NEPTUNE GROUP LIMITED
海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)
stock code: 00070

ANNUAL REPORT 2013

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive directors:
Mr. Lin Cheuk Fung *(Chairman)*
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy (appointed on 30 November 2012)
Mr. Lau Kwok Hung (resigned on 30 November 2012)
Mr. Danny Xuda Huang (appointed on 1 August 2013)

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam

COMPANY SECRETARY

Mr. Chan Shiu Kwong, Stephen (appointed on 27 August 2012)
Mr. Lau Kwok Hung (resigned on 27 August 2012)

AUDIT COMMITTEE

Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam

REMUNERATION COMMITTEE

Mr. Cheung Yat Hung, Alton *(Chairman)*
Mr. Yue Fu Wing
Mr. Nicholas J. Niglio

NOMINATION COMMITTEE

Mr. Lin Cheuk Fung *(Chairman)*
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUDITOR

CCIF CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company Limited
Bank of China Macau Branch
Industrial And Commercial
Bank of China Limited Macau Branch

LEGAL ADVISORS

Robertsons Solicitors & Notaries
WT Law offices

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Unit 1807, 18/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

E-MAIL

enquiry@neptune.com.hk

STOCK CODE

00070

Group Financial Summary

RESULTS (HK$'000)

	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	**Year ended 30 June 2013**
Turnover (including continuing and discontinued operations)	463,268	411,965	438,787	435,377	**577,517**
(Loss)/profit attributable to equity shareholders of the Company	42,590	66,645	201,133	282,930	**288,300**
(Loss)/earnings per share (HK cents)					
– basic	1.11	1.73	5.23	7.35	**6.95**
– diluted	1.14	0.08	5.23	7.35	**6.95**

ASSETS AND LIABILITIES (HK$'000)

	As at 30 June 2009	As at 30 June 2010	As at 30 June 2011	As at 30 June 2012	**As at 30 June 2013**
Property, plant and equipment	120,808	103,527	107	62	**54,686**
Investment properties	31,527	38,760	32,800	–	**–**
Interest in an associate	133,928	49,724	46,465	46,344	**46,344**
Intangible assets	1,754,993	1,491,593	1,444,493	1,444,493	**2,102,793**
Other non-current assets	10,483	10,483	10,438	40,438	**–**
Net current assets	251,290	217,390	273,439	408,091	**602,863**
Total assets less current liabilities	2,303,029	1,911,477	1,807,742	1,939,428	**2,806,686**
Convertible notes	492,440	114,937	21,482	–	**–**
Deferred tax liabilities	32,317	9,161	2,301	–	**–**
Net assets	1,778,272	1,787,379	1,783,959	1,939,428	**2,806,686**
Share capital	769,449	38,472	38,472	38,472	**46,162**
Reserves	364,626	969,441	1,153,348	1,382,097	**1,792,073**
Equity attributable to equity shareholders of the Company	1,134,075	1,007,913	1,191,820	1,420,569	**1,838,235**
Non-controlling interests	644,197	779,466	592,139	518,859	**968,451**
Total equity	1,778,272	1,787,379	1,783,959	1,939,428	**2,806,686**
Shareholder's funds					
– NBV per share (HK$)	0.29	0.26	0.31	0.37	**0.40**

Chairman's Statement

On behalf of the Board of Directors (the "Board") I am pleased to present the annual report and financial results of the Neptune Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2013.

THE CONTINUING BUSINESS REVIEW

Once again, the past year bore many encouraging signs of progressive business accumulation. The Company witnessed an acceptance of the Macau business model like no prior year. That having been said, such acceleration added to intense pricing pressure within the SAR. Upstart VIP entities continued to disregard classic earnings necessities to favor pure revenue rights. Short term incremental gains were sought over long term achievements. Naturally, the short effect on the Company needs analysis. Overreaction can and will cause market distress. No reaction can mean and cause internal strife. A modest adjustment certainly needs to be considered given the commitment we have issued to shareholder value. Our partners have displayed admirable knowledge of the market. Our trust in them will reflect long term growth. In return, we can expect to achieve our goal of shareholder value.

As we reflect on the 12 months past, we saw so many encouraging signs. Growth to the overall gaming win in Macau continued to grow at a double digit rate. The VIP withstood significant pressure from many variables and performed admirably. The aforementioned investment in the Grand Lisboa was executed as an inclusion in the Company's portfolio. We are genuinely pleased at the support received from the signing of the MOU to the placement conclusion. Accordingly, the investment community collaboration with the Company's investment goal brought the placement to a definitive conclusion.

As in prior communiqués our financial consultants continue to bring forward many interested and credible entities looking for an opportunity to initiate investment in the Company. We are certainly pleased with their efforts as we have been presenting our "story" to the investment community on a nearly weekly basis. As such, we anticipate continuation of their services and further expect ongoing dialogue with those interested in seeking a position in the most dynamic gaming jurisdiction in the world, Macau.

CONTINUING REVIEW AND LOOKING FORWARD STATEMENT

The year 2013 brought realization of the incredible opportunities that still exist in Macau. As we have promised in past writings to promote a sincere dedication to shareholder value, we move forward to achieve that goal. As we take a close examination of the business dynamics of Macau, it shows show a remarkable shift of business, both in tourism dollars and gaming dollars to Cotai. The robust growth of Cotai and the future movement of the concessionaire's capital spending all point skyward. The Company has patiently waited and watched this phenomenon develop. We now believe that the opportunity for further investment expansion should be directed to those entities. Time has come; we are excited at the prospects.

A strategic move to more Cotai centric investments is done with concentrated analysis. We have formally executed a contract to increase our presence in Cotai. Our portfolio will now include an interest in the Neptune Guandong VIP room at Galaxy Macau. Be assured, this is only the beginning to an aggressive positioning of The Company in Cotai. Future investments are already on the drawing board. Our commitment to protect and enhance our shareholders investment continues to be unwavering. Our commitment to protect our valued employees continues to be unwavering. Each and every small nuance is analyzed prior to any commitment by the company to expand its portfolio in Macau. While certainty is never guaranteed our assurance of commitment is.

The macro picture continues to show resilience in a market like no other. Those, globally, who predicated otherwise have been proven wrong. We foresee that tend to continue. The visitor penetration percentage from neighboring feeder markets is pale by comparison. A normalized pattern of proven growth fuels our ambition to continue to grow through investment. We are confident and our confidence is now part of the Companies culture. We expect the process, already in motion, to materialize early on the coming year. Exciting times are ahead.

ACKNOWLEDGEMENT

Finally, I would like to express my sincere appreciation to our shareholders, strategic partners and customers for their unfailing support and confidence. I would like to extend my sincere gratitude to all staff members of the Group for their many contributions and dedication. Without them our success would not be possible.

Lin Cheuk Fung
Chairman of the Board
Hong Kong, 30 September 2013

Management Discussion and Analysis

BUSINESS OVERVIEW

The audited net profit of the Group for the year ended 30 June 2013 amounted to approximately HK$564,506,000 (2012: HK$442,152,000).

Looking forward, we expect to see more casinos and gaming related establishments being constructed in the Cotai area. With new hotels and an array of leisure and entertainment attractions on offer, we envision ongoing growth to Macau tourism and in turn maintaining Macau's status as the preferred gaming destination for high end/VIP customers.

With such vision, we have been actively growing our business and building a strategic presence in the Cotai area. At present, the Group has already invested hundreds of millions of dollars in junket promoter businesses to solidify its position in the VIP market. All of them have been proven with solid track records in generating VIP customer streams in well-known casinos. In return, the Group shall enjoy ongoing strong profitability on its investment.

Our investment through junkets business consisting of four casino in Macau, namely The Venetian, Sands Macao, Galaxy StarWorld and Grand Lisboa. The allocation of their VIP tables are 14 in The Venetian, 11 in Sands Macao, 23 in Galaxy StarWorld and 13 in Grand Lisboa, sum up to 61 tables in total.

The Group delivered another year of strong revenue, earnings and cashflow growth for the financial year ended 30 June of 2013. Table numbers totalling 61 increased 19% compared to 30 June 2012. Total revenue representing by sharing from profit stream agreements generated HK$577.5 million, representing a 33.2% growth over the last financial year (2012: HK$433.3 million). Commission generated from rolling turnover of our investment with Grand Lisboa only reflected on the books commencing the last quarter of 2012 but contributed approximately HK$215.3 million.

During the financial year, a number of significant events occurred including the tapering of quantitative easing in US, the economic slowdown in China and the tightening of liquidity in Chinese interbank funding. These events have had negative impacts to the gaming industry and the market as a result had discounted the valuation of gaming related businesses. Now with various reforms underway, stability has been maintained and the market is once again resumed its confidence and expectation that the gaming sector in Macau will continue to grow. We have seen our customers, originated from different parts of China and wider Asia regions, are increasing in numbers. The momentum has thus picked up once again to our advantage.

On 27 September 2013, the Group has announced that it has entered into Memorandum of Understanding in relation to a possible investment in a junket promoter business which operates in Galaxy Guangdong VIP Club at Galaxy Casino, S.A. Our management are looking for opportunities to expand our portfolio by acquiring businesses with strong recurrent returns. As part of maintaining a healthy balance sheet, steady cashflow strong emphasis and control have been put in place to monitor and review how junket partners in extending credit.

Management Discussion and Analysis

FINANCIAL REVIEW

For the financial year ended 30 June 2013, the Group recorded a turnover of approximately HK$577,517,000 (2012: HK$433,377,000) which has an increase of 33.2% compared to the last financial year. This year's double digit growth in turnovers is in line with market trend.

A profit attributable to equity shareholders was approximately HK$288,300,000 or 6.95 cents for a share, or compared with last year's net profit of approximately HK$282,930,000 or 7.35 cents for a share.

Our earning before interest, taxes, depreciation and amortization (EBITDA) for the year ended 30 June 2013 was approximately HK$567,222,000, an increase of approximately HK$124,848,000, or 28.2% compared to approximately HK$442,374,000 for year ended 30 June 2012.

An increase of EBITDA (note 1) of approximately HK124.8 million is mainly attributable to the following factors:

– An increase of net revenue from commission amounted to approximately HK$144.1 million

– Share of profit of associate rose by 8.4% to 11.1 million, increase by approximately HK$0.8 million

– The loss arising from change in fair value on call options of our interest in Essence Gold Investment Limited is wavering which reduced EBITDA by HK$3 million

– An increase of general and administrative expenses by HK$4.3 million owing to the additional of depreciation charge approximately HK$2 million for leasehold land and building, increase of legal and professional fee incurred for completion of new shares placement and acquisition activities during this year spent HK$2 million; office running expenses has moderately increase by HK$0.3 million

– The impairment loss of approximately HK$10.4 million as result of the inconstancy performance in Sand Macau Guangdong VIP room which was lower than previously estimated

– Cease rental income from cruise ship leasing as compare to last year reported approximately HK$2 million

Note 1: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest,expenses and other finance costs and tax.

DIVIDEND

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

CAPITAL STRUCTURE

As at 30 June 2013, the total issued share capital of the Company was HK$46,162,445 divided into 4,616,244,500 ordinary shares of HK$0.01 each.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2013, total cash and bank balance were approximately HK$95,575,000 as compared to approximately HK$119,503,000 for the same period last year.

Subsequent to the completion of the placement of its shares on 6 February 2013 it cashed up HK$133,037,000 before all relevant expense (placing agent commission and direct cost) at issuance a total of 769,000,000 placing shares at HK$0.173 per share to institutional investors. The whole sum was later utilised partly for payment of acquisition of 20% of issued share capital of Essence Gold, a company which was entitled to 0.4% the rolling turnover generated from 11 gaming tables at Guangdong 31 Sky Club at Grand Lisboa in Macau for a consideration of HK$150,000,000 and general working capital purpose.

The Group had net current assets of approximately HK$602,863,000 as at 30 June 2013 (2012: HK$408,091,000).

As at 30 June 2013, there are HK$23.1 million (2012: Nil) secured bank borrowing obtained for purchasing an office unit in Shun Tak Building occupy for own office space. Except that, there are no other bank borrowings as at 30 June 2013 and 2012.

The equity of the Group as at year-end was approximately HK$2,806,686,000 (2012: HK$1,939,428,000). The gearing ratio, calculated on the basis of total debt over total equity of the Group as at 30 June 2013, was approximately 1.26% (2012: Nil).

As at 30 June 2013, the face value of total liabilities amounted to approximately HK$64.7 million (2012: HK$87.5 million), comprising of dividend payable to non-controlling shareholders greatly reduced to approximately HK$0.2 million, other payables of approximately HK$3.4 million, interest payable of approximately HK$6.1 million, bank borrowing of approximately HK$23.1 million and amount due to an associate of approximately HK$31.7 million.

With cash and marketable securities in hand as well as available banking facilities, the Group’s liquidity position remains strong and the Group has sufficient financial resources to satisfy its working capital requirements.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2013, a leasehold office building for the Group of HK$51,453,000 (2012: Nil) were pledged to secure the bank facilities.

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the years ended 30 June 2013 and 2012, there has been no significant progress.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group adopt a conservative treasury policy with all bank deposits in either Hong Kong dollars or United States dollars, and most of Group's transactions are mostly settled by Hong Kong dollars, the exposure to foreign exchange fluctuation is minimal, therefore no use of financial instruments for hedging purpose is considered necessary.

As at 30 June 2012, the Group did not have any foreign currency investments, which have been hedged by currency borrowings and other hedging instruments.

CAPITAL COMMITMENTS

The Group had capital commitments of approximately HK$Nil outstanding as at 30 June 2013 (2012: 66,300,000).

EMPLOYEES

The Group employs approximately 30 staff in Hong Kong and their remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on annual basis based on performance appraisals and other relevant factors.

SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 June 2013:

In September 2013, a wholly-owned subsidiary of the Company entered into a memorandums of understanding in relation to a possible investment in profit assignment from the gaming and entertainment related business in Macau.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 30 June, 2013, neither the Company nor any its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lin Cheuk Fung, aged 40, was appointed as an executive director on 21 June 2005 and re-designated as the Chairman of the Board of the Company on 8 June 2006. Mr. Lin has over 18 years or more experience in many business activities including property investments, entertainment business, casino operation, and securities etc. Currently, he is a Vice Chairman of Yan Oi Tong in the year 2013, school board director of Yan Oi Tong Chan Wong Suk Fong Memorial Secondary School, Y.O.T Madam Lau Wong Fat Primary School, Yan Oi Tong Ng Wong Fung Ying Kindergarten, Vice President of Asian College of Knowledge Management, an honorable Vice President of Nanjing (HK) Association Limited, associate director of Hong Kong Commerce & Industry Association, an honorary Chairman of Hong Kong Chiu Chow Chamber of Commerce, Chiu Yang Residents Association of Hong Kong and director of Overseas Teo Chew Entrepreneurs Association. The Board is of the view that Mr. Lin's extensive business experience is valuable to the Group and will be, in the long run, amenable of diversification into other business sector.

Mr. Nicholas J. Niglio, aged 67, was appointed as an executive director on 3 September 2007. He has over 25 years varied background in gambling focused entertainment field dating back to 1983. Through out all these years, he versed himself in management of all kinds of gaming activities and have proven success of his accomplishments.

Prior to his current position, Mr.Niglio previously was Executive Vice President of Trump Taj Mahal Casino Resort, Inc. Atlantic City NJ ("Trump"), serving as senior executive in Casino marketing and international operation, from Oct 1993 to Aug. 2001, he originally joined Trump in Oct 1993 as Executive Vice President to oversee all operational and administrative management of marketing program. Regional offices including Asia, Middle East, Europe and Latin America were under all his management.

Mr. Niglio worked at Caesars World Inc, Atlantic City NJ from 1986 to 1993 in such capacities as: Senior Vice President Eastern Operation and Vice President Casino Operations of Caesars Palace. He worked at Caesars in such capacities to develop casino marketing operation in all aspect and to train up staff to raise the level of customer service.

Mr. Niglio was also a senior executive holding the position of Vice President Casino Marketing and director of Casino Administration in Resort International Hotel and Casino, Atlantic city NJ from 1978 to 1986.

Mr. Niglio graduated from the California State University with a Master degree in Business Administration, a B.S. degree in accounting from Saint Peter's College, Jersey City NJ.

Mr. Chan Shiu Kwong, Stephen, aged 57, was appointed as an executive director of the Company on 20 April 2005. Mr. Chan holds a Master degree in Professional Accounting from Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University Australia. He is currently a Fellow member of Hong Kong Institute of Certified Public Accountants and Fellow member of Certified Public Accountants (Australia); Fellow member of the Institute of Chartered Secretaries and Administrators, Fellow member of the Hong Kong Institute of Company Secretaries and affiliated member of American Society of Appraisers. He has completed a certificate course in PRC accounting and PRC tax law from Chinese University of Hong Kong.

Mr. Chan has over 25 years of experience in property development, manufacturing, travel and gaming related industries. He has worked for various multi-national organisations and Hong Kong listed companies including American President lines, Paccess International, Tileman UK, Dairy farm Cold Storage, Hopewell Construction, Shui On Construction, Wing On Travel and Deloitte and equipped with profound experience in merger and acquisition transactions, treasury, strategies and risk management, corporate finance, accounting, tax planning and company secretary practice.

Biographical Details of Directors and Senior Management

Mr. Lin Chuen Chow Andy, aged 38, is now studying for a degree course in Bachelor of Arts (Hons) Business Management in the University of Wales. He is currently an affiliate member of Hong Kong Securities and Investment Institute ("HKSI") and has obtained the HKSI Specialist Certificates in Securities and Asset Management. He has also passed the Estate Agents Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's (Individual) Licence. He is currently the General Manager of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of The Stock Exchange of Hong Kong Ltd. for more than thirteen years.

Mr. Danny Xuda Huang, aged 35, has been appointed as an executive director of the Company on 1 August 2013. Mr. Huang has been the chief investment officer for a number of family trusts in Hong Kong and Greater China, managing assets over US$ 1 billion. Prior to that, he ran a consulting firm advising high net worth clients on investments strategies and estate planning. Mr. Huang has over 10 years of professional experience in assurance and advisory, tax and financial planning, internal audit and risk management, project finance and credit control. He has worked for well-known organisations including BNP Paribas, National Australia Bank, MLC Investments, Toyota Finance, PricewaterhouseCoopers and KPMG. Mr. Huang holds a Bachelor degree in Accounting and Finance from Monash University. He is currently a Chartered Accountant in Australia and a Justice of the Peace (JP) for New South Wales.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Alton Cheung, aged 50, was elected as an independent non-executive director on 5 June 2007. He has over 12 years business experience and is an elite of automobile dealer industry. At present he is currently holding directorship in a number of private companies which engaging in automobile distribution in PRC, China among most of the finest brand automobile in the world.

He graduated from California College of Arts and Craft, Berkeley, USA holding a Bachelor degree major in faculty of communication and fine arts. Also he is currently an Independent Non-executive Director of Hang Ten (Holdings) Ltd, being a listed company in Hong Kong and now a full membership of Royal Hong Kong Yacht Club and Hong Kong Jockey Club.

Mr. Yue Fu Wing, aged 45, was appointed as an independent non-executive director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years experience in accounting and finance. He has worked for a multinational company; a Hong Kong listed company and an international accounting firm.

Mr. Chan Choi Kam, aged 44, was appointed as an independent non-executive director and member of the audit committee of the Company on 24 February 2010. He received his education in Hong Kong and has over 15 years of accounting experience in general trading and shipping business.

SENIOR MANAGEMENT

Various businesses and functions of the Company are respectively under the direct responsibilities of the executive directors who are regarded as senior management of the Company.

CORPORATE GOVERNANCE PRACTICES

During the year ended 30 June 2013, the Company has, as far as possible, complied with the provisions of the Corporate Governance Code and Corporate Governance Report (the "Code Provisions") as set out in Appendix 14 of the Listing Rules, except for the deviations from Code Provisions A.1.8, A.4.1 and A.6.7 which are described below:

A.1.8

– An issuer should arrange appropriate insurance cover in respect of legal action against its directors. On 1st April, 2013, the Company has arranged appropriate insurance coverage for the directors of the Company (the "Directors").

A.4.1

– Non-executive directors should be appointed for specific terms and subject to re-elections. All independent non-executive directors of the Company were not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with articles of association of the Company. On 1 January 2013, all independent non-executive directors of the Company have entered into letters of appointments with the Company for an initial term of one year, which continues thereafter until termination by inter alia either party giving not less than three months' written notice.

A.6.7

– Independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was unable to attend the annual general meeting of the Company held on 22 November 2012 due to other important business engagement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code during the year ended 30 June 2013.

THE BOARD OF DIRECTORS

(a) Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises four executive Directors and three independent non-executive Directors. The Directors have no financial, business, family or other material/relevant relationships with one another. The biographical details of the Directors are set out on pages 9 and 10 of this Annual Report. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors to be independent.

THE BOARD OF DIRECTORS (Continued)

(b) Roles of Chairman and Chief Executive

The Code Provision A.2.1 stipulates that the roles of chairman of the Board (the "Chairman") and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the Chairman and the chief executive should be clearly stated. The Company fully supports such a division of responsibility between the Chairman and the chief executive in order to ensure a balance of power and authority. The positions of the Chairman and the chief executive are segregated and are held by Mr. Lin Cheuk Fung and Mr. Nicholas J. Niglio respectively. These positions have clearly defined separate responsibilities.

The chairman is responsible for leading and supervising the operations of the Board, effective planning of board meetings, ensuring the Board is acting to the best interests of the Company.

The chief executive is responsible for the administration of the Company's business, as well as to formulate and implement Company policies, and answerable to the Board in relation to the Company's overall operation.

(c) Responsibilities

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the executive Director or officer in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

(d) 5 board meetings and 1 annual general meeting and 1 extraordinary general meeting were held during the financial year ended 30 June 2013. Details of Directors' attendance records are set out below:

	Attendance of		
	Board Meetings	**Annual General Meeting**	**Extraordinary General Meeting**
Executive directors			
Mr. Lin Cheuk Fung	5/5	1/1	1/1
Mr. Nicholas J. Niglio	5/5	1/1	1/1
Mr. Chan Shiu Kwong, Stephen	5/5	1/1	1/1
Mr. Lau Kwok Hung (resigned on 30 November 2012)	3/5	1/1	1/1
Mr. Lin Chuen Chow, Andy (appointed on 30 November 2012)	2/5	0/0	1/1
Mr. Danny Xuda Huang (appointed on 1 August 2013)	0/0	0/0	0/0
Independent non-executive directors			
Mr. Cheung Yat Hung, Alton	5/5	1/1	1/1
Mr. Yue Fu Wing	5/5	1/1	1/1
Mr. Chan Choi Kam	5/5	0/1	0/1

BOARD COMMITTEES

Three committees, namely, audit committee, remuneration committee and nomination committee were established under the Board to oversee their functions.

(a) Audit Committee

The audit committee comprises three independent non-executive Directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Chan Choi Kam. Mr. Yue Fu Wing possesses relevant professional qualifications and financial management expertise and meets the requirements of rule 3.2.1 of the Listing Rules.

The audit committee has clear terms of reference and is accountable to the Board. It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance and in meeting its external financial reporting objectives.

3 audit committee meetings were held during the financial year ended 30 June 2013. Attendance of the members is set out below:

	Attendance of Audit Committee meetings
Members	
Mr. Yue Fu Wing *(Chairman)*	3/3
Mr. Cheung Yat Hung, Alton	3/3
Mr. Chan Choi Kam	1/3

The following is a summary of the work performed by the audit committee during the year:

– review of the Group's audited financial statements for the year ended 30 June 2012 and unaudited interim financial statements for the six months ended 31 December 2012;

– review of the internal control and risk management framework;

– review of new and/or revised accounting standards and practices applicable to the Group and their impacts to the Group; and

– report of the findings and making recommendations to the Board for improvements or implementations in respect of the above matters.

BOARD COMMITTEES (Continued)

(b) Remuneration Committee

The remuneration committee comprises two independent non-executive Directors and one executive Director. The remuneration committee was established with specific written terms of reference and is principally responsible for making recommendations to the Board on the remuneration packages of individual executive directors and senior management including benefits in kind, pension rights and compensation payment comprising of any compensation payable for loss or termination of their office or appointment. No Director or senior management will determine his own remuneration. 1 remuneration committee meeting was held during the financial year ended 30 June 2013. Attendance of the members is set out below:

Members	Attendance of Remuneration Committee meetings
Mr. Cheung Yat Hung, Alton *(Chairman)*	1/1
Mr. Yue Fu Wing	1/1
Mr. Nicholas J. Niglio	1/1

The following is a summary of the work performed by the remuneration committee during the year:

– considering and confirming the policy for the remuneration of Directors and senior management; and

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

(c) Nomination Committee

The nomination committee comprises two independent non-executive Directors and one executive Director. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members. 1 nomination committee meeting was held during the financial year ended 30 June 2013. Attendance of the members is set out below:

Members	Attendance of Nomination Committee meetings
Mr. Lin Cheuk Fung *(Chairman)*	1/1
Mr. Cheung Yat Hung, Alton	1/1
Mr. Yue Fu Wing	1/1

BOARD COMMITTEES (Continued)

(c) Nomination Committee (Continued)

The following is a summary of the work performed by the nomination committee during the year:

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and

– to assess the independence of independent non-executive Directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties with its written terms of reference as set out below:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the Company's auditor about their reporting responsibilities is set out on pages 25 to 26 of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

During the year ended 30 June 2013, the remuneration paid and payable to the auditor of the Company, CCIF CPA Limited, for provision of statutory audit and other non-audit services were approximately HK$650,000 and HK$80,000 respectively.

INTERNAL CONTROL

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and manages rather than eliminates risks associated with its business activities.

The Board, recognizing its responsibilities in ensuring sound internal controls, has developed a risk management framework for the Group to assist in:

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures for managing these risks; and
- monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the audit committee with the responsibility to oversee the implementation of the risk management framework of the Group. In discharging this responsibility, the audit committee:

- periodically evaluates identified risks for their continuing relevance in the operating environment and inclusion in the risk management framework;
- assesses adequacy of action plans and control systems developed to manage these risks; and
- monitors the performance of management in executing the action plans and operating the control systems.

These on-going processes have been in place for the year under review, and are reviewed periodically by the audit committee.

Furthermore, the Board takes extreme precautionary measures in handling price-sensitive information. Such information is restricted to a need-to-know basis.

The Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

TRAINING FOR DIRECTORS

All Directors must keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. As such, briefings are provided and organised to ensure that newly appointed Directors are familiar with the role of the Board, their legal and other duties and responsibilities as Director as well as the business and corporate governance practices of the Group. The company secretary of the Company will continuously update all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

Pursuant to Code A.6.5 of the "Corporate Governance Code", listed company directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. For the year ended 30 June 2013, all Directors have participated in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

SHAREHOLDERS' RIGHTS

(I) Convene an Extraordinary General Meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-twentieth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

(II) Send Enquiries to the Board

The Company's corporate website provides email address, postal address and telephone number by which shareholders of the Company may at any time address their concerns or enquiries to the Board.

SHAREHOLDERS' RIGHTS (Continued)

(III) Make Proposals at General Meetings

The procedures for proposing resolution(s) to be moved at a general meeting are as follows:

Shareholder(s) representing not less than 2.5% of the total voting rights of all the shareholders or of at least 50 in number holding shares in the Company on which there has been paid up to an average sum of not less than HK$2,000 per shareholder may by requisition, at their own expense unless the Company otherwise resolves, propose any resolution to be moved at any general meeting of the Company pursuant to Section 115A of the Companies Ordinance of Hong Kong.

A written notice to that effect signed by such shareholder(s) together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the general meeting, the reasons for such proposal and any material interest(s) of the proposing shareholder(s) in such proposal.

(IV) Proposing a person for election as a director

As regards proposing a person for election as a director, please refer to the procedures available on the website of the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognizes the importance of maintaining an on-going and timely communication with shareholders to enable them to form their own judgment and to provide constructive feedback.

The primary communication channel between the Company and its shareholders is through the publication of notices, circulars, interim and annual reports. The Company's Registrars serve the shareholders regarding all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. Separate resolutions are proposed at general meeting on each substantially separate issue, including the election of individual directors. The Company has also complied with the requirements of the Listing Rules and the Articles of Association in respect of voting by poll and other related matters.

INVESTOR RELATIONS

The Company meets regularly with the press, analysts and institutional investors to facilitate their analysis on the Company in conferences and group meetings.

During the year ended 30 June 2013, there has not been any change in the Company's constitutional documents.

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2013.

PRINCIPAL PLACE OF BUSINESS

Neptune Group Limited (the "Company") is a company incorporated in Hong Kong and has its registered office and principal place of business at Room 1807, 18/F West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 19 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (collectively referred to as the "Group") during the financial year are set out in note 5 to the financial statements.

RESULTS AND DIVIDEND

The profit of the Group for the year ended 30 June 2013 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 27 to 30.

The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2013.

RESERVES

Details of movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 98 and note 30(a) to the financial statements, respectively.

FIXED ASSETS

Details of movements in the Company's and the Group's property, plant and equipment during the year is set out in note 16 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30(b) to the financial statements.

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

Report of the Directors

DIRECTORS

The directors of the Company during the year were:

Executive directors:
Mr. Lin Cheuk Fung *(Chairman)*
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy (appointed on 30 November 2012)
Mr. Lau Kwok Hung (resigned on 30 November 2012)
Mr. Danny Xuda Huang (appointed on 1 August 2013)

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam

In accordance with Articles 79 and 84 of the Company's Articles of Association, Mr. Danny Xuda Huang, Mr. Lin Chuen Chow, Andy, retire by rotation and being eligible, offer themselves for re-election as executive directors. Mr. Cheung Yat Hung, Alton retire by rotation and being eligible, offer himself for re-election as independent non-executive director.

The terms of office of non-executive directors are subject to retirement by rotation in accordance with the above Articles.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and considers all of the independent non-executive directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

(1) Shares

As at 30 June 2013, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions in ordinary shares of the Company

Director	Nature of interest	Number of ordinary shares held	Percentage of shares held
Mr. Lin Cheuk Fung	Personal	375,000,000	8.12%

Note: Save as disclosed above and other than certain nominee shares in the subsidiaries held by directors in trust for the Company, none of the Company's directors or their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

(2) Options

The Company operates a share option scheme (the "Scheme") under which the directors may, at their discretion, grant options to employees, including any of the directors of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions.

Name of directors	Number of Share options held	Percentage of Outstanding Options As at 30 June 2013
Mr. Lin Cheuk Fung	2,390,000	4.31%
Mr. Chan Shiu Kwong, Stephen	2,388,000	4.31%
Mr. Nicholas J. Niglio	2,300,000	4.15%
Mr. Chan Choi Kam	23,000,000	41.53%

Save as disclosed above, none of the Company's directors and chief executives, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

Report of the Directors

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

The share option scheme adopted by the Company on 30 November 2000 enables the directors and employees of the Group to subscribe for shares in the Company, details of which are set out in note 32 to financial statements. The share option scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the share option scheme if the options are granted in accordance with the requirement of the new rules of Chapter 17 of the Listing Rules.

Particulars of the Company's new share option scheme effective on 18 September 2007 and unless otherwise cancelled or amended, will remain in force for 10 years from that date and details of movements in the share options of the Company during the year are set out in note 32 to the financial statements.

Saves as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

SUBSIDIARIES AND ASSOCIATE

Details of the Company's subsidiaries and associate as at 30 June 2013 are set out in notes 19 and 20 to financial statements, respectively.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTOR'S SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in note 38 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2013, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Name of shareholders	Number of ordinary shares held	Percentage of shares held
Mr. Lin Cheuk Fung	375,000,000	8.12%
Ultra Choice Limited	720,000,000	15.60%
Miss Lin Yee Man	720,000,000	15.60%

Details of the above interests of Mr. Lin Cheuk Fung are also disclosed above under directors' interest in securities. Save as disclosed above, no person had registered an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of SFO as at 30 June 2013.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 38 to financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographical details of the Company's directors and senior management are set out on pages 9 to 10 of this annual report.

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 31 to the financial statements. In the opinion of the Company's directors, the Group had no significant obligations at 30 June 2013 for long service payment to its employee pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by the financial statements, except for the Code Provisions A.4.1 and A.1.8, details of which are set out in the Corporate Governance Report on pages 11 to 18 of this annual report.

MODEL CODE FOR SECURITIES BY DIRECTORS

The Company has complied with the code of conduct regarding to securities transactions by the directors on terms no less than exacting than the required standard dealings as set in the Model Code. Having made specific enquiry of all directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding to securities transaction by the directors adopted by the Company. Details of compliance with the Model Code by directors are set out in the Corporate Governance Report on pages 11 to 18 of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant events occurring after the end of the reporting period are set out in note 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDIT COMMITTEE

The audit committee, comprising three members, all being independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 30 June 2013.

AUDITOR

CCIF CPA Limited retires and, being eligible, offers themselves for re-appointment. A resolution for re-appointment of CCIF CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Lin Cheuk Fung
Chairman

Hong Kong, 30 September 2013

Independent Auditor's Report

CCIF CPA LIMITED
9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF NEPTUNE GROUP LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Neptune Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 27 to 108, which comprise the consolidated and company statements of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 30 September 2013

Kwok Cheuk Yuen
Practising Certificate Number P02412

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 HK$'000	2012 HK$'000
Continuing operation:			
Turnover	5	**577,517**	433,377
Other revenue	6	**521**	364
Other net loss	7	**(13,438)**	(2,109)
General and administrative expenses		**(10,607)**	(6,327)
Profit from operation		**553,993**	425,305
Share of profits of associate	20	**11,119**	10,256
Gain on disposal of subsidiaries	34	**–**	4,581
Finance costs	8(a)	**(606)**	(202)
Profit before taxation	8	**564,506**	439,940
Income tax	9(a)	**–**	25
Profit for the year from continuing operation		**564,506**	439,965
Discontinued operation:			
Profit for the year from discontinued operation	10	**–**	2,187
Profit for the year		**564,506**	442,152
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**564,506**	442,152
Attributable to			
– Equity shareholders of the Company	13	**288,300**	282,930
– Non-controlling interests		**276,206**	159,222
Profit and total comprehensive income for the year		**564,506**	442,152
Profit and total comprehensive income attributable to equity shareholders of the Company arising from:			
– Continuing operation		**288,300**	281,399
– Discontinued operation	10	**–**	1,531
		288,300	282,930
Earnings per share – basic and diluted	15		
– From continuing and discontinued operations		**6.95 HK cents**	7.35 HK cents
– From continuing operation		**6.95 HK cents**	7.31 HK cents
– From discontinued operation		**Nil**	0.04 HK cents

The notes on pages 33 to 108 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2013

		2013		2012	
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	16		**54,686**		62
Intangible assets	17		**2,102,793**		1,444,493
Goodwill	18		**–**		10,438
Interest in an associate	20		**46,344**		46,344
Non-current deposit	23(a)		**–**		30,000
			2,203,823		1,531,337
Current assets					
Derivative financial instruments	33	**34,600**		–	
Securities held for trading	22	**2**		2	
Trade and other receivables	23(b)	**481,470**		331,314	
Dividend receivable from an associate	20	**55,902**		44,783	
Cash and cash equivalents	24(a)	**95,575**		119,503	
		667,549		495,602	
Less: Current liabilities					
Other payables	25	**9,542**		28,226	
Bank borrowing	28	**23,172**		–	
Amount due to an associate	20	**31,667**		6,972	
Dividend payable to non-controlling shareholders		**206**		52,214	
Income tax payable	26	**99**		99	
		64,686		87,511	
Net current assets			**602,863**		408,091
Total assets less current liabilities			**2,806,686**		1,939,428

Consolidated Statement of Financial Position

At 30 June 2013

	Note	2013 HK$'000	2013 HK$'000	2012 HK$'000	2012 HK$'000
Less: Non-current liabilities					
Deferred tax liabilities	27(a)	**–**		–	
Convertible notes	29	**–**		–	
			–		–
Net assets			**2,806,686**		1,939,428
Capital and reserves	30				
Share capital			**46,162**		38,472
Reserves			**1,792,073**		1,382,097
Equity attributable to equity shareholders of the Company			**1,838,235**		1,420,569
Non-controlling interests			**968,451**		518,859
Total equity			**2,806,686**		1,939,428

Approved and authorised for issue by the Board of Directors on 30 September 2013.

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

The notes on pages 33 to 108 form an integral part of these financial statements.

Statement of Financial Position

At 30 June 2013

	Note	2013 HK$'000	2013 HK$'000	2012 HK$'000	2012 HK$'000
Non-current assets					
Property, plant and equipment	16		**54,686**		62
Interests in subsidiaries	19		**1,758,792**		1,617,101
			1,813,478		1,617,163
Current assets					
Trade and other receivables	23(b)	**965**		1,012	
Cash and cash equivalents	24(a)	**4,082**		5,233	
		5,047		6,245	
Less: Current liabilities					
Other payables	25	**7,342**		10,119	
Bank borrowing	28	**23,172**		–	
Amounts due to subsidiaries	19	**508,945**		453,186	
		539,459		463,305	
Net current liabilities			**(534,412)**		(457,060)
Total assets less current liabilities			**1,279,066**		1,160,103
Less: Non-current liabilities					
Deferred tax liabilities	27(b)	**–**		–	
Convertible notes	29	**–**		–	
			–		–
Net assets			**1,279,066**		1,160,103
Capital and reserves	30				
Share capital			**46,162**		38,472
Reserves			**1,232,904**		1,121,631
Total equity			**1,279,066**		1,160,103

Approved and authorised for issue by the Board of Directors on 30 September 2013.

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

The notes on pages 33 to 108 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Convertible notes reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 July 2011	38,472	910,015	9,259	2,264	4,576	–	227,234	1,191,820	592,139	1,783,959
Profit and total comprehensive income for the year	–	–	–	–	–	–	282,930	282,930	159,222	442,152
Transfer to retained profits upon the redemption of convertible notes	–	–	(10,260)	–	–	–	6,299	(3,961)	–	(3,961)
Deferred tax effect on equity component of convertible notes	–	–	1,001	–	–	–	–	1,001	–	1,001
Acquisition of additional interest in a subsidiary (Note)	–	–	–	–	–	(51,221)	–	(51,221)	(56,779)	(108,000)
Dividend payable to non-controlling shareholders	–	–	–	–	–	–	–	–	(175,723)	(175,723)
Balance at 30 June 2012 and 1 July 2012	38,472	910,015	-	2,264	4,576	(51,221)	516,463	1,420,569	518,859	1,939,428
Profit and total comprehensive income for the year	-	-	-	-	-	-	288,300	288,300	276,206	564,506
Issuance of new shares (Note 30(a))	7,690	121,676	-	-	-	-	-	129,366	-	129,366
Acquisition of a subsidiary (Note 21)	-	-	-	-	-	-	-	-	449,600	449,600
Transfer to retained profits upon lapse of share options	-	-	-	-	(353)	-	353	-	-	-
Dividend payable to non-controlling shareholders	-	-	-	-	-	-	-	-	(276,214)	(276,214)
Balance at 30 June 2013	46,162	1,031,691	-	2,264	4,223	(51,221)	805,116	1,838,235	968,451	2,806,686

Note: During the year ended 30 June 2012, the Group acquired an additional 10% equity interest in Base Move Investments Limited, a non-wholly owned subsidiary of the Company engaged in receiving profit streams from gaming and entertainment related business. As a result of the acquisition, the difference of HK$51,221,000 between the consideration payable of HK$108,000,000 and the amount of non-controlling interests adjusted of HK$56,779,000 was directly recognised in equity.

The notes on pages 33 to 108 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2013

	Note	2013 HK$'000	2012 HK$'000
Net cash generated from operating activities	24(b)	**472,021**	353,394
Investing activities			
Compensations received under the profit guarantee agreements		**–**	74,992
Deposit paid for acquisition of additional interest in profit streams	23(a)	**–**	(30,000)
Payment for acquisition of additional interest in profit streams		**(66,300)**	–
Payment for acquisition of a subsidiary	21	**(150,000)**	–
Payment for purchase of property, plant and equipment	16	**(56,734)**	–
Net cash inflow on disposal of subsidiaries	34	**–**	32,852
Partial proceeds received from disposal of assets classified as held for sale		**7,702**	84,102
Loan advances to non-controlling shareholders		**(60,895)**	–
Interest received		**336**	364
Net cash (used in)/generated from investing activities		**(325,891)**	162,310
Financing activities			
Advance from an associate		**24,695**	6,972
Proceeds from new bank borrowing		**25,000**	–
Repayments of bank borrowing		**(1,828)**	–
Net proceeds from issuance of new shares		**129,366**	–
Payment for redemption of convertible notes		**–**	(27,700)
Partial payment for acquisition of additional equity interest in a subsidiary		**(16,000)**	(92,000)
Dividends paid to non-controlling shareholders		**(328,222)**	(291,007)
Borrowing costs paid		**(569)**	–
Payment for interest of convertible notes		**(2,500)**	–
Net cash used in financing activities		**(170,058)**	(403,735)
Net (decrease)/increase in cash and cash equivalents		**(23,928)**	111,969
Cash and cash equivalents at the beginning of the year		**119,503**	7,534
Cash and cash equivalents at the end of the year	24(a)	**95,575**	119,503

The notes on pages 33 to 108 form an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the List of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2013 comprise the Company and its subsidiaries (including controlled special purpose entities) (together referred to as the "Group") and the Group's interest in an associate.

(i) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as trading securities; and

– derivative financial instruments.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

(ii) Functional and presentation currency

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 ("functional currency"). These financial statements are presented in Hong Kong dollars ("presentation currency"), which is the Company's functional currency. All financial information presented in Hong Kong dollars has been rounded to the nearest thousand, except unless otherwise stated.

(iii) Use of estimates and judgement

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Basis of consolidation

(i) Business combinations

Business combinations on or after 1 July 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(i) Business combinations (Continued)

Business combinations on or after 1 July 2010 (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carry-forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 "Income Taxes";

- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 "Employee Benefits";

- liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRSs.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(i) *Business combinations* (Continued)

Business combinations on or after 1 July 2010 (Continued)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 “Financial Instruments: Recognition and Measurement” or HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(i) Business combinations (Continued)

Business combinations prior to 1 July 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

(ii) Subsidiaries, controlled special purpose entities and non-controlling interests

Subsidiaries and controlled special purpose entities are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary and contributions to controlled special purpose entity are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(ii) Subsidiaries, controlled special purpose entities and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(k) or 1(l) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(d)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(c)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(t)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(iii) Associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(t)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(i)). An acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is also recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(d)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation (Continued)

(iv) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(i)).

On disposal of a cash-generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(q)(iii) and (iv).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(i)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(e) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(r)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Building held for own use	25 years
–	Leasehold land	shorter of 25 years or the lease term
–	Leasehold improvements and decoration	5 years
–	Furniture, fixtures and equipment	5 years
–	Computer equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(i). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The intangible assets with finite useful lives are amortised from the date they are available for use.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries and associate, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(i)(ii).

– For trade and other current receivables and other financial assets carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- leasehold land;
- intangible assets;
- goodwill; and
- non-current deposit

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating units to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting" in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Convertible notes

Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Convertible notes (Continued)

Convertible notes that contain an equity component (Continued)

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible notes reserve until either the note is converted or redeemed.

If the note is converted, the convertible notes reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible notes reserve is released directly to retained profits.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Other payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits (Continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share options reserve within equity. The fair value is measured at grant date using the Binomial Lattice Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share options reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share options reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a results of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(p)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(p)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from assignment of profit

Revenue from assignment of profit is recognised when the Group's right to receive profit is established.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to equity shareholders of the Company are reclassified from equity to profit or loss.

(t) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Non-current assets held for sale and discontinued operations (Continued)

(i) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets and financial assets (other than investments in subsidiaries and associate). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in note 1(u)(a).

(vii) A person identified in note 1(u)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets

- Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The impacts of these developments are discussed below:

Amendments to HKAS 12, Income taxes

- Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. These amendments do not have a material impact on the Group's consolidated financial statements because the Group has no investment properties as at 30 June 2013 and 2012.

Amendments to HKAS 1, Presentation of Financial Statements

- The amendments to HKAS 1 change the presentation of the statement of comprehensive income in respect of the items of other comprehensive income. These amendments do not have a material impact on the Group's consolidated financial statements because the Group has no items of other comprehensive income during the years ended 30 June 2013 and 2012.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Determining that certain investees are subsidiaries even though less than 50% of the voting power are owned by the Group

For Base Move Investments Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 80% (2012: 80%) voting power over Base Move Investments Limited ("Base Move"). Based on the directors' assessment, the currently exercisable purchased call option provided the Company with the potential voting rights over Base Move which in turn provided the Company with the ability to control Base Move. In preparing the Group's consolidated financial statements for the years ended 30 June 2013 and 2012, Base Move was consolidated as a subsidiary in accordance with HKAS 27 (Revised) "Consolidated and Separate Financial Statements" (HKAS 27 (Revised)). As the Company held 30% (2012: 30%) equity interests in Base Move at 30 June 2013, 70% (2012: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

For Essence Gold Investment Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 100% voting power over Essence Gold Investment Limited ("Essence Gold"). Based on the director's assessment, the currently exercisable purchased call option provided the Company with the potential voting right over Essence Gold which in turn provided the Company with the ability to control Essence Gold. In preparing the Group's consolidated financial statements for the year ended 30 June 2013, Essence Gold was consolidated as a subsidiary in accordance with HKAS 27 (revised) "Consolidated and Separate Financial Statements". As the Company held 20% equity interest in Essence Gold, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key resources of estimation uncertainty at the end of the reporting period, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of intangible assets with indefinite useful lives

In accordance with HKAS 36 "Impairment of Assets" and the relevant accounting policy stated in note 1, the Group is required to test each of intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount annually, whether there is an indication that such asset may be impaired. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of its fair value less costs to sell and value in use. In determining the recoverable amount, significant judgements are required and the Group uses all readily available information, including estimates based on reasonable and supportable assumptions, projections of sale volume and operating costs or other market data, to arrive at an amount that is a reasonable approximation of recoverable amount. Any adverse changes in the assumptions used in determining the recoverable amount would cause the carrying amount of the asset to be significantly different from the recoverable amount.

(ii) Assessment of impairment of goodwill

The Group performs impairment testing of goodwill in accordance with the relevant accounting policy stated in note 1 to the financial statements. For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions and are discounted appropriately.

(iii) Impairment of receivables

Receivables that are measured at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is a change in the objective evidence of impairment in relation to the debtor, the impairment loss would be higher or lower than the allowance for doubtful debts recognised in the financial statements.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iv) Estimation of useful lives of property, plant and equipment and intangible assets

In assessing the estimated useful lives of property, plant and equipment and intangible assets, management takes into account factors such as the expected usage of the assets by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of property, plant and equipment and intangible assets annually, and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation and amortisation rates for the future periods will be adjusted accordingly.

(v) Income tax

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial risk management

The Group's major financial instruments include equity investments, trade and other receivables, dividend receivable from an associate, cash and cash equivalents, other payables, bank borrowing, amount due to an associate and dividend payable to non-controlling shareholders. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to trade and other receivables, dividend receivable from an associate and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all Debtors requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Further details on the Group's credit policy are set out in note 23(b). In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Normally, the Group does not obtain collateral from customers.

The credit risk on cash at bank is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 30 June 2013, 11.9% (2012: 49.9%) and 66.6% (2012: 90.0%) of the total trade and other receivables was due from the Group's largest customer and the three largest customers, respectively, within the gaming and entertainment segment.

The Group also has credit risk in relation to dividend receivable from an associate amounting to 55,902,000 at 30 June 2013 (2012: HK$44,783,000). In order to minimise the credit risk, the management has reviewed the recoverable amount of the dividend receivable regularly to ensure that adequate impairment loss is made for any irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk on dividend receivable from an associate is significantly reduced.

The Group or the Company do not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23(b).

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate other financial resources to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

For term loan subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The Group	**Contractual undiscounted cash outflows**				
	Within 1 year or on demand HK$'000	**After 1 year but less than 5 years** HK$'000	**More than 5 years** HK$'000	**Total** HK$'000	**Total carrying amount** HK$'000
At 30 June 2013					
Non-derivative financial liabilities					
Bank borrowing	**2,876**	**11,504**	**11,984**	**26,364**	**23,172**
Other payables	**7,950**	**–**	**–**	**7,950**	**7,950**
Dividend payable to non-controlling shareholders*	**206**	**–**	**–**	**206**	**206**
Amount due to an associate	**31,667**	**–**	**–**	**31,667**	**31,667**
	42,699	**11,504**	**11,984**	**66,187**	**62,995**
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	**20,296**	**(11,504)**	**(11,984)**	**(3,192)**	
	62,995	**–**	**–**	**62,995**	
At 30 June 2012					
Non-derivative financial liabilities					
Other payables	26,634	–	–	26,634	26,634
Dividend payable to non-controlling shareholders*	52,214	–	–	52,214	52,214
Amount due to an associate	6,972	–	–	6,972	6,972
	85,820	–	–	85,820	85,820

* The dividend payable to non-controlling shareholders is unsecured, interest-free and repayable on demand.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The Company	Contractual undiscounted cash outflows				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Total carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2013					
Non-derivative financial liabilities					
Bank borrowing	**2,876**	**11,504**	**11,984**	**26,364**	**23,172**
Other payables	**7,342**	**–**	**–**	**7,342**	**7,342**
Amounts due to subsidiaries	**508,945**	**–**	**–**	**508,945**	**508,945**
	519,163	**11,504**	**11,984**	**542,651**	**539,459**
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	**20,296**	**(11,504)**	**(11,984)**	**(3,192)**	
	539,459	**–**	**–**	**539,459**	
At 30 June 2012					
Non-derivative financial liabilities					
Other payables	10,119	–	–	10,119	10,119
Amounts due to subsidiaries	453,186	–	–	453,186	453,186
	463,305	–	–	463,305	463,305

(iii) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowing issued at a variable rate that expose the Group to cash flow interest rate risk. Short term loan receivables of HK$60,895,000 (see note 23(b)) bear interest at fixed rates and are carried at amortised cost. Accordingly, they do not expose the Group to cash flow interest rate risk on their interest income or fair value interest rate risk on their carrying amounts. The Group's interest rate profile as monitored by management is set out below.

During the years ended 30 June 2013 and 2012, the Group and the Company did not enter into any interest rate swap contracts.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(iii) Interest rate risk (Continued)

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's bank borrowing at the end of the reporting period:

	The Group and the Company			
	2013		2012	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Variable rate borrowings:				
Bank borrowing	**2.85%**	**23,172**	N/A	–

Sensitivity analysis

At 30 June 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax or the Company's loss after tax and retained profits of the Group or the Company by approximately $232,000 (2012: $Nil). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2012: N/A) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(iv) Other price risk

The Group is exposed to equity price changes arising from equity investments classified as securities held for trading (see note 22). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles, and will consider hedging the risk exposure should the need arise.

In the opinion of the Company's directors, the Group does not expect any changes on equity prices which might materially affect the Group's result of operations.

The Group is exposed to other price risk arising from the call options of non-controlling interests in certain subsidiaries (see note 33). The fair values of the call options were calculated using the black scholes option pricing model and amongst other inputs including the estimates of the share price of subsidiaries by reference to the expected earnings of the relevant subsidiaries.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(iv) Other price risk (Continued)

sensitivity analysis

The fair values of the call options were valued using the black scholes option pricing model, which based on assumptions that are not supported by observable current market transactions nor based on available observable market data. The fair values of the call options recognised in the consolidated financial statements would have been changed significantly if one or more of those assumptions were changed.

If the following input to the valuation model had been 10% higher/lower while all variables were held constant, the profit for the year ended 30 June 2013 would have increased (decreased) as follows:

	2013		2012	
	Higher by 10% HK$'000	**Lower by 10% HK$'000**	Higher by 10% HK$'000	Lower by 10% HK$'000
Expected share price of relevant subsidiaries	**26,734**	**(18,240)**	9,011	–

In management's opinion, the sensitivity analysis are not necessarily representative of the inherent market risk as the pricing model used in the fair value valuation of the derivatives involves multiple variables where certain variables are interdependent.

(v) Fair value

(i) Financial instruments carried at fair value

The following table presents the carrying value of the Group's financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7 "Financial Instruments: Disclosures with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Financial risk management (Continued)

(v) Fair value (Continued)

(i) Financial instruments carried at fair value (Continued)

Assets

The Group	At 30 June 2013 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Securities held for trading	**2**	**–**	**–**	**2**
Derivative financial instruments	**–**	**–**	**34,600**	**34,600**
	2	**–**	**34,600**	**34,602**

The Group	At 30 June 2012 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Securities held for trading	2	–	–	2
Derivative financial instruments	–	–	–	–
	2	–	–	2

The derivative financial instruments are instruments in level 3 that are measured subsequently to initial recognition at fair value, being the Group's call options for acquisition of additional interests in subsidiaries (note 33). During the years ended 30 June 2013 and 2012, there were no transfer into or out of level 3 category.

During the years ended 30 June 2013 and 2012, there were no significant transfer between instruments in level 1 and level 2.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2013 and 2012.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Estimation of fair values

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

(i) *Cash and cash equivalents, trade and other receivables, dividend receivable from an associate, other payables, amount due to an associate, dividend payable to non-controlling shareholders and amounts due to subsidiaries*

The carrying amounts approximate their fair values because of the short maturities of these instruments.

(ii) *Interest-bearing borrowings*

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(c) Capital management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consisted of debt (which included bank borrowing) and equity attributable to equity shareholders of the Company (comprising issued share capital and reserves).

Gearing ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and shareholders' equity.

The gearing ratio at the end of the reporting period was as follows:

	The Group		**The Company**	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Total debt[#]	**23,172**	–	**23,172**	–
Shareholders' equity	**1,838,235**	1,420,569	**1,279,066**	1,160,103
Gearing ratio	**1.26%**	N/A	**1.81%**	N/A

[#] Total debt solely comprises bank borrowing as detailed in note 28.

5. TURNOVER AND SEGMENT REPORTING

The principal activity of the Company is investment holding. The principal activity of its subsidiaries is receiving the profit streams from gaming and entertainment related business. The Group's leasing of cruise ship was discontinued during the year ended 30 June 2011 and the cruise ship was disposed of in August 2011.

Turnover from continuing operation represents the revenue from assignment of profit under the profit streams from gaming and entertainment related business during the year, while the turnover from discontinued operation represents the rental income generated from the cruise ship.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (the board of directors of the Company) for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operation:

– Gaming and entertainment segment: Revenue from assignments of profit under the profit streams from gaming and entertainment related business carried out in Macau.

Discontinued operation:

– Cruise leasing segment: Rental income generated from leasing of the Group's cruise ship and the Group's cruise ship was disposed of in August 2011.

(a) Segment Results, Assets and Liabilities

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

Segment assets include all tangible and intangible assets, and current assets with the exception of securities held for trading and other corporate assets. Segment liabilities include current liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

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

5. TURNOVER AND SEGMENT REPORTING (Continued)

(a) Segment Results, Assets and Liabilities (Continued)

The measure used for reporting segment profit/(loss) is "adjusted operating profit/(loss)". To arrive at "adjusted operating profit/(loss)", the Group's profit/(loss) are further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs. Taxation charge is not allocated to reportable segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2013 and 2012 is set out below.

	2013			2012		
	Continuing operation	**Discontinued operation**		Continuing operation	Discontinued operation	
	Gaming and entertainment	**Cruise ship leasing**	**Total**	Gaming and entertainment	Cruise ship leasing	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Segment revenue:						
Revenue from external customers	**577,517**	**–**	**577,517**	433,377	2,000	435,377
Inter-segment revenue	**–**	**–**	**–**	–	–	–
Reportable segment revenue	**577,517**	**–**	**577,517**	433,377	2,000	435,377
Reportable segment profit	**578,090**	**–**	**578,090**	443,189	1,998	445,187
Impairment loss on goodwill*	**(10,438)**	**–**	**(10,438)**	–	–	–
Share of profits of associate*	**11,119**	**–**	**11,119**	10,256	–	10,256
Reportable segment assets	**2,762,865**	**–**	**2,762,865**	1,938,188	–	1,938,188
(including interest in an associate)	**46,344**	**–**	**46,344**	46,344	–	46,344
Additions to non-current segment assets during the year	**628,300**	**–**	**628,300**	30,000	–	30,000
Reportable segment liabilities	**31,998**	**–**	**31,998**	75,204	–	75,204

* These items are included in the measurement of reportable segment profits.

5. TURNOVER AND SEGMENT REPORTING (Continued)

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

	2013 HK$'000	2012 HK$'000
Revenue		
Continuing operation:		
Reportable segment revenue	577,517	433,377
Elimination of inter-segment revenue	–	–
Consolidated turnover from continuing operation	577,517	433,377
Discontinued operation:		
Reportable segment revenue	–	2,000
Elimination of inter-segment revenue	–	–
Consolidated turnover from discontinued operation	–	2,000
Profit or loss		
Continuing operation:		
Reportable segment profit	578,090	443,189
Elimination of inter-segment profits	–	–
Reportable segment profit derived from Group's external customers	578,090	443,189
Gain on disposal of subsidiaries	–	4,581
Fair value changes on derivative financial instruments	(3,000)	–
Loss on redemption of convertible notes	–	(2,109)
Finance costs	(569)	(202)
Unallocated head office and corporate expenses and income	(10,015)	(5,519)
Consolidated profit before taxation from continuing operation	564,506	439,940
Discontinued operation:		
Reportable segment profit	–	1,998
Elimination of inter-segment profits	–	–
Reportable segment profit derived from Group's external customers and consolidated profit before taxation from discontinued operation	–	1,998

5. TURNOVER AND SEGMENT REPORTING (Continued)

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

	2013 HK$'000	2012 HK$'000
Assets		
Reportable segment assets	**2,762,865**	1,938,188
Unallocated corporate assets:		
– Property, plant and equipment	**54,686**	62
– Cash and bank balances	**5,555**	77,234
– Derivative financial instruments	**34,600**	–
– Other unallocated corporate assets	**13,666**	11,455
Consolidated total assets	**2,871,372**	2,026,939
Liabilities		
Reportable segment liabilities	**31,998**	75,204
– Income tax payable	**99**	99
– Bank borrowing	**23,172**	–
– Other unallocated corporate liabilities	**9,417**	12,208
Consolidated total liabilities	**64,686**	87,511

5. TURNOVER AND SEGMENT REPORTING (Continued)

(c) Geographical information

The Group's business operates in two principal geographical areas – (i) Hong Kong and (ii) Macau (place of domicile). In presenting information on the basis of geographical locations, turnover is based on the location of customers. The Group's non-current assets include property, plant and equipment, intangible assets, goodwill, non-current deposit and interest in an associate. The geographical locations of property, plant and equipment are based on the physical location of the asset under consideration. In the case of intangible assets, goodwill and non-current deposit, it is based on the location of the operation to which these intangibles and deposit are allocated. In the case of interest in an associate, it is the location of operation of such associate.

	Hong Kong		Macau	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Turnover from external customers				
– continuing operation	**–**	–	**577,517**	433,377
– discontinued operation	**–**	2,000	**–**	–
	–	2,000	**577,517**	433,377
Non-current assets				
– continuing operation	**54,686**	62	**2,149,137**	1,531,275

(d) Information about customers

For the year ended 30 June 2013, revenue from gaming and entertainment segment of approximately HK$215,310,000, HK$160,998,000 and HK$102,645,000 were derived from the largest external customer (which is an entity owned by a non-controlling shareholder of a subsidiary), the second largest external customer (which is an entity owned by a substantial shareholder of the Company) and the third largest external customer (which is an entity owned by a non-controlling shareholder of another subsidiary), respectively. Transactions with each of these three customers have exceeded 10% of the Group's turnover.

For the year ended 30 June 2012, revenue from gaming and entertainment segment of approximately HK$186,621,000, HK$160,152,000 and HK$62,207,000 are derived from the largest external customer (which is an entity owned by a substantial shareholder of the Company), the second largest external customer (which is an entity owned by a non-controlling shareholder of a subsidiary) and the third largest external customer (which is an entity owned by a substantial shareholder of the Company), respectively. Transactions with each of these three customers have exceeded 10% of the Group's turnover.

5. TURNOVER AND SEGMENT REPORTING (Continued)

(d) Information about customers (Continued)

The analysis for turnover derived from non-controlling shareholders of subsidiaries, substantial shareholders of the Company and others for the years ended 30 June 2013 and 2012 were as follow:

	2013 HK'$000	2012 HK$'000
Turnover from external customers		
– Non-controlling shareholders of subsidiaries	**317,955**	160,152
– Substantial shareholders of the Company	**214,664**	248,828
– Others	**44,898**	24,397
	577,517	433,377

6. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2013 HK$'000	2012 HK$'000
Continuing operation:		
Total interest income on financial assets not at fair value through profit or loss:		
– Bank interest income	**336**	364
Sundry income	**185**	–
Total	**521**	364

7. OTHER NET LOSS

An analysis of the Group's other net loss is as follows:

	2013 HK$'000	2012 HK$'000
Continuing operation:		
Loss on redemption of convertible notes	**–**	(2,109)
Impairment loss of goodwill	**(10,438)**	–
Fair value changes on derivative financial instruments	**(3,000)**	–
	(13,438)	(2,109)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2013 HK$'000	2012 HK$'000
Continuing operation:		
Interest on bank borrowing (Note)	**569**	–
Other interest expenses	**37**	–
Imputed interest expense on convertible notes	**–**	202
Total interest expense on financial liabilities not at fair value through profit or loss	**606**	202

Note: The amount represented the finance costs of bank borrowing which contains a repayable on demand clause.

(b) Staff costs (including directors' remuneration)

	2013 HK$'000	2012 HK$'000
Continuing operation:		
Contributions to defined contribution retirement plan	**74**	65
Salaries and other benefits	**2,971**	3,004
Total staff costs	**3,045**	3,069

(c) Other items

	2013 HK$'000	2012 HK$'000
Continuing operation:		
Auditor's remuneration		
– audit services	**650**	620
– other services	**80**	70
Depreciation of property, plant and equipment (Note 16)	**2,110**	45
Donations	**135**	–
Operating lease charges in respect of land and buildings	**597**	726

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Continuing operation

(i) Income tax credited to profit or loss represents:

	2013 **HK$'000**	2012 HK$'000
Current tax:		
Provision for taxation	**–**	–
Deferred tax:		
Origination and reversal of temporary differences	**–**	(25)
	–	(25)

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entities comprising the continuing operation did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdictions concerned during the years ended 30 June 2013 and 2012.

(ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013 **HK$'000**	2012 HK$'000
Profit before taxation	**564,506**	439,940
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**67,131**	52,628
Tax effect of non-deductible expenses	**3,561**	1,376
Tax effect of non-taxable income	**(70,692)**	(54,052)
Tax effect of unrecognised temporary differences	**–**	23
Actual tax expenses/(credit)	**–**	(25)

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

(b) Discontinued operation

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entity comprising the discontinued operation did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdictions concerned during the year ended 30 June 2012.

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013 **HK$'000**	2012 HK$'000
Profit before taxation	**–**	1,998
Notional tax on profit before taxation, calculated at the rate applicable to profits in the tax jurisdiction concerned	**–**	330
Tax effect of non-taxable income	**–**	(330)
Actual tax expense	**–**	–

10. DISCONTINUED OPERATION

On 24 June 2011, the Group entered into a memorandum of agreement with an independent third party to sell the cruise ship owned by a subsidiary of the Company for a consideration of US$11,800,000 (equivalent to approximately HK$91,804,000). The disposal of the cruise ship was completed in August 2011. The Group's operation of cruise ship leasing was discontinued following the disposal of cruise ship.

(a) The operation of cruise ship leasing was classified as discontinued operation and the results of the discontinued operation for the year ended 30 June 2012 were as follows:

	Note	2012 HK$'000
Turnover	5	2,000
Cost of sales		–
Gross profit		2,000
General and administrative expenses		(2)
Profit before taxation		1,998
Income tax	9(b)	–
		1,998
Gain on disposal of assets classified as held for sale		189
Profit for the year from discontinued operation		2,187
Attributable to		
– Equity shareholders of the Company		1,531
– Non-controlling interests		656
		2,187

(b) The net cash flows of the discontinued operation for the year ended 30 June 2012 were as follows:

	2012 HK$'000
Net cash inflow from operating activities	2,998
Net cash inflow from the discontinued operation	2,998

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

THE GROUP

Name of director	Directors' fee		Salaries, allowances and benefits in kind		Mandatory provident fund contributions		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Executive director								
Mr. Lin Cheuk Fung	**–**	–	**630**	630	**15**	12	**645**	642
Mr. Chan Shiu Kwong, Stephen	**–**	–	**536**	536	**15**	12	**551**	548
Mr. Nicholas J. Niglio (Note a, b)	**–**	–	**421**	421	**–**	4	**421**	425
Mr. Lin Chuen Chow, Andy (Appointed on 30 November 2012) (Note c)	**–**	–	**225**	–	**8**	–	**233**	–
Mr. Lau Kwok Hung (Resigned on 30 November 2012) (Note b)	**–**	–	**233**	562	**–**	4	**233**	566
Independent non-executive director								
Mr. Yue Fu Wing	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Cheung Yat Hung, Alton	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Chan Choi Kam	**20**	20	**–**	–	**–**	–	**20**	20
	140	140	**2,045**	2,149	**38**	32	**2,223**	2,321

Note:

(a) Mr. Nicholas J. Niglio is the chief executive of the Company.

(b) These directors reached the age of 65 in November 2011 and no mandatory provident fund was required to contribute by the Group thereafter.

(c) Mr. Lin Chuen Chow, Andy was a senior management of the Company before the appointment as an executive director of the Company on 30 November 2012. Total remuneration paid to Mr. Lin Chuen Chow, Andy for the year ended 30 June 2013 was approximately HK$355,000, of which HK$233,000 shown in the above table represented the remuneration paid to him after the appointment as an executive director of the Company.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2012: four) are directors of the Company, details of whose emoluments are disclosed in note 11 above. The emolument of the remaining one individual for the year ended 30 June 2012 was as follows:

	2013	2012
	HK$'000	HK$'000
Salaries and other benefits	**–**	280
Contributions to mandatory provident fund	**–**	12
	–	292

The emolument of the remaining one individual for the year ended 30 June 2012 fall within the following band as follows:

	2013	2012
Nil – HK$1,000,000	**–**	1

During the years ended 30 June 2013 and 2012, no emoluments were paid by the Group to the five highest paid individuals (including directors and other employee) as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of them has waived any emoluments during the years ended 30 June 2013 and 2012.

13. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of approximately HK$10,403,000 (2012: profit of approximately HK$89,150,000) which has been dealt with in the financial statements of the Company.

14. DIVIDEND

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

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company (see below) and the weighted average of 4,150,631,000 ordinary shares (2012: 3,847,245,000 ordinary shares) in issue during the year, calculated as follow:

Profit attributable to ordinary equity shareholders of the Company

	2013 **HK$'000**	2012 HK$'000
Continuing operation	**288,300**	281,399
Discontinued operation	**–**	1,531
	288,300	282,930

Weighted average number of ordinary shares

	2013 **'000**	2012 '000
Issued ordinary shares at the beginning of the year	**3,847,245**	3,847,245
Effect of new shares issued	**303,386**	–
	4,150,631	3,847,245

(b) Diluted earnings per share

Diluted earnings per share for the year ended 30 June 2013 was the same as the basic earnings per share because the exercise prices of the Company's outstanding share options were higher than the market prices of the Company's shares during the year.

Diluted earnings per share for the year ended 30 June 2012 was the same as the basic earnings per share because the exercise prices of the Company's outstanding share options was higher than the market prices of the Company's shares during the year and the conversion of the Company's outstanding convertible bonds was anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Leasehold improvements and decoration HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Building held for own use HK$'000	Subtotal HK$'000	Leasehold land HK$'000	Total HK$'000
Cost:							
At 1 July 2011, 30 June 2012 and 1 July 2012	–	165	258	–	423	–	423
Additions	2,202	943	177	2,992	6,314	50,420	56,734
At 30 June 2013	2,202	1,108	435	2,992	6,737	50,420	57,157
Accumulated depreciation:							
At 1 July 2011	–	138	178	–	316	–	316
Charge for the year	–	14	31	–	45	–	45
At 30 June 2012	–	152	209	–	361	–	361
At 1 July 2012	–	152	209	–	361	–	361
Charge for the year	38	69	44	110	261	1,849	2,110
At 30 June 2013	38	221	253	110	622	1,849	2,471
Carrying amount:							
At 30 June 2013	**2,164**	**887**	**182**	**2,882**	**6,115**	**48,571**	**54,686**
At 30 June 2012	–	13	49	–	62	–	62

The analysis of net book value of properties is as follows:

	2013 HK$'000	2012 HK$'000
Medium lease in Hong Kong	**51,453**	–
Representing:		
Leasehold land	**48,571**	–
Building held for own use	**2,882**	–
	51,453	–

17. INTANGIBLE ASSETS

THE GROUP

	Rights in sharing of profit streams HK$'000
Cost:	
At 1 July 2011, 30 June 2012 and 1 July 2012	2,260,393
Addition through acquisition of a subsidiary (Note 21)	562,000
Addition through acquisition of an additional 10% beneficial interest in profit streams	96,300
At 30 June 2013	2,918,693
Accumulated impairment losses:	
At 1 July 2011, 30 June 2012, 1 July 2012 and 30 June 2013	815,900
Carrying amount:	
At 30 June 2013	**2,102,793**
At 30 June 2012	1,444,493

The intangible assets represent the rights in sharing of profit streams from junket businesses at respective casinos' VIP rooms in Macau for an indefinite period of time. As a result, the intangible assets are considered by the directors of the Company as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. Such intangible assets are carried at cost less accumulated impairment losses, and are related to gaming and entertainment segment.

Details of rights in sharing of profit streams are as follows:

	Hou Wan Profit Agreement HK$'000	Neptune Ouro Profit Agreement HK$'000	Hao Cai Profit Agreement HK$'000	Lucky Star Profit Agreements HK$'000	Hoi Long Profit Agreement HK$'000	Total HK$'000
At 1 July 2011, 30 June 2012 and 1 July 2012	567,793	201,000	603,100	72,600	–	1,444,493
Additions during the year	–	–	–	96,300	562,000	658,300
At 30 June 2013	567,793	201,000	603,100	168,900	562,000	2,102,793

17. INTANGIBLE ASSETS (Continued)

Impairment tests for intangible assets with indefinite useful life

The recoverable amount of the intangible assets with indefinite useful life is determined based on value-in-use calculations by reference to the valuation report issued by Roma Appraisals Limited, an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero (2012: zero) growth rate, which does not exceed the long-term average growth rate for gaming and entertainment industry. The cash flows are discounted using a discount rate of 12.59% (2012: 12.59%). The discount rate used is pre-tax and reflects specific risks relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from respective junket businesses, and such estimation is based on the past performance and management's expectation for the market development.

During the year ended 30 June 2012 and 2013, the directors of the Company assessed recoverable amount of intangible assets, by reference to the valuation report above, and determined that no impairment losses was recognised in respect of the Group's gaming and entertainment segment.

18. GOODWILL

THE GROUP

	2013 HK$'000	2012 HK$'000
Cost:		
At 1 July and 30 June	**221,411**	221,411
Accumulated impairment losses:		
At 1 July	**(210,973)**	(210,973)
Impairment loss recognised during the year	**(10,438)**	–
At 30 June	**(221,411)**	(210,973)
Carrying amount:		
At 30 June	**–**	10,438

For the purpose of impairment testing, goodwill (net of accumulated impairment losses) as at 30 June 2013 and 2012 has been allocated to the following cash generating unit (CGU) as follows:

	2013 HK$'000	2012 HK$'000
Gaming and entertainment unit	**–**	10,438

As at 30 June 2013, the directors of the Company assessed the recoverable amount of CGU, and determined that an impairment loss on the goodwill associated with the Group's gaming and entertainment unit of approximately HK$10,438,000 (2012: HK$ Nil) was recognised because the recoverable amount of that unit was less than its carrying amount. The recoverable amount of the gaming and entertainment unit was assessed by reference to value-in-use. A pre-tax discount factor of 12.59% (2012: 12.59%) per annum was applied and reflected specific risk relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from respective junket businesses, and such estimation is based on the past performance and management's expectation for the market development.

The main factor contributing to the impairment was the decrease in profit forecasts in relation to the CGU of Credible Limited by the directors of the Company. In the opinion of the directors of the Company, the keen competition in the VIP market of Macau's gaming and entertainment industry was the major factor leading to the decrease in profit forecasts in relation to the CGU of Credible Limited.

The value-in-use calculation uses cash flow projections based on financial budgets approved by the Company's directors covering a five-year period. Cash flows beyond that five-year period are extrapolated using zero (2012: zero) growth rate. This growth rate used does not exceed the long-term average growth rate for the industry in which the gaming and entertainment unit operates.

18. GOODWILL (Continued)

Details of goodwill of gaming and entertainment unit are as follows:

	Credible Limited HK$'000	Sky Advantage Limited HK$'000	Profit Forest Limited HK$'000	Total HK$'000
Cost:				
At 1 July 2011, 30 June 2012 and 30 June 2013	10,438	4,266	206,662	221,366
Accumulated impairment losses:				
At 1 July 2011 and 30 June 2012	–	(4,266)	(206,662)	(210,928)
Impairment loss recognised during the year	(10,438)	–	–	(10,438)
At 30 June 2013	(10,438)	(4,266)	(206,662)	(221,366)
Carrying amount:				
At 30 June 2013 and 2012	**–**	**–**	**–**	**–**

The goodwill of cruise leasing unit of approximately HK$45,000 was fully impaired in prior years.

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

	THE COMPANY	
	2013 HK$'000	2012 HK$'000
Unlisted investments, at cost	**308,374**	308,373
Less: Accumulated impairment losses recognised in respect of investment costs (Note a)	**(18,650)**	(18,650)
	289,724	289,723
Amounts due from subsidiaries (Note b)	**1,475,654**	1,333,964
Less: Accumulated impairment losses recognised in respect of amounts due from subsidiaries	**(6,586)**	(6,586)
	1,469,068	1,327,378
Total interests in subsidiaries	**1,758,792**	1,617,101
Amounts due to subsidiaries (Note c)	**508,945**	453,186

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES (Continued)

Note:

(a) The directors of the Company have reviewed the net asset values of the Company's subsidiaries as at 30 June 2013 and their operating performance, and are of the view that no impairment loss on the investment costs (2012: impairment loss of HK$13,650,000) was recognized for the year ended 30 June 2013.

(b) The amounts due from subsidiaries are non-trade nature, unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors of the Company, these amounts are considered as quasi-equity loans to the Company's subsidiaries.

The directors of the Company have reviewed the net asset values of the Company's subsidiaries as at 30 June 2013 and their operating performance, and are of the view that no impairment loss on the amounts due from subsidiaries (2012: a reversal of impairment loss of approximately HK$35,400,000) was recognized for the year ended 30 June 2013.

In addition, as a result of the disposal of the Company's subsidiaries during the year ended 30 June 2012 (see note 34 for details), the accumulated impairment losses of approximately HK$102,183,000 in respect of amounts due from subsidiaries were eliminated upon disposal of these subsidiaries.

(c) The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(d) Particulars of the Company's subsidiaries at 30 June 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued ordinary share capital/registered capital held by the Company		Principal activity
			Directly %	Indirectly %	
Base Move Investments Limited (Note a)	The British Virgin Islands/Macau	US$100	–	30	Receive profit streams from gaming and entertainment related business
Credible Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding
Essence Gold Investment Limited (Note b)	The British Virgin Islands/Macau	US$100	–	20	Receive profit streams from gaming and entertainment related business
Essence Gold Investment (Macau) Limited	Macau/Macau	MOP$25,000	–	20	Receiving trade debt from Group's customer and remitting cash to Group's entities
Great Well Global Limited	The British Virgin Islands/Hong Kong	US$1	100	–	Inactive
Hero Will Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding
Koppert International Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding
Prime Jade Enterprises Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES (Continued)

Note: (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued ordinary share capital/registered capital held by the Company		Principal activity
			Directly %	Indirectly %	
Profit Forest Limited	The British Virgin Islands/Macau	US$100	–	85	Receive profit streams from gaming and entertainment related business
Profit Forest (Macau) Limited	Macau/Macau	MOP$25,000	–	85	Receiving trade debts from the Group customers and remitting cash to the Group's entities
Rich Pearl Enterprises Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding
Sky Advantage Limited	The British Virgin Islands/Macau	US$100	–	85	Receive profit streams from gaming and entertainment related business
Best Max Enterprises Limited	The British Virgin Islands/Macau	US$100	–	100	Receive profit streams from gaming and entertainment related business
Sources Investments Limited	Hong Kong/ Hong Kong	HK$2	100	–	Securities trading
Stand Great Limited	The British Virgin Islands/Hong Kong	US$100	100	–	Investment holding
Walden Maritime S.A.	Republic of Panama/ Hong Kong	US$10,000	70	–	Inactive

None of the subsidiaries had any loan capital outstanding at the end of each year, or at any time during both years.

(a) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 80% (2012: 80%) voting power over Base Move Investments Limited ("Base Move"). Based on the directors' assessment, the currently exercisable purchased call option provided the Company with the potential voting rights over Base Move which in turn provided the Company with the ability to control Base Move. In preparing the Group's consolidated financial statements for the years ended 30 June 2013 and 2012, Base Move was consolidated as a subsidiary in accordance with HKAS 27 (Revised). As the Company held 30% (2012: 30%) equity interests in Base Move, 70% (2012: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

(b) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 100% voting power over Essence Gold Investment Limited ("Essence Gold"). Based on the director's assessment, the currently exercisable purchased call option provided the Company with the potential voting right over Essence Gold which in turn provided the Company with the ability to control Essence Gold. In preparing the Group's consolidated financial statements for the year ended 30 June 2013, Essence Gold was consolidated as a subsidiary in accordance with HKAS 27 (revised). As the Company held 20% equity interest in Essence Gold, 80% of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

20. INTEREST IN AN ASSOCIATE/DIVIDEND RECEIVABLE FROM AN ASSOCIATE/AMOUNT DUE TO AN ASSOCIATE

	THE GROUP	
	2013 HK$'000	2012 HK$'000
Share of net assets	**46,344**	46,344
Dividend receivable from an associate (Note a)	**55,902**	44,783
Amount due to an associate (Note b)	**31,667**	6,972

Note:

(a) The dividend receivable from an associate is unsecured, interest-free and repayable on demand.

(b) The amount due to an associate is unsecured, interest-free and repayable on demand.

At 30 June 2013, the Group had interest in the following associate, which is an unlisted company:

Name of entity	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activity
Good Omen Enterprises Limited	Incorporated	The British Virgin Islands/Macau	Ordinary	20%	20%	Receive profit streams from gaming and entertainment related business

The summarised financial information in respect of the Group's associate is set out below:

	2013 HK$'000	2012 HK$'000
Intangible assets	**231,722**	231,722
Other assets	**96,146**	81,143
Total assets	**327,868**	312,865
Total liabilities	**(96,145)**	(81,145)
Net assets	**231,723**	231,720
Group's share of net assets of associate	**46,344**	46,344
Revenue	**55,600**	51,285
Profit for the year	**55,595**	51,280
Group's share of profits of associate for the year	**11,119**	10,256

21. ACQUISITION OF A SUBSIDIARY

Acquisition of assets through acquisition of a subsidiary

On 19 September 2012, the Group entered into a sale and purchase agreement with the vendor, the junket promoter and the junket owner, pursuant to which the Group agreed to acquire and the vendor agreed to sell 20% of the issued share capital of Essence Gold for a consideration of HK$150,000,000 (the "Acquisition"). The Group also entered into a call option agreement dated 19 September 2012 with the vendor for a consideration of HK$1 and the vendor irrevocably granted to the Group the right to require the vendor to transfer the shares (the "Call Option") representing in aggregate up to 80% of the issued share capital of Essence Gold (the "Call Option Shares") or any part to the Group at HK$7.5 million per the Call Option Share. The Call Option will be expired after 36 months after completion of this Acquisition.

Essence Gold, which is a company incorporated in the British Virgin Islands with limited liability, entered into a profit assignment agreement (the "Profit Assignment Agreement") on 19 September 2012 with the junket promoter and the junket owner, pursuant to which the junket promoter assigned, as legal and beneficial owner, and the junket owner procured the junket promoter to assign to Essence Gold absolutely and free from any encumbrance whatsoever the junket promoter's right, title interest and benefits in and to 0.4% of the rolling turnover (the "Profit Streams") generated from not less than 11 gaming tables at Guangdong 31 Sky Club at Grand Lisboa in Macau.

Under the Profit Assignment Agreement and the supplemental profit assignment agreement dated 30 January 2013, the junket promoter irrevocably and unconditionally guaranteed to Essence Gold that the Profit Streams for the first and the second relevant periods (first relevant period commencing from the completion date of the Acquisition up to the first anniversary and second relevant period commencing from the expiration of the first relevant period up to the second anniversary) shall not be less than HK$275 million for each relevant period. In the event that the Profit Streams received and/or receivable by Essence Gold for each relevant period shall be less than HK$275 million, the junket promoter undertook to pay to Essence Gold an amount equivalent to the difference between HK$275 million and the Profit Streams received and/or receivable by Essence Gold during the first and the second relevant periods.

21. ACQUISITION OF A SUBSIDIARY (Continued)

The Call Option, if fully exercised, would give in aggregate the Group 100% voting power over Essence Gold. Based on the directors' assessment, the Call Option provides the Group with the potential voting right over Essence Gold which in turn provides the Group with the ability to control Essence Gold. As a result, Essence Gold was consolidated as a subsidiary on 30 September 2012, which was the date of legal transfer of the 20% issued share capital of Essence Gold by the vendor to the Group. As the Group currently holds 20% equity interests in Essence Gold, 80% of the post-acquisition results and net assets of Essence Gold are allocated to non-controlling interests. At the time of acquisition, Essence Gold had not yet commenced operations.

The transaction was accounted for acquisition of assets through acquisition of a subsidiary and the details of the net assets acquired are summarized below:

	HK$'000
Net assets acquired:	
Intangible asset – right in sharing profit stream	562,000
Less: Non-controlling interest	(449,600)
20% equity interests of Essence Gold	112,400
Derivative financial instrument (Note)	37,600
	150,000
Total consideration satisfied by:	
Cash paid	150,000
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary:	150,000

Note:

The derivate financial instruments represented the call options of non-controlling interests in the 80% interest in Essence Gold and the fair value of the call options as at the date of acquisition of Essence Gold was approximately HK$37,600,000, by reference to the valuation report issued by Roma Appraisals Limited, an independent qualified professional valuer.

22. SECURITIES HELD FOR TRADING

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Securities held for trading, at fair value		
– Equity securities listed in Hong Kong	**2**	2

The fair values of the listed equity are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

23. NON-CURRENT DEPOSIT/TRADE AND OTHER RECEIVABLES

(a) Non-current deposit comprise:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Non-current deposit	**–**	30,000

The non-current deposit of HK$30,000,000 at 30 June 2012 represented a deposit paid by the Group for the acquisition of an additional 10% beneficial interest in profit streams from rolling chips turnover through a junket business in Macau with a consideration of HK$96,300,000. After completion of this acquisition in July 2012, the Group is entitled to an aggregate 20% of income from rolling chips turnover through this junket business. The remaining consideration of HK$66,300,000 was fully settled during the year ended 30 June 2013.

(b) Trade and other receivables comprise:

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**418,134**	321,117	**–**	–
Consideration receivable on disposal of assets classified as held for sale (note a)	**–**	7,702	**–**	–
Short term loan receivables (note b)	**60,895**	–	**–**	–
Other receivables	**1,365**	1,363	**848**	838
Loans and receivables	**480,394**	330,182	**848**	838
Sundry deposits and prepayments	**1,076**	1,132	**117**	174
Total trade and other receivables	**481,470**	331,314	**965**	1,012

(a) On 24 June 2011, the Group entered into a memorandum of agreement with an independent third party to sell its cruise ship and related assets for a consideration of US$11,800,000 (equivalent to approximately HK$91,804,000). The disposal was completed in August 2011. At 30 June 2012, the Group received part of the consideration amounting to HK$84,102,000 and the remaining consideration of HK$7,702,000 was received by the Group during the year ended 30 June 2013.

(b) During the year ended 30 June 2013, the Group's subsidiaries entered into 3 loan agreements with 3 non-controlling shareholders of certain subsidiaries to provide short term loans amounting to approximately HK$10,222,000, HK$24,156,000 and HK$26,517,000, respectively for their business use. The amounts of short term loan receivables are unsecured, interest bearing of 5% per annum and repayable on demand. Subsequent to 30 June 2013, the whole amounts of short term loan receivables were fully repaid.

23. NON-CURRENT DEPOSIT/TRADE AND OTHER RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for gaming and entertainment segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At 30 June 2013 and 2012, no impairment loss on trade receivables was recognised by the Group.

Included in the Group's trade and other receivables are trade receivables with the following aging analysis as of the end of each reporting period:

	2013	2012
	HK$'000	HK$'000
0 – 30 days	**46,625**	25,822
31 – 60 days	**41,525**	34,263
61 – 90 days	**40,545**	35,547
Over 90 days	**289,439**	225,485
Total trade receivables	**418,134**	321,117

As at 30 June 2013, the Group's trade receivables amounting to approximately HK$350,434,000 (2012: approximately HK$298,315,000) were derived from gaming and entertainment segment and these trade debtors are entities owned by substantial shareholders of the Company or non-controlling shareholders of certain subsidiaries.

The analysis for trade receivables from non-controlling shareholders of subsidiaries and substantial shareholders of the Company for the years ended 30 June 2013 and 2012 were as follow:

	2013	2012
	HK$'000	HK$'000
– Non-controlling shareholders of subsidiaries	**176,171**	96,216
– Substantial shareholders of the Company	**174,263**	202,099
	350,434	298,315

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for gaming and entertainment segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At 30 June 2013 and 2012, no impairment loss on trade receivables was recognised by the Group.

23. NON-CURRENT DEPOSIT/TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that are not impaired

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

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**46,625**	25,822
Less than 1 month past due	**41,525**	34,263
1 to 3 months past due	**83,854**	74,726
More than 3 months but less than 12 months past due	**245,130**	186,306
More than 12 months past due	**1,000**	–
Total amounts past due	**371,509**	295,295
Total trade receivables	**418,134**	321,117

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

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

Up to the date of approval of these financial statements, approximately 64% of the outstanding trade and other receivables as at 30 June 2013 have been settled subsequently.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	THE GROUP		THE COMPANY	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Cash at banks and in hand	**95,327**	49,006	**3,834**	4,985
Short-term bank deposits	**–**	70,249	**–**	–
Cash balance maintained with securities companies	**248**	248	**248**	248
Cash and cash equivalents shown in the statements of financial position and the consolidated statement of cash flows	**95,575**	119,503	**4,082**	5,233

(b) Reconciliation of profit before taxation to net cash generated from operating activities:

	Note	**2013 HK$'000**	2012 HK$'000
Operating activities			
Profit before taxation			
– continuing operation		**564,506**	439,940
– discontinued operation	10(a)	**–**	1,998
		564,506	441,938
Adjustments for:			
Interest income	6	**(336)**	(364)
Impairment loss of goodwill	7, 18	**10,438**	–
Depreciation	16	**2,110**	45
Finance costs	8(a)	**606**	202
Share of profits of associate	20	**(11,119)**	(10,256)
Fair value changes on derivative financial instruments	33	**3,000**	–
Gain on disposal of subsidiaries	34	**–**	(4,581)
Loss on redemption of convertible notes	7	**–**	2,109
Changes in working capital:			
Increase in trade and other receivables		**(96,963)**	(73,946)
Decrease in other payables		**(221)**	(1,753)
Net cash generated from operating activities		**472,021**	353,394

25. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Consideration payable for acquisition of additional equity interest in Base Move (Note a)	**–**	16,000	**–**	–
Interest payable	**6,161**	8,661	**6,160**	8,660
Other payables	**313**	290	**–**	–
Accruals	**1,476**	1,683	**1,182**	1,459
Financial liabilities measured at amortised cost	**7,950**	26,634	**7,342**	10,119
Provision for legal claim for rental payment	**1,592**	1,592	**–**	–
	9,542	28,226	**7,342**	10,119

Note:

(a) The amount represented the remaining consideration of HK$16,000,000 for the acquisition of additional 10% equity interest in Base Move, a non-wholly owned subsidiary of the Company engaged in receiving profit streams from gaming and entertainment related business, with a consideration of HK$108,000,000. The amount was fully settled during the year ended 30 June 2013.

26. INCOME TAX PAYABLE

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Balance of Hong Kong Profits Tax provision relating to prior years	**99**	99

27. DEFERRED TAX LIABILITIES

(a) The Group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and movements during the year ended 30 June 2012 are as follows:

Deferred tax arising from:	Convertible notes	Fair value gain on investment properties	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2011	1,026	1,275	2,301
Credited to profit or loss			
– continuing operation	(25)	–	(25)
Credited to reserves	(1,001)	–	(1,001)
Eliminated on disposal of subsidiaries (Note 34)	–	(1,275)	(1,275)
At 30 June 2012 and 30 June 2013	–	–	–

(b) The Company

Deferred tax liabilities recognised in the Company's statement of financial position and the movements during the year ended 30 June 2012 are as follows:

Deferred tax arising from:	Convertible notes
	HK$'000
At 1 July 2011	1,026
Credited to profit or loss	(25)
Credited to reserves	(1,001)
At 30 June 2012 and 30 June 2013	–

28. BANK BORROWING, SECURED

The Group and the Company

At 30 June 2013, the bank borrowing was due for repayment as follows:

	2013 HK$'000	2012 HK$'000
The bank borrowing that contain a repayable on demand clause:		
Current portion of term loan due for repayment within one year	**2,241**	–
Non-current portion of term loan due for repayment after one year		
– After 1 year but within 2 years	**2,305**	–
– After 2 years but within 5 years	**7,323**	–
– After 5 years	**11,303**	–
	20,931	–
	23,172	–

The non-current portion of interest-bearing term loan is carried at amortised cost and is expected to be settled after one year in accordance with the repayment schedule.

The term loan is secured by the mortgages over the land and buildings with an aggregate carrying value of approximately HK$51,453,000 (2012: Nil) and interest bearing of bank's best lending rate less 2.4% per annum.

In addition, the Company's term loan agreements contain a clause which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company has complied with the covenants and met the scheduled repayment obligations. The Company does not consider it probable that the bank will exercise its discretion to demand immediate repayment for so long as the Company continues to meet the repayment schedule. Further details of the Company's management of liquidity risk are set out in note 4(a)(ii).

29. CONVERTIBLE NOTES

THE GROUP AND THE COMPANY

(a) On 17 March 2008, the Company issued convertible notes due on 16 March 2018 with a principal amount of HK$846,000,000 which was interest bearing at 1% per annum payable semi-annually in arrears (the "First Convertible Note"). The First Convertible Note due on 16 March 2018 could be converted into fully paid ordinary shares of the Company at an initial conversion price of HK$0.3 per share, subject to adjustment. The First Convertible Note was issued as part of the consideration for the acquisition of 85% issued share capital of Profit Forest Limited. The effective interest rate was approximately 5%. The holder of the First Convertible Note is Ultra Choice Limited, which is a substantial shareholder of the Company.

During the year ended 30 June 2012, the Company redeemed total principal amount of HK$26,200,000 of the First Convertible Note for a total consideration of HK$26,200,000 (the "Redemption of the First Convertible Note"), resulting in a loss of approximately HK$1,995,000 from the Redemption of the First Convertible Note, which was recognised in profit or loss. After the Redemption of the First Convertible Note, no principal amount of the First Convertible Note remained outstanding at 30 June 2012 and 30 June 2013.

(b) On 17 March 2008, the Company issued convertible notes due on 16 March 2018 with a principal amount of HK$138,000,000 which was interest bearing at 1% per annum payable semi-annually in arrears (the "Second Convertible Note"). The Second Convertible Note due on 16 March 2018 could be converted into fully paid ordinary shares of the Company at an initial conversion price of HK$0.3 per share, subject to adjustment. The Second Convertible Note was issued as part of the consideration for the acquisition of 85% issued share capital of Sky Advantage Limited. The effective interest rate was approximately 5%. The holder of the Second Convertible Note is Faith Mount Limited, which is a substantial shareholder of the Company.

During the year ended 30 June 2012, the Company redeemed total principal amount of HK$1,500,000 of the Second Convertible Note for a total consideration of HK$1,500,000 (the "Redemption of the Second Convertible Note"), resulting in a loss of approximately HK$114,000 from the Redemption of the Second Convertible Note, which was recognised in profit or loss. After the Redemption of the Second Convertible Note, no principal amount of the Second Convertible Note remained outstanding at 30 June 2012 and 30 June 2013.

29. CONVERTIBLE NOTES (Continued)

The convertible notes contained liability component, equity component and redemption option. The equity component was presented in equity heading "convertible notes reserve" and the redemption option was presented in current assets heading "derivative financial instruments". The effective interest rate of the liability component was approximately 5%.

	First Convertible Note	Second Convertible Note	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2011	**20,319**	**1,163**	**21,482**
Interest expenses charged	**191**	**11**	**202**
Interest expenses payable	**(50)**	**(4)**	**(54)**
Redemption of convertible notes	**(20,460)**	**(1,170)**	**(21,630)**
At 30 June 2012 and 30 June 2013	**–**	**–**	**–**

30. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of movements in the Company's individual components of equity are set out below:

The Company	Share capital	Share premium	Convertible notes reserve	Non-distributable reserve	Share options reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 July 2011	38,472	910,015	9,259	1,264	4,576	110,327	1,073,913
Profit and total comprehensive income for the year	–	–	–	–	–	89,150	89,150
Transfer to retained profits upon the redemption of convertible notes	–	–	(10,260)	–	–	6,299	(3,961)
Deferred tax effect on equity component of convertible notes	–	–	1,001	–	–	–	1,001
Balance at 30 June 2012 and 1 July 2012	**38,472**	**910,015**	**–**	**1,264**	**4,576**	**205,776**	**1,160,103**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(10,403)**	**(10,403)**
Issuance of new shares	**7,690**	**121,676**	**–**	**–**	**–**	**–**	**129,366**
Transfer to retained profit upon lapse of share option	**–**	**–**	**–**	**–**	**(353)**	**353**	**–**
Balance at 30 June 2013	**46,162**	**1,031,691**	**–**	**1,264**	**4,223**	**195,726**	**1,279,066**

30. SHARE CAPITAL AND RESERVES (Continued)

(b) Share capital

	Number of shares '000	Share capital HK$'000
Authorised:		
At 1 July 2011, 30 June 2012 and 30 June 2013		
– ordinary shares of HK$0.01 each	50,000,000	500,000
Issued and fully paid:		
At 1 July 2011 and 30 June 2012	3,847,245	38,472
Issuance of new shares	769,000	7,690
At 30 June 2013	4,616,245	46,162

On 6 February 2013, the Company issued 769,000,000 ordinary shares to two subscribers at an issue price of HK$0.173 per share for financing the Group's acquisition or for general working capital purposes. The net proceeds from the shares issued amounted to approximately HK$129,366,000 net of issue costs of approximately HK$3,671,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

(ii) Convertible notes reserve

Convertible notes reserve comprises the amount allocated to unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 1(j).

(iii) Share options reserve

Share options reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(n)(ii).

(iv) Other reserve

The other reserve represents the difference between the consideration paid and the amount of non-controlling interests being adjusted in connection with the acquisition of an additional equity interest in a subsidiary.

(d) Distributability of reserves

At 30 June 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of section 79B of the Hong Kong Companies Ordinance, was HK$195,726,000 (2012: HK$205,776,000).

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Schemes (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to June 2012). Contributions to the plan vest immediately.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Old Share Option Scheme

Under the terms of the Share Option Scheme adopted by the Company on 30 November 2000 (the "Scheme"), the Board may, at its discretion, invite employees, including the directors of the Company and its subsidiaries, to take up options to subscribe for shares in the share capital of the Company. The subscription price for the Company's shares under the Scheme is determined by the Board and will not be less than 80% of the average of the closing prices of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of offer of the option or the nominal value of the Company's shares, whichever is the higher. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company (excluding shares issued under the Scheme) from time to time and that the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the aggregate number of shares under the Scheme.

The Scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the Scheme if the options are granted in accordance with the requirements of the new rules of Chapter 17 of the Listing Rules which include, inter alia, the followings:

(i) the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of shares of the Company (or its subsidiaries) in issue at the date of approval of the Scheme. Subject to compliance with the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the relevant class of shares of the Company in issue from time to time;

(ii) the maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Grant of options to connected persons are subject to more stringent requirements; and

(iii) the exercise price of the share options is determined by directors, but may not be less than the higher of (a) the closing price of the Company's share listed on the Stock Exchange on the date of grant of the share options; and (b) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the grant of the share options.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Old Share Option Scheme (Continued)

The share options under the Scheme must be taken up by the participants within 21 business days from the date of grant upon payment of HK$1. Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

New Share Option Scheme

On 18 September 2007, an ordinary resolution passed to approve the termination of the Scheme and adoption of a new share option scheme (the "New Scheme"). Upon adoption of the New Scheme, the Scheme was terminated and no further option would be granted.

The Company operates the New Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Scheme include employees of the Group, executive or non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity, suppliers of goods or services to the Group or invested entity, person or entity that provides research, development or other technical support to the Group or invested entity, shareholders of members of the Group or invested entity, holders of securities issued by members of the Group or invested entity, advisers or consultants to business development of the Group or invested entity, and joint venture partners or counter-parties to business operation or business arrangements of the Group or its employees. The New Scheme became effective on 18 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The subscription price for the Company's shares under the New Scheme is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares listed on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the offer of the share options, and (iii) the nominal value of the Company's shares.

The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and the Scheme shall not exceed 30% of the shares in issue from time to time. The total number of shares available for issue upon exercise of all options which have been or may be granted under the New Scheme and the Scheme must not exceed 69,120,000 shares. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the aggregate number of shares for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

New Share Option Scheme (Continued)

Share options granted to a connected person or its associates shall be approved by independent non-executive directors. In addition, any share options granted to a connected person who is also a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and the aggregate value (based on the closing price of the Company's shares listed on the Stock Exchange at the date of the offer of share options) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of the share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the offeree. The exercise period of the share options ends on ten years from the date of the offer of the share options, notwithstanding the expiry of the New Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

Details of share options granted

At 30 June 2013, the total number of shares available for issue under the Scheme was 178,000 (2012: 266,000) shares, representing 0.004% (2012: 0.007%) of the share capital of the Company in issue as at 30 June 2013. During the year ended 30 June 2013, 88,000 options (2012: Nil) granted under the Scheme were lapsed because the eligible participant left the Group.

At 30 June 2013, the total number of shares available for issue under the New Scheme was 55,200,000 (2012: 57,500,000) shares, representing 1.20% (2012: 1.49%) of the share capital of the Company in issue as at 30 June 2013. During the year ended 30 June 2013, 2,300,000 options (2012: Nil) granted under the New Scheme were lapsed because the eligible participant left the Group.

The options under the Scheme and the New Scheme have exercise prices of HK$0.728 and HK$0.337 respectively. At 30 June 2013, the weighted average remaining contractual life of the options was 4.14 years (2012: 5.14 years).

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2013 and 2012 are as follows:

		Number of share options outstanding and exercisable							
Participants	Share option type*	At 1 July 2012 '000	Lapsed during the year ended 30 June 2013 '000	At 30 June 2013* '000	Date of grant of share options**	Exercise period of share options	Exercise price of share options	Fair value at grant date	Closing price of the Company's shares immediately before the grant date
Directors									
Mr. Lin Cheuk Fung	2007A	90	–	90	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Chan Shiu, Kwong, Stephen	2007A	88	–	88	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Lau Kwok Hung	2007A	88	(88)	–	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	(2,300)	–	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Nicholas J. Niglio	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Chan Choi Kam	2008A	23,000	–	23,000	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Consultants and employees									
In aggregate	2008A	25,300	–	25,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
		57,766	(2,388)	55,378					
Weighted average exercise price (HK$)		0.339	0.351	0.338					

* Share option types of 2007A and 2008A represent share options granted during the years ended 30 June 2007 and 2008, respectively. During the years ended 30 June 2013 and 2012, no share options were granted or exercised.

** The vesting period of the share options is from the grant date until the commencement of the exercise period.

33. DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP

Derivative financial instruments represent the call options of non-controlling interests in the 50% interests in Base Move Investment Limited and 80% interests in Essence Gold Investment Limited. The fair value of the call options were HK$ 34,600,000 (2012: HK$ nil) as at 30 June 2013, by reference to the valuation report issued by Roma Appraisals Limited, an independent qualified professional valuer. The movements during the years ended 30 June 2013 and 2012 are as follows:

	HK$'000
At 1 July 2011, 30 June 2012 and 1 July 2012	–
Acquired on acquisition of a subsidiary (note 21)	37,600
Fair value changes	(3,000)
At 30 June 2013	34,600

34. DISPOSAL OF SUBSIDIARIES

During the year ended 30 June 2012, the Company entered into a conditional sale and purchase agreement with an independent third party to dispose of its entire equity interests in certain subsidiaries including Jumbo Profit Investments Limited, World Target International Limited and their subsidiaries (collectively referred to as the "Disposal Group") at a consideration of HK$33,000,000. The principal activities of the Disposal Group were property development and securities trading. The disposal was completed in December 2011.

Details of net assets of the Disposal Group at the date of disposal were summarised below:

	HK$'000
Assets and liabilities over which control was lost	
Investment properties (Note)	32,800
Securities held for trading	221
Cash and bank balances	148
Other receivables	15
Other payables	(1,760)
Income tax payable	(1,730)
Deferred tax liabilities	(1,275)
Net assets disposed of	28,419
Gain on disposal of subsidiaries	4,581
	33,000
Total consideration satisfied by:	
Cash consideration received	33,000
Net cash inflow arising on disposal:	
Cash consideration received	33,000
Less: Cash and bank balances disposed of	(148)
	32,852

34. DISPOSAL OF SUBSIDIARIES (Continued)

Note:

The movement of investment properties of the Group during the year ended 30 June 2012 is as follow:

	HK$'000
Fair value:	
At 1 July 2011	32,800
Eliminated on disposal of subsidiaries	(32,800)
At 30 June 2012	–

35. COMMITMENTS

At 30 June 2013 and 2012, the total future minimum lease payments under non-cancellable operating leases in respect of the properties are payable as follows:

	THE GROUP AND THE COMPANY	
	2013	2012
	HK$'000	HK$'000
Within 1 year	**–**	180

36. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2013 and 2012 not provided for in the financial statements were as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Contracted for		
– acquisition of additional beneficial interest in profit streams (see note 23(a))	**–**	66,300

37. CONTINGENT LIABILITIES

Contingent liability in respect of legal claim for office rental

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the years ended 30 June 2013 and 2012, there has been no significant progress.

38. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, during the year, the Group had entered into transactions with related parties which, in the opinion of the Company's directors, were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

Key management personnel remuneration

The remuneration of key management personnel during the year is as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and other short-term benefits	**2,185**	2,289
Post-employment benefits	**38**	32
Total	**2,223**	2,321

39. PARTICULARS OF CONTROLLED SPECIAL PURPOSE ENTITY

As at 30 June 2013, there was one special purpose entity controlled by the Group, which operates in Macau, particulars of which are as follows:

Name of special purpose entity	**Principal activities**
Base Move Investment (Macau) Ltd	Receiving trade debts from the Group's customers and remitting cash to the Group's entities

The Group controls a special purpose entity, Base Move Investment (Macau) Limited, which is set up solely for receiving trade debts from the Group's customers and remitting cash to the Group's entities. As the Group has the power to direct the relevant activities of the Base Move Investment (Macau) Limited and the Group has the ability to use its power over the Base Move Investment (Macau) Limited to affect its exposure to returns, the assets and liabilities of Base Move Investment (Macau) Limited are included in the Group's consolidated statement of financial position.

At 30 June 2013, assets in these special purpose entities mainly consisted of bank balances.

40. EVENTS AFTER THE OF THE REPORTING PERIOD

In September 2013, a wholly-owned subsidiary of the Company entered into a memorandums of understanding in relation to a possible investment in profit assignment from the gaming and entertainment related business in Macau.

41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2013

Up to the date of approval of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2013 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Amendments to HKFRSs "Annual Improvements to HKFRSs 2009-2011 Cycle"	1 January 2013
Amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"	1 January 2013
Amendments to HKFRS 9 and HKFRS 7 "Mandatory Effective Date of HKFRS 9 and Transition Disclosures"	1 January 2015
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	1 January 2013
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"	1 January 2014
HKFRS 9 "Financial Instruments"	1 January 2015
HKFRS 10 "Consolidated Financial Statements"	1 January 2013

41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	Effective for accounting periods beginning on or after
HKFRS 11 "Joint Arrangements"	1 January 2013
HKFRS 12 "Disclosure of Interests in Other Entities"	1 January 2013
HKFRS 13 "Fair Value Measurement"	1 January 2013
HKAS 19 (as revised in 2011) "Employee Benefits"	1 January 2013
HKAS 27 (as revised in 2011) "Separate Financial Statements"	1 January 2013
HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures"	1 January 2013
Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities"	1 January 2014
Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	1 January 2014
Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	1 January 2014
HK (IFRIC) – Int 20 "Stripping Costs in the Production Phase of a Surface Mine"	1 January 2013
HK (IFRIC) – Int 21 "Levies"	1 January 2014

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's or the Company's results of operations and financial positions.