor display spaces		Television advertisements		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**39,682**	42,889	**65,019**	–	**16,165**	–	**120,866**	42,889
Reportable segment loss before income tax	**(83,961)**	(12,962)	**(1,339,555)**	–	**(169,597)**	–	**(1,593,113)**	(12,962)
Depreciation and amortisation	**(16,056)**	(14,815)	**(103,922)**	–	**(22,631)**	–	**(142,609)**	(14,815)
Other material non-cash items:								
– Impairment loss on intangible assets	**(13,232)**	–	**(413,090)**	–	**–**	–	**(426,322)**	–
– Impairment loss on goodwill	**(48,979)**	–	**(817,491)**	–	**(130,334)**	–	**(996,804)**	–
– Impairment loss on accounts receivable	**–**	–	**(400)**	–	**–**	–	**(400)**	–
– Written off of prepaid advertising placement service costs	**–**	–	**(437)**	–	**–**	–	**(437)**	–
Reportable segment assets	**32,601**	109,925	**55,608**	–	**566,162**	–	**654,371**	109,925
Reportable segment liabilities	**19,201**	12,617	**60,558**	–	**260,168**	–	**339,927**	12,617
Additions to non-current assets	**7**	409	**1,333,446**	–	**657,307**	–	**1,990,760**	409

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2013 HK$'000	2012 HK$'000
Continuing operations		
Revenue		
Total reportable segment revenues	**120,866**	42,889
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**120,866**	42,889
Loss		
Reportable segment loss derived from Group's external customers	**(1,593,113)**	(12,962)
Other revenue and other net income	**2**	262
Finance costs	**(45,171)**	(1,173)
Impairment loss on available-for-sale financial assets	**(77,766)**	–
Change in fair value of derivative financial instruments	**4,257**	7,594
Change in fair value of purchase considersion payable	**510**	(852)
Unallocated head office and corporate expenses	**(9,800)**	(40,460)
Loss before income tax	**(1,721,081)**	(47,591)
Assets		
Total reportable segment assets	**654,371**	109,925
Elimination of inter-segment receivables	**–**	–
	654,371	109,925
Discontinued operation: intelligent system	**23**	1,838
Available-for-sale financial assets	**235**	78,000
Trading securities	**24**	39
Unallocated corporate assets	**1,060**	82,098
Consolidated total assets	**655,713**	271,900
Liabilities		
Total reportable segment liabilities	**339,927**	12,617
Elimination of inter-segment payables	**–**	–
	339,927	12,617
Discontinued operation: intelligent system	**11,393**	13,458
Borrowings	**20,400**	4,400
Promissory notes	**152,563**	–
Convertible notes	**947,094**	–
Deferred tax liabilities	**72,770**	11,117
Unallocated corporate liabilities	**17,595**	18,323
Consolidated total liabilities	**1,561,742**	59,915

Note: Deposit for acquisition of a subsidiary, available-for-sale financial assets, and trading securities, are not included in the measure of segment assets and borrowings, convertible notes, promissory note and deferred tax liabilities are not included in the measure of segment liabilities but are regularly provided to the CODM.

(c) Geographic information

As all segments of the Group are operating in the PRC, including Hong Kong, no geographic information has further been disclosed.

(d) Information about major customers

For the year ended 30 June 2013, there was one (2012: no) customer accounted for over 10% of total revenue of the Group.

11. ACCOUNTS RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**32,350**	4,837
Less: Impairment	**(406)**	–
	31,944	4,837

(a) Ageing analysis

Included in accounts receivable are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Current	**63**	3,590
Less than 1 month past due	**158**	436
1 to 3 months past due	**16,624**	25
Over 3 months past due	**15,099**	786
	31,944	4,837

The Group's trading terms with customers are on credit. The credit period is generally from nil to 30 days. No interest is charged on accounts receivable and the Group does not hold any collateral over these balances.

12. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**27,108**	539
Accrued expenses and other payables	**295,794**	37,352
Receipts in advance	**11,246**	2,053
	334,148	39,944

The following is an ageing analysis of trade payables presented based on invoice date as at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Less than 1 month	**–**	28
1 to 3 months	**10,771**	–
3 months to 6 months	**10,145**	511
6 months to 1 year	**2,808**	–
Over 1 year	**3,384**	–
	27,108	539

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract from the report issued by HLB Hodgson Impey Cheng Limited on the consolidated financial statements of the Group for the year ended 30 June 2013:

Basis for disclaimer of opinion

Impairment of goodwill and intangible assets

Included in the consolidated statement of financial position as at 30 June 2013 was the goodwill and intangible assets of the Group with net carrying amounts of approximately HK$278,429,000 and HK$225,965,000 in relation to subsidiaries engaged in the outdoor advertising on billboards and outdoor display spaces and television advertisements. In view of continuous loss making since acquisitions of the subsidiaries, the directors are of the opinion that the carrying amounts of the goodwill and intangible assets in the consolidated statement of financial position exceeded their recoverable amounts, and therefore, based on business valuations as at the end of the reporting period, an impairment loss on goodwill of approximately HK$947,825,000 and an impairment loss on intangible assets of approximately HK$413,090,000 were made. However, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the reasonableness of the bases and assumptions used by the directors in arriving at the business valuations performed as at the end of the reporting period, and therefore as to whether the carrying amounts of the goodwill and intangible assets as at 30 June 2013 of approximately HK$278,429,000 and HK$225,965,000 and the impairment losses on goodwill and intangible assets provided during the year then ended of approximately HK$947,825,000 and HK$413,090,000 are fairly stated. Any adjustment to the goodwill and intangible assets and impairment losses would have a consequential impact on the Group's net liabilities as at 30 June 2013 and its results for the year then ended, the amount of the interests in subsidiaries in the Company's statement of financial position as at 30 June 2013 and the results of the Company for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

As disclosed in note 3(b) to the consolidated financial statements, the Group incurred a gross loss of approximately HK$143,251,000 and a loss attributable to owners of the Company of approximately HK$1,563,182,000 for the year ended 30 June 2013 and had net liabilities and net current liabilities of approximately HK$906,029,000 and HK$254,367,000 as at 30 June 2013 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the favourable outcomes of the steps being taken by the directors of the Company as described in note 3(b) to the consolidated financial statements. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation and classification of non-current assets that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at other than the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

In the absence of sufficient documentary evidence, we were unable to ascertain whether the assumptions made by the directors of the Company in the preparation of the consolidated financial statements on a going concern basis were fair and reasonable. Accordingly, we were unable to satisfy ourselves that the use of the going concern assumption was appropriate. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the appropriateness of the use of the going concern assumption, which might have a consequential significant effect on the net liabilities of the Group and the Company as at 30 June 2013 and the loss of the Group for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group reported a turnover from continuing operations of approximately HK$120,866,000 for the year ended 30 June 2013, representing a increase of approximately 181.8% compared with the turnover of approximately HK$42,889,000 for the year ended 30 June 2012. During the 12 months of operation, all the turnover contributed from advertising operations.

The Group's loss before income tax as at 30 June 2013 was approximately HK$1,721,081,000 (2012: HK$47,591,000). The loss was mainly resulted from incurrence of impairment loss in respect of goodwill, intangible assets and available-for-sale financial assets, amortisation of intangible assets and finance costs on the promissory notes and convertible notes.

Basic loss per share from continuing operations as at 30 June 2013 was HK$15.23 (2012: HK$4.26).

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: Nil).

Impairment loss recognized in respect of goodwill and intangible assets

During the year ended 30 June 2013, as the result of the unsatisfactory performance of buses and bus stations advertising business ("Bus Advertising Business"), billboards and outdoor display spaces advertising ("Outdoor Advertising Business") and television advertisements business ("Television Advertisements Business"), the Group carried out a review of the recoverable amount of these cash generating units. The review led to the recognition of an impairment loss of approximately HK$62,211,000, HK$1,230,581,000 and HK$130,334,000 for the Bus Advertising Business, Outdoor Advertising Business and Television Advertisements Business respectively, which have been recognised in profit or loss. The impairment losses have been included in the consolidated statement of comprehensive income.

Impairment loss recognized in respect of available-for-sale financial assets

During the year ended 30 June 2012, the Group entered into a sale and purchase agreement with an independent third party to acquire 19% of total equity interests of China New Media at an aggregate consideration of approximately HK$78 million, comprising cash of HK$39 million and a convertible bond with principal amount of approximately HK$39 million. China New Media is principally engaged in outdoor advertising in Hong Kong, specializing in advertising spaces in lifts and outer walls of buildings.

Due to adverse financial position and the reduced number of contracts on hand and recognised the impairment loss amounted to HK$77,766,000 in the consolidated statement of comprehensive income.

BUSINESS REVIEW

Acquisition of Redgate Ventures Group

On 31 August 2012, the Group acquired 100% equity interest of Redgate Ventures Limited ("Redgate Ventures") and its subsidiaries (collectively refer as "Redgate Ventures Group"). Redgate Ventures Group operates primarily in China which conceived in 2007 and built upon two key acquisitions In 2008 in the outdoor and television industries of Beijing Yanghuang Shengshi Advertising Co. Ltd. ("Beijing Yanhuang") and Shanghai Dianguang Media Broadcasting Company Ltd. ("Shanghai Dianguang") respectively. Through its subsidiaries, Redgate Ventures Group operates its current business in advertising across a wide array of billboards, television airtime, and other mass media, which are all positioned to reach China's fast-growing class of increasingly-affluent domestic customers. Redgate Ventures Group provides advertising and advertising agency services to clients who advertise across a wide range of media. Redgate Ventures Group is also engaged in other advertising-related media activities such as product-placement, file consulting, and television program production.

For the year ended 30 June 2013, the Group recorded revenue of approximately HK$81,184,000 were contributed by Redgate Ventures Group and accounted for approximately 67% of the Group's turnover.

Bus advertising business in PRC

In last year, China's economic development was affected by the complex and challenging foreign economic situation, new inventories and capacity were added by existing advertising platform operators, competition between outdoor advertising and other advertising formats continued to be keen.

Faced with a tough operating environment, the Group's bus advertising business in PRC reported a 7.5% drop in revenue to HK$$39,682,000 from HK$42,889,000 a year ago.

Software Application Solutions

Due to the market conditions in the property sector in the PRC has proved to be tough and various government measures to slow down this sector had been put in place and the unsatisfactory performance of our software application solutions division, we had ceased the software application solutions operations in 2013.

EVENTS AFTER THE REPORTING PERIOD

On 24 September 2013, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent has agreed to place to not less than six independent placees for up to 30,000,000 shares at a price of HK$0.20 per placing share.

PROSPECTS

The Board will continue to explore and evaluate new businesses and investment opportunities which could be of good potential and/or long-term benefit to the Group and the Shareholders.

The Board will take a cautious and conservative approach in the evaluation and timing of potential projects or investments, including and constantly keep reviewing the Group's strategies and operations with a view to improve its business performance and Company's shareholders' returns. As the Directors have experienced in receiving proposals from potential vendors in respect of potential investment projects from time to time, the Board considers there are possibilities that the Group would identify suitable investment opportunities having greater potential returns which may broaden the Group's business scope, provide additional income sources, and may enhance the earnings per share of the Group, have arisen and will arise from time to time by taking advantage of the good market sentiments in future.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2013, the net current liabilities of the Group were approximately HK$254,367,000 (2012: Net current assets HK$49,726,000). Out of the current assets as at 30 June 2013, approximately HK$25,133,000 (2012: HK$4,419,000) were cash and cash equivalents. The current ratio of the Group as at 30 June 2013 was 35% (2012: 202%). As at 30 June 2013, short-term bank borrowings in aggregate amounted to approximately HK$20,400,000 (2012: HK$4,400,000). Net debt (i.e. total bank borrowings less cash and cash equivalent and pledged deposits) as at 30 June 2013 was HK$4,733,000 (2012: HK$19,000) and accordingly net debt gearing ratio (i.e. net debt/net assets) as at 30 June 2013 was Nil (2012: Nil).

CAPITAL STRUCTURE

On 26 October 2012, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 19,012,424 placing shares on a fully underwritten basis to the placee who is an independent third party at the placing price of HK$0.06 per placing share. The placing was completed on 1 November 2012.

On 27 December 2012, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 198,341,217 placing shares on a fully underwritten basis to the placees who are independent third parties at the placing price of HK$0.032 per placing share. The placing was completed on 3 January 2013.

On 28 December 2012, the Board proposes to implement the share consolidation on the basis that every ten issued and unissued Shares of HK$0.001 each in the share capital of the Company will be consolidated into one Consolidated Share of HK$0.01 each ("Share Consolidation"). Following the passing of a special resolution of the company's special general meeting on 28 January 2013, the Share Consolidation was completed on 29 January 2013.

During the year ended 30 June 2013, the convertible bonds amounted to HK$163,000,000 were converted into 42,894,735 (adjusted number of shares upon completion of Share Consolidation) ordinary shares of the Company.

During the year ended 30 June 2013, the convertible notes amounted to HK$303,253,752 were converted into 79,825,503 (adjusted number of Shares upon completion of Share Consolidation) ordinary shares of the company.

As at 30 June 2013, the Company's issued share capital was HK$1,539,618.15 and the number of its issued ordinary shares was 153,961,815 shares of HK$0.01 each ("Shares").

Conversion of convertible instruments

The placing of the convertible bonds in aggregate principal amount of HK$200,000,000 ("Placing CBs") was completed on 29 August 2012. The net proceeds from the placing amounted to approximately HK$194,000,000 will be used to fund the cash portion of the consideration paid for acquisition of Redgate Ventures. The Placing CBs, with maturity date of 28 August 2014, is convertible into Shares at the conversion price of HK$3.80 (adjusted upon completion of Share Consolidation) per Share during the conversion period. As at 30 June 2013, the Placing CBs with the principal amount of HK$163,000,000 have been converted into Shares of the Company.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$1,160,000,000 as consideration for acquisition 100% of Redgate Ventures ("Redgate CN1 & CN2"). The Redgate CN1 & CN2, with maturity date of 30 August 2015, is convertible into Shares at the conversion price of HK$3.80 (adjusted upon completion of Share Consolidation) per Share during the conversion period. As at 30 June 2013, the Redgate CN1 & CN2 with the principal amount of HK$303,118,862 have been converted into Shares of the Company.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$140,704,000 as consideration for acquisition 100% of Redgate Ventures ("Redgate CN3"). The Redgate CN3, with maturity date of 30 August 2015, is convertible into Shares at the conversion price of HK$2.35 (adjusted upon completion of Share Consolidation) per Share during the conversion period. As at 30 June 2013, the Redgate CN3 with the principal amount of HK$134,890 have been converted into Shares of the Company.

FOREIGN CURRENCY EXCHANGE RISK

The reporting currencies of the Group is Hong Kong Dollars ("HKD").

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in the Renminbi ("RMB").

As at 30 June 2013, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB, used by the Group entities or in the HKD functional currency Group entities.

As at 30 June 2013, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

PLEDGE OF ASSETS

There were no assets pledged to third parties as at 30 June 2013 and 2012.

MATERIAL ACQUISITIONS AND DISPOSALS DURING THE YEAR AND FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as the acquisition of 100% equity interest in Redgate Ventures mentioned in "Business Review", there were no material acquisitions and disposals of investments by the Group during the year ended 30 June 2013.

In addition, the Group is constantly looking for any other business opportunities for new possible potential investment to improve the standard performance of the Group and improve Shareholders' return.

HUMAN RESOURCES

The number of employees (including Directors) was 106 as at 30 June 2013 (2012: 42), and the total remuneration for the year ended 30 June 2013 was approximately HK$18,234,000 (2012: HK$6,873,000). The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2013 (2012: Nil) and no interim dividend was paid during the year (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

AUDIT COMMITTEE

The audit committee was set up on 5 July 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee ("AC") are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this Announcement, the AC comprises of three members, Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna, all are being independent non-executive Directors. The AC held four meetings during the year. The Group's audited results for the year ended 30 June 2013 have been reviewed by the AC, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. The AC is chaired by Mr. Lee Ho Yiu, Thomas.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The board of directors of the Company believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

Throughout the year ended 30 June 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 15 of the GEM Listing Rules, save and except for the following deviation including considered reasons:

Code Provision C.1.2

Code Provision C.1.2 of the CG Code stipulates that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under rule 5.01 and Chapter 17.

Deviation

Management did not provide all members of the Board with monthly updates during the period. After the acquisition of Redgate Ventures Group mentioned in the Business Review, the company subject to the restructuring and update the accounting system. The restructuring and accounting system update was completed in early of June. The Company will adopt the Code Provision C.1.2 of the CG Code after that.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 ("Securities Code") of the GEM Listing Rules. During the year ended 30 June 2013, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Securities Code.

INTERNAL CONTROL

The Board has conducted annual review on the system of internal control of the Group and its effectiveness covering the financial, operational, compliance controls and risk management functions. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets.

LITIGATION

(a) On 31 August 2010, a writ of summons was issued by Mr. Lim Yi Shenn as the plaintiff ("Plaintiff") against Ms. Wong Yuen Yee, an ex-director of the Company, Mr. Wong Yao Wing, Robert, an ex-director of the Company and the Company (collectively "Defendants"). The Plaintiff claimed against each of the Defendants for damages for various misrepresentations allegedly made by the Defendants in relation to certain investment agreement and placing agreement of April and June 2008. The Plaintiff has filed a statement of claim setting out the particulars of his claims against the Defendants and claiming damages for misrepresentation in the amount of approximately HK$15,838,000 and/or, alternatively, the return of a sum of HK$10,000,000.00 by the Defendants based upon an alleged admission of liability made by the Defendants. The Defendants denied the Plaintiff's claims and have sought legal advice in this regard.

    The parties had attempted mediation but it produced no fruitful result at all. As the mediation failed, the parties proceeded further with the proceedings and completed discovery of all documentary evidence. On 24 May 2012 the Defendants jointly took out an application for leave to adduce expert evidence from independent witnesses on issues revolving around the top-up placement of shares of the Company in June 2008. The hearing of the said application was listed on 17 September 2012. After the hearing, the Court declined to grant leave for adducing expert evidence.

As a result of the Court's decision of not allowing expert evidence, the Counsel reviewed all pleadings and evidence so far disclosed and advised on further amendments to the Defendants' defence and the filing of further witness statements as to facts in order to fortify the Defendants' case. In March 2013 further amendments were made to the Defendants' defence and supplemental witness statements of the defendants as well as witness statement from independent witness were exchanged with leave of the Court. On 10 July 2013 the Court granted leave to set the case down for trial. The trial of the case was fixed for 3 November 2014 to 14 November 2014 (10 days reserved).

The directors, based on legal advice, consider that the Plaintiff does not have any valid claim against the Company at all and the Company has good defence to the claims. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

(b) On 14 January 2011, legal proceedings were commenced by Smart Step Holdings Limited ("SSHL") as the plaintiff against the Company, Inno-Gold Mining Limited ("IGML") and Dragon Emperor International Limited ("DEIL"). DEIL and IGML were the subsidiaries of the Company until 9 May 2011 when the Company disposed all its interest in them.

In the said case SSHL alleged that Ms. Wong Yuen Yee and Mr. Wong Yao Wing had acted negligently and/or had breached their duties during their time as executives and directors of the Company, DEIL and IGML.

The substantive hearing of this case was adjourned sine die pursuant to the court order dated 15 April 2011, and currently there is no hearing listed for this case. This case remains dormant as at the date of approval of these consolidated financial statements.

The directors, based on legal advice, consider that the case does not have any adverse financial impact upon the Company at all. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

CONTINGENT LIABILITY

According to relevant regulations in the PRC, all outdoor advertisements must be registered with the local branches of the State Administration for Industry and Commerce ("SAIC") to obtain a licence for such advertisement. As some of the Group's outdoor advertisements for which the Group is responsible to obtain such licences under contract have not been obtained, the respective local SAIC may impose administrative sanctions on the Group, such as fines and confiscation of the Group's income generated from these unregistered outdoor advertisements minus the relevant costs of rental and relevant taxes.

The Group entered into supplemental agreements with certain respective suppliers of the outdoor advertising media to specify that the said suppliers would assume the responsibilities for the examination and approval of their respective outdoor advertisements. The Group has sought legal advice and the directors have assessed that it is possible but not probable that the Group may be subject to those sanctions. The directors have estimated the potential maximum fines and confiscation of income approximately HK$5,885,000 as at 30 June 2013. In addition, the respective local SAIC may also request the Group to discontinue the operation of the unregistered outdoor advertisements. In such circumstances, the Group's customers may claim against the Group for breach of contracts. Since it cannot be reliably predicted whether a claim will be made by the customers against the Group and the potential damages to be claimed highly depend on how much damage would have been made to the customers and the Group does not have such information. In the opinion of the directors, the potential liabilities of Group in relation to the above potential breach of contracts cannot be reliably estimated.

INVESTOR RELATIONS

The Company adheres to high standards with respect to the disclosure all necessary information to the Shareholders in compliance with GEM Listing Rules. The Company strengthens its communications with Shareholders through various channels including publication of interim and annual reports, press release and announcements of the latest development of the Company in its corporate website in a timely manner.

By order of the Board
Chen Chuan
Chairman

Hong Kong, 27 September 2013

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chen Chuan (Chairman), Mr. Ang Wing Fung and Mr. Shih Yau Ting, Jackson; and three independent non-executive Directors, namely Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for 7 days from the date of its posting and on the website of the Company.