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 2014

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.

This announcement, for which the directors of Inno-Tech Holdings Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Inno-Tech Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this announcement misleading.

* *For identification purpose only*

HIGHLIGHTS

- The Group's turnover from continuing operations for the year ended 30 June 2014 amounted to approximately HK$51,375,000, a decrease of 8% from approximately HK$55,847,000 (restated) for the year ended 30 June 2013.

- Net loss attributable to owners of the Company amounted to HK$371,458,000 for the year ended 30 June 2014 compared to net loss of HK$1,563,182,000 for the year ended 30 June 2013.

- Basic loss per share from continuing operations was HK$1.59 for the year ended 30 June 2014 compared to HK$3.32 (restated) for the year ended 30 June 2013.

- The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014.

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 2014, together with comparative figures for the year ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
Continuing operations			
Turnover	*4*	**51,375**	55,847
Cost of sales		**(76,151)**	(90,602)
Gross loss		**(24,776)**	(34,755)
Other revenue	*5*	**3,511**	18
Other net income	*5*	**2**	499
Marketing and promotion expenses		**(1,783)**	(1,635)
Administrative expenses		**(28,363)**	(21,041)
Finance costs	*6*	**(44,007)**	(41,941)
Changes in fair value of financial assets at fair value through profit or loss		**18**	(15)
Changes in fair value of derivative financial instruments		**1,284**	510
Change in fair value of purchase consideration payable		**–**	4,258
Impairment loss on intangible assets		**–**	(13,232)
Impairment loss on goodwill		**(274,902)**	(179,313)
Impairment loss on available-for-sale financial assets		**(234)**	(77,766)
Loss before income tax	*7*	**(369,250)**	(364,413)
Income tax	*8*	**13,041**	19,195
Loss for the year from continuing operations		**(356,209)**	(345,218)
Discontinued operations			
Loss for the year from discontinued operations		**(21,428)**	(1,227,545)
Loss for the year		**(377,637)**	(1,572,763)
Loss for the year attributable to:			
Owners of the Company		**(371,458)**	(1,563,182)
Non-controlling interests		**(6,179)**	(9,581)
		(377,637)	(1,572,763)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic *(HK$ per share)*	*9*	**(1.66)**	(15.23)
– Diluted *(HK$ per share)*	*9*	**(1.66)**	(15.23)
From continuing operations			
– Basic *(HK$ per share)*	*9*	**(1.59)**	(3.32)
– Diluted *(HK$ per share)*	*9*	**(1.59)**	(3.32)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(377,637)**	(1,572,763)
Other comprehensive income/(loss) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**169**	(1,035)
Total comprehensive loss for the year	**(377,468)**	(1,573,798)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(371,364)**	(1,563,671)
Non-controlling interests	**(6,104)**	(10,127)
	(377,468)	(1,573,798)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**1,167**	870
Intangible assets		**205,789**	241,231
Goodwill		**3,527**	278,429
Available-for-sale financial assets		**–**	235
		210,483	520,765
Current assets			
Financial assets at fair value through profit or loss		**42**	24
Accounts receivable	*11*	**3,130**	31,944
Prepayments, deposits and other receivables		**7,874**	57,651
Prepaid advertising placement service costs		**–**	18,699
Derivative financial assets		**–**	126
Tax recoverable		**220**	1,371
Cash and cash equivalents		**1,704**	25,133
		12,970	134,948
Assets classified as held for sale		**107,368**	–
		120,338	134,948
Current liabilities			
Trade payables, accrued expenses and other payables	*12*	**42,647**	334,148
Purchase consideration payable		**196**	196
Borrowings		**20,400**	20,400
Promissory notes		**158,913**	–
Convertible notes		**36,296**	–
Derivative financial liabilities		**5**	1,510
Tax payable		**16,888**	33,061
		275,345	389,315
Liabilities directly associated with assets classified as held for sale		**320,799**	–
		596,144	389,315
Net current liabilities		**(475,806)**	(254,367)
Total assets less current liabilities		**(265,323)**	266,398
Non-current liabilities			
Promissory notes		**–**	152,563
Convertible notes		**693,458**	947,094
Deferred taxation		**55,591**	72,770
		749,049	1,172,427
Net liabilities		**(1,014,372)**	(906,029)
Equity			
Share capital		**2,701**	1,540
Reserves		**(1,006,515)**	(903,642)
Equity attributable to owners of the Company		**(1,003,814)**	(902,102)
Non-controlling interests		**(10,558)**	(3,927)
Total equity		**(1,014,372)**	(906,029)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company											
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Share option reserve** *HK$'000*	**Convertible notes reserve** *HK$'000*	**Contributed surplus** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Attributable to owners of the company** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 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 translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	(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 note 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 and 1 July 2013	1,540	669,059	38,714	10,084	52,959	43	(935)	–	(1,673,566)	(902,102)	(3,927)	(906,029)
Loss for the year	–	–	–	–	–	–	–	–	(371,458)	(371,458)	(6,179)	(377,637)
Other comprehensive income for the year: Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	94	–	–	94	75	169
Total comprehensive loss for the year	–	–	–	–	–	–	94	–	(371,458)	(371,364)	(6,104)	(377,468)
Issue of shares pursuant to the conversion of convertible notes	477	259,620	–	(2,024)	–	–	–	–	–	258,073	–	258,073
Issue of shares pursuant to the placing	684	12,225	–	–	–	–	–	–	–	12,909	–	12,909
Share placement expenses	–	(587)	–	–	–	–	–	–	–	(587)	–	(587)
Change in ownership interest of a subsidiary	–	–	–	–	–	–	–	(743)	–	(743)	(527)	(1,270)
At 30 June 2014	**2,701**	**940,317**	**38,714**	**8,060**	**52,959**	**43**	**(841)**	**(743)**	**(2,045,024)**	**(1,003,814)**	**(10,558)**	**(1,014,372)**

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 2014.

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

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by 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 2013.

HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009 – 2011 Cycle
HKFRS 1 (Amendments)	Government Loan
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has early applied HKAS 36 (Amendments) Recoverable Amount Disclosures for Non-Financial Assets, which is effective for annual periods beginning on or after 1 January 2014.

The amendments to HKAS 36 remove the requirement to disclosure the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The early application of amendments to HKAS 36 removes the requirement to disclose the recoverable amounts of individual asset mentioned above. Other than the additional disclosures by application of HKAS 36, the application of HKAS 36 has not had any material impact on the amounts recognised in the consolidated financial statements.

The directors anticipate that the application of these 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 16 and HKAS 38 (Amendments)	Classification of Acceptable Methods of Deprecation and Amortisation[6]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[6]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[6]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRS 2010 – 2012 Cycle[5]
HKFRSs (Amendments)	Annual Improvements to HKFRS 2011 – 2013 Cycle[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition disclosures[3]
HKFRS 9	Financial Instruments[8]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[8]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting For Acquisition of Interests in Joint Operations[6]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contract with Customers[7]
HK(IFRIC) – Int 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014*

[2] *Effective for annual periods beginning on or after 1 July 2014*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

[4] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.*

[5] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[6] *Effective for annual periods beginning on or after 1 January 2016*

[7] *Effective for annual periods beginning on or after 1 January 2017*

[8] *Effective for annual periods beginning on or after 1 January 2018*

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.

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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term "investment entity" refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

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

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

HK(IFRIC) – Int 21 Levies

HK(IFRIC) – Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (the "HKASs") and interpretations issued by the 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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. 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 2014.

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 basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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 (the "HK$") rounded to the nearest thousand except when otherwise indicated.

Loss of access to books and records of Redgate Ventures Limited and its subsidiaries (collectively known as the "Redgate Group")

The directors of the Company (the "Directors") have used their best endeavors to locate all the financial and business records of Redgate Group. The access to part of the books and records of Redgate Group have not been able to be located as a consequence of resignations of key staff and the fact that most of the former accounting personnel have since left the Group. As a result, the Directors have been unable to obtain sufficient information to satisfy themselves regarding certain transactions and balances of Redgate Group for the year ended 30 June 2014.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity not withstanding that:

- The Group had incurred a gross loss of approximately HK$24,776,000 and a loss attributable to the owners of the Company of approximately HK$371,458,000 for the year ended 30 June 2014; and

- The Group had consolidated net current liabilities and net liabilities of approximately HK$475,806,000 and HK$1,014,372,000 as at 30 June 2014.

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 source of external funding*

   The Company proposed to raise not less than approximately HK$145,200,000 (before expenses) and not more than approximately HK$278,100,000 (before expenses) by way of an open offer of not less than 675,266,925 offer shares and not more than 1,293,640,550 offer shares at a subscription price of HK$0.215 per offer share on the basis of twenty five offer shares for every one consolidated share.

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*

   (i) Proposed amendments to the terms and conditions of the convertible bonds (the "Placing CB") and convertible notes (the "Convertible Notes") and settlement of the Placing CB and Convertible Notes by issuance of shares under specific mandate.

   On 25 April 2014, the Company proposed to amend the terms and conditions of the Placing CB and the Convertible Notes so as to enable the Company to early redeem the outstanding principal amounts of the Placing CB and the Convertible Notes before the respective maturity dates at the average redemption amount equal to 24.3% of the principal amounts then outstanding to be satisfied by the issue and allotment of the Settlement Shares at an issue price of HK$2.22 each, assuming that the Share Consolidation has become effective.

   On 16 July 2014, the Company executed the amendment deed of Placing CB (the "CB Amendment Deed") to amend the terms and conditions of the Placing CB.

On 16 July 2014, the Company and holders of the Convertible Notes holding 51% or more of the outstanding principal amounts of the Convertible Notes executed the amendment deeds of Convertible Notes (the "CN Amendment Deeds") to amend the terms and conditions of the Convertible Notes.

(ii) On 7 August 2014, the Company executed the maturity amendment deed of convertible bonds to extend the maturity date from 29 August 2014 to 28 November 2014.

(iii) On 29 August 2014, the Company has entered into two deeds of extension to amend the terms and conditions of the respective Promissory Notes with each of the two note holders respectively, pursuant to which the parties to the respective deeds of extension agreed to extend the maturity date of the promissory notes from 31 August 2014 to 30 November 2014.

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 (the "PRC"). The amount of each significant category of revenue recognised in turnover during the year is as follows:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Outdoor advertising on buses and bus stations	**48,411**	39,682
Television advertisements	**2,964**	16,165
	51,375	55,847

5. OTHER REVENUE AND OTHER NET INCOME

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Other revenue		
Bank interest income	**9**	18
Sundry income	**3,502**	–
	3,511	18
Continuing operations:		
Other net income		
Dividend income	**2**	2
Exchange gain, net	**–**	497
	2	499

6. FINANCE COSTS

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Interest on other borrowings wholly repayable within five years	**–**	1,169
Imputed interest on promissory notes	**6,350**	5,095
Imputed interest on convertible notes	**37,657**	35,677
Total interest expenses on financial liabilities not at fair value through profit or loss	**44,007**	41,941

7. LOSS BEFORE INCOME TAX

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
(a) Staff cost (including directors' emolument):		
Continuing operations:		
Contributions to defined contribution plan	**697**	623
Salaries, wages and other benefits	**8,579**	7,485
	9,276	8,108
Number of employees	**49**	56
(b) Other items		
Continuing operations:		
Amortisation of intangible assets	**35,442**	38,550
Auditors' remuneration	**1,000**	1,000
Depreciation on property, plant and equipment	**295**	266
Operating lease charges in respect of office premises	**658**	652
Exchange loss, net	**495**	–
Impairment loss on available-for-sale financial assets	**234**	77,766
Impairment loss on intangible assets	**–**	13,232
Impairment loss on goodwill	**274,902**	179,313
Changes in fair value of financial assets at fair value through profit or loss	**(18)**	15
Changes in fair value of derivative financial instruments	**(1,284)**	(510)
Changes in fair value of purchase consideration payable	**–**	(4,258)
Impairment loss on other receivables	**9,770**	–

The cost of sales includes the amortisation of intangible assets of approximately HK$35,442,000 (2013: HK$38,550,000 (restated)).

8. INCOME TAX

The Group

Continuing operations:

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Current tax		
PRC Enterprise income tax	**1,163**	–
Deferred tax		
Current year	**(14,204)**	(19,195)
Tax credit for the year	**(13,041)**	(19,195)

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 (2013: HK$ Nil).

Subsidiaries located in the PRC are subject to the PRC enterprise income tax at a rate of 25% on its assessable profits (2013: 25%).

9. LOSS PER SHARE

For 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:

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(371,458)**	(1,563,182)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**224,018**	102,621

The basic and diluted loss per share are the same for years ended 30 June 2014 and 2013 respectively, as the effect of the share options, convertible notes and contingently issuable shares outstanding as at 30 June 2014 and 2013 would be 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:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(356,008)**	(340,717)

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**224,018**	102,621

The basic and diluted loss per share are the same for years ended 30 June 2014 and 2013 respectively, as the effect of the share options, convertible notes and contingently issuable shares outstanding as at 30 June 2014 and 2013 would be anti-dilutive and were not included in the calculation of diluted loss per share.

From discontinued operations

For the year ended 30 June 2014, basic loss per share from discontinued operation is HK$0.07 per share based on the loss for the year from the discontinued operation of approximately HK$15,450,000 and the denominators detailed above.

For the year ended 30 June 2013, basic loss per share from discontinued operation is HK$11.91 (restated) per share based on the loss for the year from the discontinued operation of approximately HK$1,222,465,000 (restated) and the denominators detailed above.

For the years ended 30 June 2014 and 2013, 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 2014 and 2013 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 (the "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) Television advertisements: television advertising operations in the PRC

The Group was involved in following segment which was discontinued during the year ended 30 June 2014 and 2013.

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

(2) 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 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. There were no inter segment sale during the year 2014 (2013: Nil).

All assets are allocated to reportable segments other than available-for-sale financial asset, financial assets at fair value through profit or loss 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 taxation, convertible notes, promissory notes and unallocated liabilities. 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 continuing operations is set out below:

	Continuing operations					
	Outdoor advertising on buses and bus stations		Television advertisements		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)		(Restated)
Segment revenue						
Revenue from external customers	**48,411**	39,682	**2,964**	16,165	**51,375**	55,847
Reportable segment loss before income tax	**(5,166)**	(83,961)	**(313,531)**	(155,714)	**(318,697)**	(239,675)
Depreciation and amortisation	**(8,453)**	(16,056)	**(27,042)**	(22,631)	**(35,495)**	(38,687)
Other material non-cash items:						
– Impairment loss on intangible assets	**–**	(13,232)	**–**	–	**–**	(13,232)
– Impairment loss on other receivables	**–**	–	**(9,770)**	–	**(9,770)**	–
– Impairment loss on goodwill	**–**	(48,979)	**(274,902)**	(130,334)	**(274,902)**	(179,313)
Reportable segment assets	**17,066**	32,601	**204,684**	520,376	**221,750**	552,977
Reportable segment liabilities	**18,826**	19,201	**22,559**	27,915	**41,385**	47,116
Additions to non-current assets	**45**	7	**3**	657,307	**48**	657,314

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations:		
Revenue		
Total reportable segment revenues	**51,375**	55,847
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**51,375**	55,847
Loss		
Reportable segment loss derived from Group's external customers	**(318,697)**	(239,675)
Other revenue and other net income	**2**	2
Finance costs	**(44,007)**	(41,941)
Impairment loss on available-for-sale financial assets	**(234)**	(77,766)
Changes in fair value of derivative financial instruments	**1,284**	510
Changes in fair value of purchase consideration payable	**–**	4,258
Unallocated head office and corporate expenses	**(7,598)**	(9,801)
Loss before income tax	**(369,250)**	(364,413)
Assets		
Total reportable segment assets	**221,750**	552,977
Elimination of inter-segment receivables	**–**	–
	221,750	552,977
Assets relating to outdoor advertising on billboards and outdoor display space (now discontinued)	**107,368**	101,394
Assets relating to intelligent system (now discontinued)	**–**	23
Available-for-sale financial assets	**–**	235
Financial assets at fair value through profit or loss	**42**	24
Unallocated corporate assets	**1,661**	1,060
Consolidated total assets	**330,821**	655,713

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Continuing operations: (continued)		
Liabilities		
Total reportable segment liabilities	**41,385**	47,116
Elimination of inter-segment payables	**–**	–
	41,385	47,116
Liabilities related to outdoor advertising on billboards and outdoor display space (now discontinued)	**320,799**	292,811
Liabilities related to intelligent system (now discontinued)	**11,393**	11,393
Borrowings	**20,400**	20,400
Promissory notes	**158,913**	152,563
Convertible notes	**729,754**	947,094
Deferred taxation	**55,591**	72,770
Unallocated corporate liabilities	**6,958**	17,595
Consolidated total liabilities	**1,345,193**	1,561,742
Discontinued operations:		
Revenue		
Total reportable segment revenues	**67,261**	65,894
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**67,261**	65,894

(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 2014, there was no (2013: no) customer accounted for over 10% of total revenue of the Group.

11. ACCOUNTS RECEIVABLE

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**3,130**	32,350
Less: Impairment	**–**	(406)
	3,130	31,944

(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:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Current	**–**	63
Less than 1 month past due	**2,340**	158
1 to 3 months past due	**–**	16,624
Over 3 months past due	**790**	15,099
	3,130	31,944

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Trade payables *(note (i))*	**615**	27,108
Accrued expenses and other payables	**39,217**	295,494
Amounts due to directors *(note (ii))*	**2,815**	300
Receipts in advance	**–**	11,246
	42,647	334,148

Notes:

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

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Less than 1 month	**–**	–
1 to 3 months	**596**	10,771
3 months to 6 months	**–**	10,145
6 months to 1 year	**–**	2,808
Over 1 year	**19**	3,384
	615	27,108

(ii) Amounts due to directors are unsecured, interest-free and repayable on demand.

13. Dividend

The board of directors do not recommend the payment of any dividend for the year ended 30 June 2014 (2013: Nil).

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 2014:

BASIS FOR DISCLAIMER OF OPINION

(a) Scope limitation – assets and liabilities of a disposal group classified as held for sale

As disclosed in note 10 to the consolidated financial statements, the Group proposed to dispose of its outdoor advertising on billboards and outdoor display spaces business (the "Disposal Group") during the year ended 30 June 2014. The Disposal Group was then classified as discontinued operations and its assets and liabilities were classified as held for sale. Included in the loss for the year from discontinued operations in the consolidated statement of profit or loss was loss for the year from the Disposal Group of approximately HK$21,407,000. The assets and liabilities of the Disposal Group classified as held for sale included in the consolidated statement of financial position were approximately HK$107,368,000 and HK$320,799,000 respectively.

As disclosed in note 3 to the consolidated financial statements, partial books and records of the Disposal Group could not be located as a consequence of the resignations of key staff of the Disposal Group. Consequently, we were unable to obtain sufficient appropriate audit evidence in respect of the financial information of the Disposal Group as set out below which has been included in the consolidated financial statements of the Group for the year ended 30 June 2014:

Included in the consolidated statement of profit or loss and other comprehensive income and note 10 to the consolidated financial statements

	HK$'000
Loss for the year of the Disposal Group	
Turnover	67,261
Cost of sales	(74,007)
Gross loss	(6,746)
Other revenue	168
Other net income	3,185
Marketing and promotion expenses	(595)
Administrative expenses	(17,419)
Loss before income tax	(21,407)
Income tax	–
Loss for the year of the Disposal Group	(21,407)
Loss for the year from the Disposal Group attributable to:	
Owners of the Company	(15,429)
Non-controlling interests	(5,978)
	(21,407)

Included in the consolidated statement of cash flow and note 10 to the consolidated financial statements

	HK$'000
Net cash inflow from operating activities	26
Net cash inflow from investing activities	87
Net cash inflow	113

Included in the consolidated statement of financial position and note 26 to the consolidated financial statements

	HK$'000
Assets and liabilities of the Disposal Group classified as held for sale	
Property, plant and equipment	192
Available-for-sale financial assets	1
Accounts receivable	37,480
Prepayments, deposits and other receivables	45,598
Prepaid advertising placement service costs	5,798
Cash and cash equivalents	18,299
Assets of the Disposal Group classified as held for sale	107,368
Trade payables, accrued expenses and other payables	304,629
Tax payables	16,170
Liabilities of the Disposal Group directly associated with assets classified as held for sale	320,799

We were unable to obtain sufficient appropriate audit evidence regarding the above because (i) there was inadequate documentary evidence available for us to verify the nature of the above transactions and balances; (ii) we were unable to carry out any effective confirmation procedures for the purpose of our audit; (iii) there was inadequate documentary evidence available for us to carry out any substantive procedures in relation to the above transactions and balances; and (iv) there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the above transactions and balances were free from material misstatement. Consequently, we were unable to carry out audit procedures that we consider necessary to satisfy ourselves as to the completeness and existence of any other significant transactions, inter-group transactions, contingent liabilities, commitments, related party transactions and subsequent events relating to the Disposal Group. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the Group's net liabilities as at 30 June 2014 and the loss and cash flows of the Group for the year ended 30 June 2014 and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant non-adjusting subsequent events relating to the Disposal Group.

(b) Scope limitation – Impairment of goodwill and intangible assets

Included in the consolidated statement of financial position as at 30 June 2014 was the goodwill and intangible assets of the Group with net carrying amounts of approximately HK$3,527,000 and HK$198,932,000 in relation to subsidiaries engaged in the television advertisements business. In view of continuous loss making from the television advertisements business, 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$274,902,000 was 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 2014 of approximately HK$3,527,000 and HK$198,932,000 and the impairment loss on goodwill provided during the year then ended of approximately HK$274,902,000, including any related tax impact 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 2014 and its loss and cash flows for the year then ended, the amount of the interests in subsidiaries in the Company's statement of financial position as at 30 June 2014 and the results of the Company for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(c) Material uncertainty relating to the going concern basis

As disclosed in note 3(c) to the consolidated financial statements, the Group incurred a gross loss of approximately HK$24,776,000 and a loss attributable to owners of the Company of approximately HK$371,458,000 for the year ended 30 June 2014 and had net liabilities and net current liabilities of approximately HK$1,014,372,000 and HK$475,806,000 as at 30 June 2014 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(c) 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 2014 and the loss of the Group for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(d) Scope limitation – Opening balances and corresponding figures

The corresponding figures in the current year's financial statements are derived from the financial statements for the year ended 30 June 2013 which contained a disclaimer audit opinion of which details of qualifications were set out in our auditors' report dated 27 September 2013 for the Group's financial statements for the year ended 30 June 2013. Therefore, the comparative figures may not be comparable and we were unable to obtain sufficient appropriate audit evidence regarding the opening balances and corresponding figures and there were no alternative audit procedures to satisfy ourselves as to whether the opening balances and corresponding figures were free from material misstatement. Any adjustment to these figures that might have been found necessary in respect would have had a consequential impact on the opening balances of net liabilities of the Company and the Group as at 1 July 2013, the opening balances of the accumulated losses of the Company and the Group as at 1 July 2013, the net liabilities of the Company and the Group as at 30 June 2014, results for the year ended 30 June 2014 of the Company and the Group and the related disclosures thereof in the 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 2014 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.

OTHER MATTERS

Report on matters under section 80(1) of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to sections 141(4) and 141(6) of the predecessor Hong Kong Companies Ordinance (Cap. 32)

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding item (a) to (d) above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group reported a turnover of approximately HK$51,375,000 for the year ended 30 June 2014, representing a decrease of approximately 8% compared with the turnover of approximately HK$55,847,000 (restated) for the year ended 30 June 2013. During the 12 months of operation, all the turnover contributed from advertising business.

The Group's loss before income tax as at 30 June 2014 was approximately HK$369,250,000 (2013: HK$364,413,000 (restated)). The loss was mainly resulted from 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 2014 was HK$1.59 (2013: HK$3.32 (restated)).

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: Nil).

BUSINESS REVIEW

Buses and bus stations advertising business in PRC

As predicted, the Group faced a challenging and complex business environment throughout the year due to a slowing economy in PRC and a more cautious approach adopted by customers. New inventories and capacity were added by existing advertising platform operators, competition between outdoor advertising and other advertising formats continued to be keen.

During the year ended 30 June 2014, despite the tough operating environment, the buses and bus stations advertising business in PRC performed well with sales revenue increased by 22% to HK$48,411,000 in 2014, from HK$39,682,000 in 2013.

Television advertisement business in PRC

Due to challenging and competitive operating environment in the PRC throughout the year, the Group has scaled down the investment in this sector in order to allocate more resources on other major sectors and explore new business opportunities. The television advertisement business in PRC reported a drop in revenue to HK$2,964,000 from HK$16,165,000 last year.

EVENTS AFTER THE REPORTING PERIOD

(i) Proposed share consolidation (the "Share Consolidation")

On 25 April 2014, the Board proposed to implement the share consolidation on the basis that every ten issued and unissued shares of HK$0.01 each in the share capital of the company will be consolidated into one consolidated share of HK$0.1 each (the "Consolidated Share"). For details, please refer to Company's announcement dated 28 August 2014.

(ii) Proposed disposal of Redgate Ventures Group after the completion of reorganisation

On 25 April 2014, the Company and the purchaser (the "Purchaser") entered into the sale and purchases agreement (the "Sale and Purchase Agreement") pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to acquire the sale shares of Redgate Ventures Limited (the "Sale Shares") after the completion of reorganisation at a consideration of HK$500,000.

As the conditions precedent to the Sale and Purchase Agreement have not been fulfilled on or before 31 August 2014, being the long stop date for the fulfillment of the conditions, the Company and the Purchaser agreed to terminate the Sale and Purchase Agreement. Accordingly, the Company and the Purchaser entered into the termination deed on 1 September 2014 pursuant to which the parties agreed that the Sale and Purchase Agreement be terminated and all antecedent obligations and liabilities of the parties under the Sale and Purchase Agreement should be absolutely discharged and released immediately upon the signing of the termination deed and no party should have any claim against the other party in respect of any matter or thing arising out of or in connection with the Sale and Purchase Agreement.

On 1 September 2014, the Company and the new purchaser (the "New Purchaser") entered into the new sale and purchase agreement pursuant to which the Company conditionally agreed to sell and the New Purchaser conditionally agreed to acquire the Sale Shares at a consideration of HK$600,000.

For details, please refer to the Company's announcement dated 28 August 2014 and 1 September 2014.

(iii) Proposed amendments to the terms and conditions of the convertible bonds (the "Placing CB") and convertible notes (the "Convertible Notes") and settlement of the Placing CB and Convertible Notes by issuance of shares under specific mandate

On 25 April 2014, the Company proposed to amend the terms and conditions of the Placing CB and the Convertible Notes so as to enable the Company to early redeem the outstanding principal amounts of the Placing CB and the Convertible Notes before the respective maturity dates at the average redemption amount equal to 24.3% of the principal amounts then outstanding to be satisfied by the issue and allotment of the Settlement Shares at an issue price of HK$2.22 each, assuming that the Share Consolidation has become effective.

On 16 July 2014, the Company executed the amendment deed of Placing CB (the "CB Amendment Deed") to amend the terms and conditions of the Placing CB.

On 16 July 2014, the Company and holders of the Convertible Notes holding 51% or more of the outstanding principal amounts of the Convertible Notes executed the amendment deeds of Convertible Notes (the "CN Amendment Deeds") to amend the terms and conditions of the Convertible Notes.

For details, please refer to the Company's announcement dated 14 May 2014, 30 May 2014, 19 June 2014, 18 July 2014, 24 July 2014, 6 August 2014, 15 August 2014, 28 August 2014 and 31 August 2014.

(iv) Proposed open offer (the "Open Offer") on the basis of twenty five offer shares for every Consolidated Share

On 25 April 2014, the Company Proposed to raise not less than approximately HK$145,200,000 million (before expenses) and not more than approximately HK$278,100,000 million (before expenses) by way of an Open Offer of not less than 675,266,925 offer shares and not more than 1,293,640,550 offer shares at a subscription price of HK$0.215 (after the effective of Share Consolidation) per offer share on the basis of twenty five offer shares for every Consolidated Share. The Company and the underwriter entered into the underwriting agreement pursuant to which the Open Offer is fully underwritten by the underwriter.

The estimated net proceeds from the Open Offer will be not less than approximately HK$134,700,000. The Board intended to apply the net proceeds from the Open Offer in the following manner:

(a) as to HK$16,000,000 for the early partial settlement of the outstanding promissory notes (the "Promissory Notes");

(b) as to approximately HK$68,300,000 for paying the licence fee for the Group's bus advertising business and acquiring more television airtime for scaling up the Group's existing business of advertising through television airtime;

(c) as to approximately HK$20,400,000 for the settlement of the outstanding indebtedness owed to financial institutions;

(d) as to approximately HK$5,000,000 for financing the operation of the remaining group; and

(e) as to approximately HK$25,000,000 for general working capital.

On 26 September 2014, the Company and the underwriter entered into the supplemental underwriting agreement to revise certain dates of the timetable for the Open Offer and amend the underwriting commission rate from 3.0% to 2.65%.

For details, please refer to the Company's announcement dated 14 May 2014, 30 May 2014, 19 June 2014, 18 July 2014, 24 July 2014, 6 August 2014, 15 August 2014, 28 August 2014 and 31 August 2014.

(v) Extension of maturity dates of Promissory Notes

(a) On 29 August 2014, the Company has entered into two deeds of extension to amend the terms and conditions of the respective promissory notes with each of the two note holders respectively, pursuant to which the parties to the respective deeds of extension agreed to extend the maturity date of the Promissory Notes from 31 August 2014 to 30 November 2014.

(b) On 7 August 2014 and 29 August 2014, the Company has entered into deed of amendment and supplemental of amendment deed to amend the term and condition at respective convertible notes with convertible notes holder pursuant to extend the maturity date to convertible note from 29 August 2014 to 30 November 2014.

(vi) Disposal of subsidiaries

Subsequent to the end of the reporting period, the Group had disposed the entire equity interest in the share capital of Superior Luck Investments Limited to an independent third party at a consideration of HK$1.

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 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 2014, the net current liabilities of the Group were approximately HK$475,806,000 (2013: net current liabilities HK$254,367,000). Out of the current assets as at 30 June 2014, approximately HK$1,704,000 (2013: HK$25,133,000) were cash and cash equivalents. The current ratio of the Group as at 30 June 2014 was 0.20 (2013: 0.35). As at 30 June 2014, short-term borrowings, promissory notes and convertible bonds in aggregate amounted to approximately HK$215,609,000 (2013: short-term borrowings HK$20,400,000). Net debt (i.e. total short-term borrowings less cash and cash equivalent) as at 30 June 2014 was HK$213,905,000 (2013: Nil) and accordingly net debt gearing ratio (i.e. net debt/net assets) as at 30 June 2014 was Nil (2013: Nil).

CAPITAL STRUCTURE

During the year ended 30 June 2014, the convertible notes amounted to HK$176,052,450 were converted into 47,761,269 ordinary shares of the Company.

On 24 September 2013, 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 30,000,000 placing shares on a fully underwritten basis to the placee who is an independent third party at the placing price of HK$0.20 per placing share. The placing was completed on 9 October 2013.

On 3 December 2013, 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 38,383,688 placing shares on a fully underwritten basis to the placees who are an independent third parties at the placing price of HK$0.18 per placing share. The placing was completed on 11 December 2013.

As at 30 June 2014, the Company's issued share capital was HK$2,701,067.85 and the number of its issued ordinary shares was 270,106,785 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 (proposed to extend the maturity date to 28 November 2014), is convertible into Shares at the conversion price of HK$3.80 per Share during the conversion period. As at 30 June 2014, 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 per Share during the conversion period. As at 30 June 2014, the Redgate CN1 & CN2 with the principal amount of HK$470,354,044 have been converted into Shares of the Company.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$140,704,206 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 per Share during the conversion period. As at 30 June 2014, the Redgate CN3 with the principal amount of HK$8,952,158 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 2014, 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 2014, 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 2014 and 2013.

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

On 25 April 2014, the Company and the purchaser ("Purchaser") entered into the sale and purchase agreement ("Sale and Purchase Agreement") pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire sale shares of Redgate Ventures at a consideration of HK$500,000.

As the conditions precedent to the Sale and Purchase Agreement have not been fulfilled on or before 31 August 2014, being the long stop date for the fulfillment of the conditions, the parties agreed to terminate the Sale and Purchase Agreement. Accordingly, the Company and the Purchaser entered into the termination deed ("Termination Deed") on 1 September 2014 pursuant to which the parties agreed that the Sale and Purchase Agreement be terminated and all antecedent obligations and liabilities of the parties under the Sale and Purchase Agreement should be absolutely discharged and released immediately upon the signing of the Termination Deed and no party should have any claim against the other party in respect of any matter or thing arising out of or in connection with the Sale and Purchase Agreement.

On 1 September 2014, the Company and the new purchaser ("New Purchaser") entered into the new sale and purchase agreement pursuant to which the Company conditionally agreed to sell and the New Purchaser conditionally agreed to acquire the sale shares of Redgate Ventures at a consideration of HK$600,000. The transaction was not completed during the year and as at the date of this annual report.

Save as disclosed above, the Group did not make any material acquisition or disposal during the year.

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 average number of employees (including Directors) was 49 as at 30 June 2014 (2013: 56 (restated)), and the total remuneration for the year ended 30 June 2014 was approximately HK$9,276,000 (2013: HK$8,108,000 (restated)). 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 2014 (2013: Nil) and no interim dividend was paid during the year (2013: 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 annual report, the AC comprises of three members, Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna, all being independent non-executive Directors. The AC held four meetings during the year. The Group's audited results for the year ended 30 June 2014 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.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the code provisions set out in the Corporate Governance Code throughout the year ended 30 June 2014.

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 2014, 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 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, an Originating Summons was issued 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.

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, 26 September 2014

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.