香港資源控股
HONG KONG RESOURCES HOLDINGS
(Stock Code: 2882)

CHANGE

annual report 2015

OPPORTUNITIES

"Mainland China will continue to be our major market......" one of the fastest growing economies in the world and support the Group's optimistic business outlook in the medium to long run

• IMAGE: reinforcing our trendy image and promotion with glamourous and popular artists & celebrities

• PRODUCT: more K-gold jewellery will also be launched as it has a high level of creativity

• CHANNEL: opening new stores within the region, developing sales online platform & introducing premium products

Contents

HKRH is poised to take advantage of excellent opportunities ahead.

Mission

Hong Kong Resources Holdings Company Limited aims at growing into a jewellery retailer of scale, and at developing brands with international recognition in Greater China, East Asia and beyond.

We continue to seek products of precious metals and stones; distribution channels, both brick-and-mortar and e-commerce; as well as partners with strategic fit for franchising or alliance.

“Butterfly Effect” won the Award-winning Work of the Open Group (Inspiration of Love) from the Chuk Kam Jewellery Design Competition 2014

Corporate Information

DIRECTORS

Executive Directors

Mrs. Wong Chew Li Chin, [b,c], *Chairman (appointed on 2 August 2015)*
Ms. Wong Wing Yan, Ella[d]
Dr. Wong, Kennedy Ying Ho[b,c], BBS, J.P. *(resigned on 2 August 2015)*

Non-executive Directors

Mr. Lam Kwok Hing, Wilfred, J.P. *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*
Mr. Cheung Pak To, Patrick[d], BBS *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*
Dr. Hui Ho Ming, Herbert[a,d], J.P. *(deceased on 30 August 2014)*

Independent Non-executive Directors

Mr. Fan, Anthony Ren Da[a,b,c]
Mr. Wong Kam Wing[a,b,c,d]
Mr. Fan Chun Wah, Andrew[a] *(appointed on 31 July 2015)*
Ms. Estella Yi Kum Ng[a,b,c,d] *(resigned on 31 July 2015)*

COMPANY SECRETARY

Mr. Fu Yat Ming[d]

[a] *Member of the Audit Committee*
[b] *Member of the Remuneration Committee*
[c] *Member of the Nomination Committee*
[d] *Member of the Corporate Governance Committee*

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 1701-11, 17th Floor
Peninsula Square
No. 18 Sung On Street
Hunghom, Kowloon
Hong Kong

Corporate Information

PRINCIPAL BANKERS

Shanghai Commercial Bank
Hang Seng Bank
China Merchants Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Bank of Communication
Ping An Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2882

WEBSITE

www.hkrh.hk

Major Events

JULY 2014

3D-GOLD Jewellery New Image Shop opened in Tsimshatsui of Hong Kong.

AUGUST 2014

3D-GOLD Jewellery New Image Shop opened in Wuhan of PRC.

AUGUST 2014

The Group has continued to be the Prize Sponsor of the “International KamCha Competition 2014 (HK Style Milk Tea)” for the 4th consecutive year.

SEPTEMBER 2014

3D-GOLD Jewellery New Image Shop opened in Tianjin of PRC.

DECEMBER 2014

3D-GOLD Jewellery was being one of the sponsors of “The Fourth World Youth Congress of Jiangmen • 2014 • Hong Kong”.

Major Events

DECEMBER 2014

3D-GOLD Jewellery was awarded the "Green Office Awards Labelling Scheme (GOALS)" by World Green Organisation.

JANUARY 2015

3D-GOLD Jewellery has organized a "LOVE IT COOL 2015 New Product Launch" in Guangzhou of PRC.

JANUARY 2015

3D-GOLD Jewellery continued to be the title, scepter and crown sponsor of "Miss Chinese International Pageant for 2015" for the 5th consecutive year, and a presentation ceremony has been held in the Tsimshatsui shop of Hong Kong.

FEBRUARY 2015

3D-GOLD Jewellery was awarded the "2014 Hong Kong Premier Service Brand."

MAY 2015

3D-GOLD Jewellery was being one of the co-sponsors of "Dr. Koo Glorious Concert in Hong Kong 2015".

Chairman's Statement

Dear Shareholders,

On behalf of Hong Kong Resources Holdings Company Limited ("**HKRH**" or the "**Group**"), I present to you the Group's results for the year ended 30 June 2015 ("**Year 2015**").

On 6 June 2014, the partnership between HKRH and Luk Fook 3D Management Company Limited (wholly-owned by Luk Fook Holdings (International) Limited ("**Luk Fook Group**"; stock code: 0590)) has opened a new chapter in 3D-GOLD's business development blueprint.

Despite the macro-economy and consumption sentiment remaining lackluster, we are positive about the business outlook in the medium to long run, despite short term market volatilities. Currently, over 60% of the turnover was generated from Mainland China, and it will continue to be our major market. Although the economic growth in Mainland China is said to be lower than the targeted, it remains one of the fastest growing economies in the world. The Group will continue to promote our brand "3D-GOLD" to secure even higher recognition and trust and continue to seize the market opportunities to increase the number of shops and revenue mix of Mainland China.

Our investments in (i) the e-commerce platforms (ii) entertainment industry and (iii) the new investment in clean energy, are continue with greater efforts in order to capture the market potential. The Group believes these investments will pay off in the future.

Moving forward, we will continue to devote resources to bolstering existing businesses and we look forward to achieving mutually beneficial results, in turn, creating greater value for HKRH and delivering better returns to our shareholders and investors.

In closing, on behalf of the Board, I extend my sincere appreciation to the management team and staffs of the Group for their contribution and also give our gratitude to all our shareholders for their continuous support in this challenging year. I also take this opportunity to thank Dr. Wong, Kennedy Ying Ho and Ms. Estella Yi Kum Ng for their valuable contribution during their tenure of directorship. We expect the year ahead to be full of opportunities and challenges. As always, we strive to create greater value for our shareholders and investors.

Mrs. Wong Chew Li Chin
Chairman

Management Discussion and Analysis

OVERVIEW

The Group is principally engaged in trademark licensing and retailing for selling gold and jewellery products in Hong Kong, Macau and other regions ("Mainland China") in the People's Republic of China (the "PRC").

According to the Hong Kong Tourism Board, during the first six months of 2015 visitor arrivals from mainland China increased 4.7% over the same period in last year. Yet the retail value index for jewellery, watches & clocks, and valuable gifts as surveyed by the government fell 3.8% during the same period. In addition, the anti-corruption drive and the tight money situation on the mainland, as well as the political disputes in Hong Kong, all took their toll on consumer sentiments. High-priced gift and luxury items became slow moving.

On 6 June 2014, the partnership between HKRH and Luk Fook 3D Management Company Limited (wholly-owned by Luk Fook Holdings (International) Limited ("Luk Fook Group"; stock code: 0590)) has opened a new chapter in 3D-GOLD's business development blueprint.

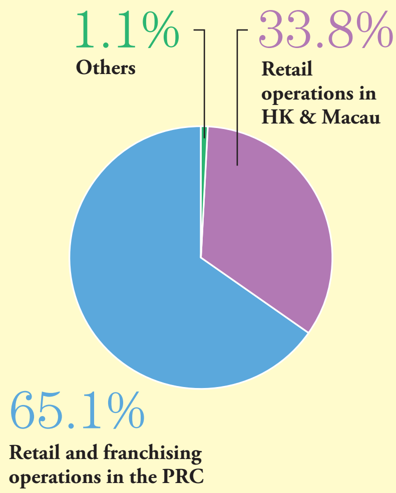
Various measures have taken place since the collaboration in (i) adjusting the sales network by focusing on profit making stores and closing down non-performing stores; (ii) improving the franchisee system to strengthen the retail operations; (iii) continuing costs control; and (iv) improving cash flow.

The Group recorded a turnover of approximately HK$1,371 million for the Year, representing a decrease of 12% as compared to the turnover of approximately HK$1,562 million Last Year. The loss for the year was approximately HK$160 million for the Year compared to the loss of approximately HK$192 million Last Year, representing a decrease of 17%. Included in the loss for the year are non-cash items of gains in fair value of gold loans of HK$46 million (2014: loss of HK$26 million), loss in fair value of financial assets/liabilities at fair value through profit or loss of HK$15 million (2014: gain of HK$24 million) and gain on fair value of derivatives financial instruments of HK$24 million (2014: gain of HK$7 million).

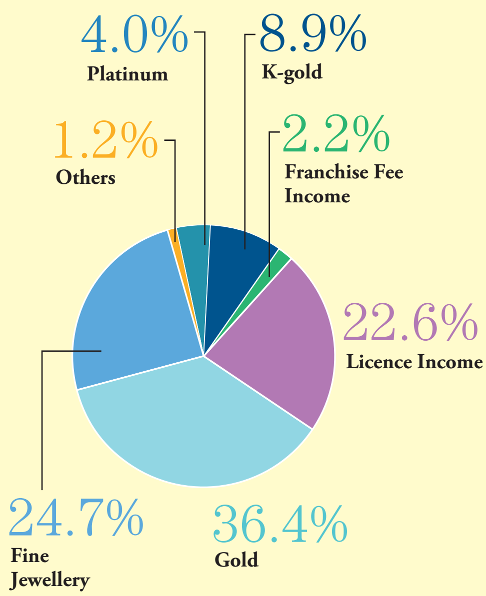
FINANCIAL REVIEW

China's economic growth slowed slightly with GDP growth of 7.0% in the first half of 2015, down from 7.4% in the second half of 2014. Domestic consumption showed a decline in contribution to China's economic growth, which in turn impacted the retail market and mass luxury sector. The Group continues to operate in an increasing challenging macro-economic and retail environment, with focus on improving profitability.

Turnover Breakdown by Business



Gross Profit Analysis by Products



over **300** shops in China

365 shops in Mainland China
6 shops in Hong Kong
3 shops in Macau

18	Anhui	2	Hainan	29	Jiangsu	60	Shandong
22	Beijing	17	Hebei	3	Jiangxi	2	Shanghai
8	Chongqing	7	Heilongjiang	2	Jilin	4	Shanxi
11	Fujian	6	Henan	6	Liaoning	4	Sichuan
5	Gansu	6	Hong Kong	3	Macau	12	Tianjin
65	Guangdong	28	Hubei	7	Ningxia	4	Xinjiang
19	Guangxi	2	Hunan	1	Qinghai	2	Yunnan
1	Guizhou	5	Inner Mongolia	11	Shaanxi	2	Zhejiang

金至尊 3D-GOLD

尊一互动

奇骥网 WWW.54QJ.COM

Sales from retailing and franchising of gold and jewellery products in Mainland China have continued to be the major source of income, which accounted for 65% of turnover. The turnover of the Group for the Year amounted to HK$1,371 million (2014: HK$1,562 million), a decrease of 12% from Last Year. Mainland China recorded turnover of HK$893 million, also a decrease of 32% from Last Year. As a result of the opening of 3 new stores and closure of 3 non-performing stores, Hong Kong and Macau recorded turnover of HK$464 million, an increase of 96% from Last Year. We have recorded a decline in overall same-store-growth of 15% (2014: decline of 46%), of which same store growth in Mainland China decline by 39% (2014: decline of 50%) and same store growth in Hong Kong and Macau increase by 114% (2014: a growth of 2%).

During the Year, the business model for our franchisee operation has changed from sales of goods to the receipt of license fees, i.e., franchisee made purchases with the authorised suppliers of the Group. This change has resulted in turnover from sales of goods to franchisees to decrease by HK$286 million, while receiving a license fee of HK$91 million. The license fee received is reflected directly to gross profit, this attributes to an increase in gross profit margin. Through working closely with our franchisees to improve their profitability, we expect improvements in the Group's financial results.

As a result of the closure of non-performing stores and the change in franchise system, the turnover has decreased by 12% and the gross profit increased by 5%, for the Year to HK$1,371 million and HK$402 million, respectively. Despite of the decrease in turnover, the implemented initiatives has resulted in positive impact to the Group, whereby, the gross profit margin has increased from 24% to 29% for the Year. Sales of our principal products, gold products and gem-set jewellery, consisted of 61% (2014: 64%) and 19% (2014: 19%), respectively of total turnover.

In line with the decrease in turnover, the Group's selling and distribution expenses have decreased to HK$362 million (2014: HK$369 million), but with the percentage of total turnover has increased from 24% to 26% this Year. Advertising and promotional expenses amounted to HK$40 million (2014: HK$36 million), representing a rate of 3% (2014: 2%) of the total revenue. Rental expenses amounted to HK$172 million (2014: HK$167 million), representing 13% (2014: 11%) of total revenue. The increase in rental as a percentage was mainly due to the opening of new POS and the decrease in turnover. However, the rental increment was generally in line with the market trend, yet the percentage to turnover remained at a relatively low level. It is the Group's intention to discuss with the various landlord on the level of rentals in spite of the current economic environment.

The Group's general and administrative expenses have decreased by HK$8 million to HK$139 million (2014: HK$147 million). The Group has implemented cost control policy and reduced the general and administrative expenses.

The priority of the management for the Year continues to focus on improving operational performance. The proactive initiatives have resulted in a gradual improvement on the Group's financial results for the Year, where there is a reduction in loss for the Year to HK$160 million (2014: HK$192 million).

FINAL DIVIDENDS

The Board has resolved not to declare any final dividend in respect of the year ended 30 June 2015 to the holders of ordinary shares of the Company.

BUSINESS REVIEW

Overall turnover from the Hong Kong and Macau retail operations has reached HK$464 million (2014: HK$237 million) and HK$893 million (2014: HK$1,320 million) from the Mainland China operations. The decrease in total turnover for the Year was mainly due to the closure of non-performing stores and change in business model for licensees, as compared to the Last Year.

As at 30 June 2015, the Group has 6 points-of-sale in Hong Kong, 3 points-of-sale in Macau and 365 points-of-sale in Mainland China under the brandname "3D-GOLD". Of the points-of-sale in Mainland China, 83 are self-operated points-of-sale and 282 are licensee points-of-sale. During the Year, 70 new shops and counters have opened in Mainland China and 107 loss making stores were closed.

Over 80% of our self-operated points-of-sale are located at department stores in Mainland China at prime shopping districts and are subject to turnover rent. The Hong Kong and Macau operations are, on the other hand, subject to fixed rentals, with some of the lease arrangements being committed to paying either minimum guaranteed amounts or monthly payments in the amounts equivalent to certain prescribed percentage of monthly sales as rental payments, whichever is the higher.

Our strategy in Mainland China is to continue to focus on the growth of licensee stores, with a target of 20% self-operated stores and 80% license stores in the long run. Our model gives us the option to leverage on the capital, local knowledge and premises of our licensees: a flexible and fast roll out strategy that requires minimal capital outlay from the Group. Our model enables the management to make critical decisions at times of market changes with minimal adverse impact on the Group.

With a view to improve the profitability, the management has focused on the following areas with various measures: (i) to adjust the sales network by focusing on profit making stores and closing down non-performing stores, (ii) introducing a new regional franchisee system to strengthen the retail operations, (iii) continuing to develop and promote new series products, (iv) persistent costs control; and (v) improving cash flow.

The opening, renewal and closing of our points-of-sales in Hong Kong, Macau, and Mainland China will be reviewed continually to ensure consistence with our overall business plan and strategies. Our growth plans will be continuously adjusted, based on the financial returns, marketing benefits and strategic advantages. Prospectively, the Mainland China market will remain the key growth driver in the future.

Products and Design

The Group has continued to advance its product designs and innovations. Through continuous enhancement in product quality, the Group is committed to offering product series which are able to meet with our customers' preferences.

During the Year, the Group has enlarged its product portfolio to capture different market segments. Newly launched products include:

– "Les fleurs" Collection;

– "Happy Women" Collection;

– "K • LOVE" K-gold Collection;

– "Happiness in Hand" Collection;

– Pure gold Goat Collection;

– "Flowers of Joy" Collection

Marketing and Promotion

The Group strongly believes in the value of a strong brand. A strong jewellery brand means trust worthiness, quality and design; trust facilitates the buying decision. The Group continues to promote the "3D-GOLD" brand through a comprehensive marketing programme and to present a corporate image of superior quality.

The Group's marketing programme includes joint promotions, sponsorships and exhibitions as follows:

– Trophy sponsorship of the "International KamCha Competition 2014 (HK Style Milk Tea)" for the 4th consecutive year;

– Sponsored the jewellery show of "The Fourth World Youth Congress of Jiangmen • 2014 Hong Kong";

– Organised the "LOVE IT COOL 2015 New Product Launch" in Guangzhou of PRC for unveiling the latest collections of 3D-GOLD Jewellery;

– Being the title, scepter and crown sponsor of "Miss Chinese International Pageant for 2015" for the 5th consecutive year and a presentation ceremony has been held in the Tsimshatsui shop of Hong Kong;

– Being one of the co-sponsors of "Dr. Koo Glorious Concert in Hong Kong 2015"

Awards and Achievements

The Group has also achieved a number of industry awards as recognition of its efforts in promoting service excellence, industry best practice and its contributions to the jewellery retail sector.

– "Green Office Awards Labeling Scheme (GOALS)" awarded by World Green Organization.

– Hong Kong Brand Development Council presented the "2014 Hong Kong Premier Service Brand" to 3D-GOLD Jewellery.

E-Commerce and Corporate Gifts

To further broaden the sales channel, the Group has launched an e-commerce platform "Zun1" (www.zun1.com) and social network platform (www.54qn.cn) to capture the high ground in the fast emerging cyber market in Greater China and other regions. The Group has continued its investment in this e-commerce platform, and expects it can generate return and synergy in the future years.

Inspired by the promising market potential and increasing popularity of unique corporate gifts in China, the Group has expanded into the corporate gift market, while continuing on the strategic plan for our retail operation.

Clean Energy

On 16 February 2015, the Group has entered into an agreement for the acquisition of an option from Dr. Kennedy Wong Ying Ho, which gives the Group the right to require the allotment and issue by Gane Energy & Resources (China) Limited ("Gane (China)"), a company incorporated in Hong Kong, of such number of new shares representing 20% of share capital of Gane (China), at a consideration of HK$4.8 million. Gane (China) through the license from Gane Energy & Resources Pty Ltd ("Gane Australia"), a company registered under Corporation Laws of Victoria, Australia, will have the right to use and enjoy certain intellectual property rights owned by Gane Australia, in Hong Kong, Macau, Taiwan and the PRC.

Gane Australia is principally engaged in the research and development of a new liquid fuel made from methanol and other oxygenated species for use in large industrial compression ignition engines. The fuel is targeted initially for use in electricity generators and heavy industrial equipment and later for mobile applications such as heavy mining trucks, trains and ships. The use of the fuel and the treatment of the engine exhaust are intended to result in exhausts which have concentrations of specific pollutants (such as sulphur dioxide, nitrogen oxides and particulate matter), that are lower than those of diesel, without the need for capital intensive exhaust treatments. The intellectual property rights are in relation to the new fuel, the operation of compression ignition engines using the new fuel, the treatment or utilisation of the engine exhaust and associated methods and systems.

Gane Australia has procured combustion and emission testing of the new fuel and further testing is planned in 2015. It is expected that the new fuel mentioned will be generally well received in the PRC market due to its environmental friendly features. With the Group's strong business network in PRC, it is expected the Group can help initiate the new fuel in the PRC market, which will help develop the business of Gane China and in turn, benefit the Group.

On 25 February, 2015, the Group partly exercised the option to subscribe for 13 new shares of Gane (China) and as at 30 June, 2015, the Group has direct interest of 16% in Gane (China). Upon full conversion of the outstanding options, the Group will have a direct interest of 28% in Gane (China).

OUTLOOK

The uncertainty in the global economy, economic slowdown in Mainland China and decline in the consumption of luxury goods as a result of the promotion of anti-corruption by the Chinese government, the Group remains prudent about our business growth in the coming year. Looking ahead, we are positive about the business outlook in the medium to long run, despite short term market volatilities. Mainland China will continue to be our major market. Although the economic growth in Mainland China is said to be lower than the targeted, it remains one of the fastest growing economies in the world and support the Group's optimistic business outlook in the medium to long run.

The management expects the next financial year to be a period of transition, with the aim of stabilizing our business performance. The strategic direction we are taking is to restore the long term sustainable growth and profitability of the Group. The market volatilities may result in, however, uncertainty on our short term performance. We will continue to enhance the process controls, improve our brand positioning, assist our franchisees to improve profitability, introduce products with higher gross profit margins, and maintain effective cost controls.

The Group will also continue its investments in clean energy business and entertainment business.

Ultimately, we look forward to achieving our goal, which will result in growth and value to our investors and other stakeholders. We expect the operating cash flow to improve, along with our franchisee profitability.

INVESTOR RELATION

The Group values its relationships with investors. Committed to maintaining close ties to professionals from the asset management community, the Group has heightened the transparency of its operations, and has maintained through open and effective communication, to enable investors and the investment community to understand our management philosophy and long-term development plans.

Throughout the year, the Group has arranged one-on-one meetings and visits for fund managers. The Group welcomes and treasures investors' comments as it strengthen our value to the investors. The Group's effort to create value for investors will continue.

OTHERS

Liquidity, Financial Resources and Capital Structure

The Group centralizes funding for all its operations through the corporate treasury based in Hong Kong. As at 30 June 2015, the Group had total cash and cash equivalents amounting to HK$680 million (30 June 2014: HK$790 million) whilst total net assets were HK$538 million (30 June 2014: HK$686 million). The Group's net gearing ratio as at 30 June 2015 was 81% (30 June 2014: 57%), being a ratio of total borrowing of HK$1,118 million (30 June 2014: HK$1,181 million) less pledged bank deposits and bank balances and cash of HK$680 million (30 June 2014: HK$790 million) to total equity of HK$538 million (30 June 2014: HK$686 million). After taking into account the gold inventories of HK$352 million (30 June 2014: HK$358 million), the Group's adjusted net gearing ratio as at 30 June 2015 was 16% (30 June 2014: 5%), being a ratio of total borrowing less pledged bank deposits, bank balances and cash and gold inventories to total equity. As at 30 June 2015, the Group has available unutilized revolving banking facilities of HK$494 million (30 June 2014: HK$166 million).

Capital Commitments and Contingent Liabilities

Capital commitments and contingent liabilities of the Group as at 30 June 2015 are set out in notes 32 and 37 to the consolidated financial statements.

Pledged of Assets

Pledged of assets of the Group as at 30 June 2015 are set out in note 34 to the consolidated financial statements.

Financial Risk and Exposure

Except for the financial derivatives set out in notes 22, 27 and 28 to the consolidated financial statements, the Group did not have any outstanding material foreign exchange contracts, interest or currency swaps, or other financial derivatives as at 30 June 2015.

Employees and Remuneration Policy

As at 30 June 2015, the Group had 1,567 employees (2014: 1,742). The Group's remuneration policy is periodically reviewed by the Remuneration Committee and the Board. Remuneration is determined by reference to market conditions, company performance, and individual qualifications and performance.

Environmental, Social and Governance Report

Background of ESG reporting

Hong Kong Resources Holdings Company Limited ("**HKRH**" or the "**Company**") is a listed company on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), with stock code 2882. The Board of HKRH recognizes the importance of having a good standard of corporate governance and maintaining an effective corporate governance framework which in turn will enhance the reputation of the Company and its subsidiaries (together, the "**Group**"). It has also supported and committed to a full range of Corporate Social Responsibilities ("**CSR**") activities taking our Environmental, Social and Governance ("**ESG**") standards to the next higher level, within the Group. Our strategy is to strengthen the infrastructure, internal engagements and external partnerships to create true and tangible values to our stakeholders through our ESG program.

Governance and Compliance as the Basis

Based on the firmly rooted philosophy of strict compliance with law and regulations, HKRH has established a modern corporate governance structure with the Board of Directors and a number of Board Committees set up, including Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee, each has its own clear defined terms of reference to undertake its own responsibilities, execute check and balance independent operations.

General Meetings

Shareholders' right of getting information, speaking, inquiry and voting are fully safeguarded during the general meetings of the Company. Generally, the Company holds general meetings in its Hong Kong operational office in Hunghom. Location is easily accessible by shareholders. Voting at the general meetings is made under the supervision of Tricor Tengis Limited, a professional corporate and investor services company. A communication channel for public enquiries is also available in the corporate website of HKRH under the Company's Shareholders Communication Policy.

Board of Directors

The current Board of the Company comprises 7 members, including 2 female directors. The board members are well diversified considering a numbers of factors, including but not limited to gender, age, cultural and educational background and professional experience, and taking into account the Company's business model and special needs. Directors of the Company have extensive practical experience in macro economy, corporate finance and accounting, legal affairs and strategic management, which ensures the practical and effective decision-making of the Board. The independent non-executive directors are also fully aware of the necessary requirements to ensure their effective fulfillment of duties.

Board Committees

The Board has set up five Committees. Each Committee performs different and unique functions in operation and supervision for the Company with independent decision making ability. The Company engages independent auditors to audit its financial statements and the internal control areas in relation to the preparation of financial statements, and has been improving the overall risk management system to effectively avoid the conflict of interests among the corporate governance bodies.

Staff Development and Personal Growth

HKRH believes that people are its most valuable asset to the Company. We engage our staff with trainings and career development opportunities. HKRH strives to be a caring employer and encourages work-life balance, and communicates with staff to enhance their sense of belonging and morale.

The Group's training goals are to support organizational development, facilitate team synergy and enhance individual competence. During the year, a wide range of trainings are being provided for staff attendance, including topics on industrial knowledge, marketing strategies, corporate social responsibilities, rules and regulations, moral development, management skills and more. The Group has established an education subsidy for encouraging our staff to pursue continuing education.

Community Participation

The Group strives to work for the sustainable development of Hong Kong and make positive contributions to the community. The Group promotes a healthy and active lifestyle in the community through participation in charitable events and forming its own volunteer team. Throughout the years, the Group has actively supported a variety of charity and community programs, and it continues to work hand-in-hand with its staff to make meaningful contributions to society.

During the year, the Group has participated the following social community services and charity activities to discharge our corporate social responsibilities. Some highlights are as follows:

– **Awarded "Caring Company 5+"** by The Hong Kong Council of Social Service ("**HKCSS**") and "Heart to Heart Company 2010-2015" by the Hong Kong Federation of Youth Groups. The Caring Company Scheme was launched by HKCSS in 2002, which aims at cultivating good corporate citizenship. It is specifically geared to building strategic partnerships among businesses and non-profit organizations to create a more cohesive society.

– **Participated "The Community Chest Skip Lunch Day"** which encouraged our employees to save their lunch expenses to sponsor the services for street sleepers and residents in cage homes supported by The Community Chest, and encouraged our employees to support "The Community Chest Green Day" to act green and live green, take public transportation, reduce food waste and save energy.

– **Supported "Oxfam Rice Event"**, the donation thereof are allocated to Oxfam China Development Fund which aims to improve people's well being of poor communities in the Mainland and to alleviate poverty.

– **Arranged regular "Hong Kong Red Cross Blood Donation Day" activities** in Hong Kong to support the stable supply of blood inventories. The Hong Kong Red Cross began its voluntary, non-remunerated blood donation program in 1952. Currently, the Hong Kong Red Cross Blood Transfusion Service is the only public institution providing blood to all hospitals, public and private, in Hong Kong.

– **Supported donation to "People Food Bank" of St. James' Settlement** for the services of single parent or low income families, street sleepers and other needy, and participation of our volunteer team in happy shopping fair and hot meal service to serve the elderly and low income people.

– **Arranged regular recycling campaign activities with The Salvation Army** for the collection of used clothing, electrical appliances, toys, etc., and encouraged our employees to reduce wastage and protect the environment, share resources with the needy and help social vulnerable groups.

Environmental Protection and Emission

During the year, 3D-GOLD Jewellery (HK) Limited, a subsidiary of the Company, was awarded the "Green Office" labeling from World Green Organization ("**WGO**") and "Better World Company" labeling by the core supporting organisation of this scheme, Junior Chamber International ("**JCI**"). Both labels are awarded subjected to strict assessments of the green organizations.

The Group does not operate any industrial production or have any factory facilities. Given the major businesses of the Group is being jewellery retailing in different geographical areas, the major gas emission of the Group is arising from transportation and electricity usage. Our activities of business operations have no significant impacts on the environment and natural resources.

Profiles of Directors

EXECUTIVE DIRECTORS

Mrs. Wong Chew Li Chin, aged 54, was appointed as the Chairman and an Executive Director on 2 August 2015. Mrs. Wong holds a master degree in business administration from the City University in London. She is a graduate of the Association of Chartered Certified Accountants in the United Kingdom and has experience in accounting and auditing at an international accounting firm. Mrs. Wong has served the Hong Kong Family Welfare Society as an executive committee member. Mrs. Wong is the spouse of Dr. Wong, Kennedy Ying Ho, the former chairman and Executive Director of the Company.

Ms. Wong Wing Yan, Ella, aged 38, joined the Company as Chief Financial Officer in August 2009 and was appointed as an Executive Director on 17 August 2011. Ms. Wong is a fellow member of the CPA (Australia) and holds a bachelor degree in commerce majoring in accounting and finance from the University of Sydney, Australia in 1997. Prior to joining the Company, Ms. Wong has over 12 years of experience in accounting and auditing at an international accounting firm and has extensive experience in auditing and financial management.

NON-EXECUTIVE DIRECTORS

Mr. Lam Kwok Hing, Wilfred, *J.P.,* aged 56, joined the Company as Director of Business Operations (China) and as Group Vice President of 3D-GOLD Jewellery Group on 1 April 2009. Mr. Lam was appointed as an Executive Director and Group Vice President on 17 August 2011 and re-designated as a Non-executive Director on 1 July 2015. Mr. Lam holds a bachelor degree in Law with honours from the University of Hong Kong.

Mr. Lam is the chairman and executive director of Chinese Strategic Holdings Limited (Stock Code: 8089), the chairman and executive director of China New Energy Power Group Limited (Stock Code: 1041) and the non-executive director of The Hong Kong Building and Loan Agency Limited (Stock Code: 145). Mr. Lam was an independent non-executive director of PME Group Limited (Stock Code: 379) from 14 April 2011 to 30 December 2014. Mr. Lam was a director (appointed as an independent non-executive director on 13 May 2009, re-designated to a non-executive director on 3 February 2010, appointed as a non-executive vice-chairman on 5 August 2010 and resigned on 11 July 2014) of National Arts Entertainment and Culture Group Limited (Stock Code: 8228) from 13 May 2009 to 11 July 2014. Mr. Lam was an independent non-executive director of Value Convergence Holdings Limited (Stock Code: 821) from 4 January 2010 to 30 May 2013. All of these companies are listed on the Stock Exchange of Hong Kong Limited.

Mr. Cheung Pak To, Patrick, *BBS,* aged 66, joined the Company as a Group Director of Administration on 1 June 2009. Mr. Cheung was appointed as an Executive Director on 15 November 2012 and re-designated as a Non-executive Director on 1 July 2015. Mr. Cheung holds a master's degree in public administration from the University of Hong Kong of which he is a distinguished alumnus. Mr. Cheung's extensive administrative management and discipline enforcement experience was gained during his 21 years as a UK Government civilian officer employed in Hong Kong up to 1989 and subsequently during his 20 years with the Securities and Futures Commission Hong Kong. On the social and community responsibilities front, Mr. Cheung was a devoted volunteer officer in the Hong Kong Civil Aid Service for 30 years during which he was appointed as honorary Aide-de-Camp to Governors Lord Wilson and Mr. Christopher Patten; and Chief Executive Mr. Tung chee-hwa for 10 consecutive years from 1990 to 1999. Mr. Cheung achieved the rank of Assistant Commissioner in the Hong Kong Civil Aid Service and was awarded the Bronze Bauhinia Star by the HKSAR in 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan, Anthony Ren Da, aged 55, was appointed as an Independent Non-executive Director on 30 September 2008. Mr. Fan holds a master degree of business administration from the United States. He is the chairman and managing director of AsiaLink Capital Limited. Prior to that, he held senior positions with various international financial institutions and was the managing director of a company listed on the Stock Exchange of Hong Kong Limited. Mr. Fan is an independent non-executive director of Uni-President China Holdings Ltd. (Stock Code: 220), Citic Resources Holdings Limited (Stock Code: 1205), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Renhe Commercial Holdings Company Ltd. (Stock Code: 1387), Technovator International Limited (Stock Code: 1206), Guodian Technology & Environment Group Corporation Limited (Stock Code: 1296), Tenfu Cayman Holdings Ltd. (Stock Code: 6868), China Development Bank International Investment Limited (Stock Code: 1062), LT Commercial Real Estate Limited (Stock Code: 112), Raymond Industrial Limited (Stock Code: 229), CGN Meiya Power Holdings Co., Ltd. (Stock Code: 1811) and Neo-Neon Holdings Limited (Stock Code: 1868), all listed on the main board of the Stock Exchange of Hong Kong Limited.

Mr. Wong Kam Wing, aged 65, was appointed as an Independent Non-executive Director on 30 September 2008. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants. He has worked for China Light and Power Group for more than 30 years. Mr. Wong has considerable professional experience in project development and financial management through his career development in the group. He had been assigned key positions in several joint venture companies including Dayabay, Huaiji and Shandong power projects.

Mr. Fan Chun Wah, Andrew, aged 36, was appointed as an Independent Non-executive Director on 31 July 2015. Mr. Fan is a practising certified public accountant in Hong Kong with over 9 years of experience. He holds a bachelor degree of business administration (accounting and finance) from The University of Hong Kong and a bachelor degree in laws from the University of London. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also a committee member of the tenth and eleventh Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen, the chairman of the 23rd council of Hong Kong United Youth Association and the vice chairman of the Tenth Zhejiang Province United Young Association. Mr. Fan is currently an independent non-executive director of Culturecom Holdings Limited (Stock Code: 343), Fulum Group Holdings Limited (Stock Code: 1443), Sinomax Group Limited (Stock Code: 1418), LT Commercial Real Estate Limited (Stock Code: 112) and Chuang's China Investments Limited (Stock Code: 298), all of which are companies listed on the Main Board of the Stock Exchange of Hong Kong Limited. He had been an independent non-executive director of Far East Holdings International Limited (Stock Code: 36) from October 2009 to February 2012 and Milan Station Holdings Limited (Stock Code: 1150) from March 2013 to July 2015, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited, and CIG Yangtze Ports PLC (Stock Code: 8233) from February 2009 to March 2014, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Corporate Governance Report

The Company is committed to establishing and maintaining a high standard of corporate governance in every aspect of its conduct of business operations. The Company believes that by adopting and embracing a well-balanced set of corporate governance principles will ensure that the best interests of shareholders and other stakeholders, customers, suppliers and other business counter parties are served.

The Company's code on corporate governance practices was adopted with reference to the code provisions on Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company principally complied with the CG Code throughout the year ended 30 June 2015, except for the following deviations:

CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive". The Board is of the view that currently vesting the roles of chairman and chief executive in the chairman of the Company provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

CG Code A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election. The Company has not fixed the term of appointment for non-executive directors and independent non-executive directors. However, all non-executive directors and independent non-executive directors are subject to retirement by rotation at least every three years and re-election at the annual general meeting of the Company pursuant to the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

The current corporate governance practices of the Company will be reviewed and updated in a timely manner in order to comply with the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. All directors of the Company (the "**Director(s)**") have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board comprises the following Directors during the Year and up to the date of this annual report. Brief profiles of the Directors are set out on pages 20 to 21 of this annual report. During the Year, 3 board meetings were held and the attendance of each Director is set out below:

Executive Directors	**Attendance**
Mrs. Wong Chew Li Chin, *Chairman (appointed on 2 August 2015)*	N/A
Ms. Wong Wing Yan, Ella	3/3
Dr. Wong, Kennedy Ying Ho *(resigned on 2 August 2015)*	3/3
Non-executive Directors	
Mr. Lam Kwok Hing, Wilfred *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*	3/3
Mr. Cheung Pak To, Patrick *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*	3/3
Dr. Hui Ho Ming, Herbert *(deceased on 30 August 2014)*	0/0
Independent Non-executive Directors	
Mr. Fan, Anthony Ren Da	3/3
Mr. Wong Kam Wing	3/3
Mr. Fan Chun Wah, Andrew *(appointed on 31 July 2015)*	N/A
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*	3/3

The primary responsibilities of the Board are to establish the Group's vision, strategic direction, general policies and strategic business plans; to monitor and control the operating and financial performance of the Group; to implement the best corporate governance practices throughout the Group; and to set appropriate policies to assess and manage risks in pursuit of the strategic objectives of the Group.

The Board has delegated the daily operations of the Company to the Management comprising all executive directors, management staff, and operating heads of different business units. The main responsibilities of the Management are to implement the strategies and business plans set by the Board and to manage the Group's business operations in accordance with the policies and directives of the Board.

Save for the relationships disclosed in the Profiles of Directors set out on pages 20 to 21 of this annual report, the Directors do not have any financial, business, family or other material/relevant relationship with each other. In addition, the much recently advocated board diversity in gender, age, profession, culture and religion are being observed by the Company in boardroom composition.

The Directors have been informed of the requirement under CG Code A.6.5 regarding continuous professional development. The Company has received from each of the directors, including Dr. Wong, Kennedy Ying Ho, Mr. Lam Kwok Hing, Wilfred, Ms. Wong Wing Yan, Ella, Mr. Cheung Pak To, Patrick, Mr. Fan, Anthony Ren Da, Ms. Estella Yi Kum Ng and Mr. Wong Kam Wing, a written record of his or her continuous professional development.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed annually.

BOARD COMMITTEES

The Board has established five committees, namely, the Remuneration Committee, the Nomination Committee, the Audit Committee, the Corporate Governance Committee and the Special Committee for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference which are available on the Stock Exchange's website and on the Company's website. The Company ceased to have an Executive Committee with effect from 1 July 2015, and the previous roles and responsibilities of the Executive Committee shall be carried out by the Executive Directors.

Remuneration Committee

The Remuneration Committee comprises the following Directors during the Year and up to the date of this annual report. During the Year, 3 Remuneration Committee meetings were held and the attendance of each member is set out below:

Remuneration Committee	**Attendance**
Independent Non-executive Directors	
Mr. Fan, Anthony Ren Da, *Chairman*	3/3
Mr. Wong Kam Wing	3/3
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*	3/3
Executive Directors	
Mrs. Wong Chew Li Chin *(appointed on 2 August 2015)*	N/A
Dr. Wong, Kennedy Ying Ho *(resigned on 2 August 2015)*	3/3

The main duties of the Remuneration Committee are to (i) make recommendation to the Board on policy and structure for the remuneration of directors and senior management; (ii) review and determines the remuneration packages of executive directors and senior management of the Group with reference to the corporate goals and objectives; and (iii) ensure that no director or any of his associate is involved in deciding his own remuneration.

During the Year, the Remuneration Committee had reviewed and approved matters relating to the remuneration of the executive directors, non-executive directors and independent non-executive directors, after assessing the individual performance and in consultation with the proposals of the Chairman of the Company.

Nomination Committee

The Nomination Committee comprises the following Directors during the Year and up to the date of this annual report. During the Year, 1 Nomination Committee meeting was held and the attendance of each member is set out below:

Nomination Committee	**Attendance**
Independent Non-executive Directors	
Mr. Wong Kam Wing, *Chairman*	1/1
Mr. Fan, Anthony Ren Da	1/1
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*	1/1
Executive Director	
Mrs. Wong Chew Li Chin *(appointed on 2 August 2015)*	N/A
Dr. Wong, Kennedy Ying Ho *(resigned on 2 August 2015)*	1/1

The main duties of the Nomination Committee are to (i) review the structure, size and composition of the Board, (ii) make recommendations to the Board regarding any proposed change and to identify individual suitably qualified to become the Board members; (iii) assess the independence of independent non-executive directors and (iv) make recommendations to the Board on relevant matters relating to the appointment of directors and succession plan for directors.

During the Year, the Nomination Committee had considered matters relating to the structure, size and composition of the Board, and the re-election of retiring directors at the 2014 annual general meeting of the Company.

The terms of reference of the Nomination Committee includes the consideration of board diversity whenever there is the requirement for the nomination of a director. The diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. The Committee will also take into account the Company's business model and specific needs.

Audit Committee

The Audit Committee comprises the following Directors during the Year and up to the date of this annual report. During the Year, 2 Audit Committee meetings were held and the attendance of each member is set out below:

Audit Committee	**Attendance**
Independent Non-executive Directors	
Mr. Fan Chun Wah, Andrew, *Chairman (appointed on 31 July 2015)*	N/A
Mr. Fan, Anthony Ren Da	2/2
Mr. Wong Kam Wing	2/2
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*	2/2
Non-executive Director	
Dr. Hui Ho Ming, Herbert *(deceased on 30 August 2014)*	0/0

The main duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the employee, internal auditors and external auditors; (ii) review the adequacy and effectiveness of the Group's financial reporting system and internal control system; and (iii) review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, reappointment and removal of external auditors.

During the Year, the Audit Committee had:

(i) reviewed the Group's annual report for the year ended 30 June 2014 and the Group's interim report for the 6 months ended 31 December 2014 with the external auditors;

(ii) reviewed the external auditors' letter to the management and responses of the management;

(iii) reviewed the effectiveness of the Group's internal control systems;

(iv) reviewed the internal audit findings and recommendations of the Internal Audit Department and the responses of the management; and

(v) reviewed the continuing connected transactions entered into by the Group.

The Audit Committee had reviewed with the external auditors the financial statements of the Group for the year ended 30 June 2015.

Corporate Governance Committee

The Corporate Governance Committee comprises the following Directors and the Company Secretary during the Year and up to the date of this annual report. During the Year, 1 Corporate Governance Committee meeting was held and the attendance of each member is set out below:

Corporate Governance Committee	**Attendance**
Executive Director	
Ms. Wong Wing Yan, Ella *(appointed on 26 September 2014)*	1/1
Non-executive Director	
Mr. Cheung Pak To, Patrick *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*	1/1
Dr. Hui Ho Ming, Herbert *(deceased on 30 August 2014)*	0/0
Independent Non-executive Directors	
Mr. Wong Kam Wing *(appointed on 26 September 2014)*	1/1
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*	1/1
Company Secretary	
Mr. Fu Yat Ming *(appointed on 26 September 2014)*	1/1

The main duties of the Corporate Governance Committee are to (i) introduce, endorse and review the corporate governance procedures and policies of the Company and to ensure that they are up to date and are in compliance with best practices prevailing in the market; (ii) provide regular training sessions on corporate governance, ethics and product ownership to ensure employees' awareness and to provide up-to-date knowledge on corporate governance standards; and (iii) set standards and make recommendations on the Group's environmental, social and governance policies, and to issue reports on related topics.

During the Year, the Corporate Governance Committee had reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid or payable to the Company's auditor is set out below:

Auditor	**Services rendered**	**Fees paid/payable**
		HK$'000
Deloitte Touche Tohmatsu	Audit services	2,005
Deloitte Touche Tohmatsu	Non-audit services	655

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the financial statements that give a true and fair view of the Group's financial position and are in accordance with applicable accounting standards and statutory rules and guidelines. The financial statements are prepared on a going concern basis.

The Board is responsible for maintaining sound and effective internal control systems for safeguarding the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of such systems. Such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to minimize risks of failure in the Group's operational system which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The Directors reviewed the effectiveness of the system of internal control of the Group.

COMPANY SECRETARY

Mr. Fu Yat Ming was appointed as the company secretary of the Company on 29 January 2014. Mr. Fu is an employee of the Company.

SHAREHOLDERS' RIGHTS

Pursuant to Bye-Law 58 of the Bye-Laws of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The general meetings of the Company provide channels of communication for shareholders to give their views and comments to the Company.

Shareholders may send their enquires to the Board by post to Units 1701-11, 17/F., Peninsula Square, No. 18 Sung On Street, Hunghom, Kowloon, Hong Kong to the attention of the Board of Directors.

INVESTOR RELATIONS

No amendments were made to the Memorandum and Bye-Laws of the Company during the Year.

Directors' Report

The directors of the Company (the "Directors") present their annual report and audited consolidated financial statements of the Company and of the Group for the year ended 30 June 2015 (the "Year").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS, DIVIDEND AND OTHER DISTRIBUTION

The results of the Group for the year ended 30 June 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The Board has resolved not to recommend a final dividend in respect of the year ended 30 June 2015 to the holders of ordinary shares of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the Year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 41 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors
Mrs. Wong Chew Li Chin *(appointed on 2 August 2015)*
Ms. Wong Wing Yan, Ella
Dr. Wong, Kennedy Ying Ho *(resigned on 2 August 2015)*

Non-executive Directors
Mr. Lam Kwok Hing, Wilfred *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*
Mr. Cheung Pak To, Patrick *(re-designated from Executive Director to Non-executive Director on 1 July 2015)*
Dr. Hui Ho Ming, Herbert *(deceased on 30 August 2014)*

Independent Non-executive Directors
Mr. Fan, Anthony Ren Da
Mr. Wong Kam Wing
Mr. Fan Chun Wah, Andrew *(appointed on 31 July 2015)*
Ms. Estella Yi Kum Ng *(resigned on 31 July 2015)*

In accordance with the Company's bye-laws, Mrs. Wong Chew Li Chin, Mr. Cheung Pak To, Patrick, Mr. Wong Kam Wing and Mr. Fan Chun Wah, Andrew shall retire from office at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mrs. Wong Chew Li Chin has entered into a service contract with the Company in relation to her appointment as an Executive Director and Chairman of the Company on 2 August 2015 for a term of 3 years but subject to retirement by rotation and re-election at the annual general meeting pursuant to the bye-laws of the Company.

Ms. Wong Wing Yan, Ella has entered into a service contract with the Company in relation to her appointment as chief financial officer of the Company, prior to her appointment as an Executive Director on 17 August 2011. She is not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting pursuant to the bye-laws of the Company.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

At 30 June 2015, the interests and short positions of the directors and chief executives of the Company 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in shares

Name of director	Personal interests	Family interests	Corporate interests	Total	% of issued ordinary shares
	Number of ordinary shares				
Dr. Wong, Kennedy Ying Ho	138,728,122	336,000 (Note a)	840,494,354 (Note b)	979,558,476	30.70%
Mr. Lam Kwok Hing, Wilfred	4,748,000	560,000 (Note c)	–	5,308,000	0.17%
Ms. Wong Wing Yan, Ella	88,000	200,500 (Note d)	–	288,500	0.01%
Mr. Cheung Pak To, Patrick	–	–	–	–	–
Mr. Fan, Anthony Ren Da	–	–	–	–	–
Ms. Estella Yi Kum Ng	–	–	–	–	–
Mr. Wong Kam Wing	5,371	–	–	5,371	0.00%

Notes:

(a) The shares are held by the spouse of Dr. Wong, Kennedy Ying Ho ("Dr Wong").

(b) Of the 840,494,354 shares, 757,703,752 shares are held by Perfect Ace Investments Limited ("Perfect Ace") and 82,790,602 shares are held by Limin Corporation. Perfect Ace is wholly-owned by Ying Ho (Nominees) Limited ("YH Nominees"). YH Nominees holds 100% in trust for Limin Corporation which is wholly-owned by Dr. Wong.

(c) The shares are held by the spouse of Mr. Lam Kwok Hing, Wilfred.

(d) The shares are held by the spouse of Ms. Wong Wing Yan, Ella.

(b) Long positions in underlying shares of equity derivatives of the Company

Name of Directors	Capacity	Number of shares interested	% of issued ordinary shares
Dr. Wong, Kennedy Ying Ho	Beneficial owner (Note a)	457,437	0.01%
	Beneficial owner (Note b)	1,163,380	0.04%
	Family interests (Note c)	24,000	0.00%
	Controlled corporation (Note d)	34,983,067	1.10%
Mr. Lam Kwok Hing, Wilfred	Beneficial owner (Note b)	10,398,591	0.33%
	Family interests (Note e)	40,000	0.00%
Ms. Wong Wing Yan, Ella	Beneficial owner (Note b)	11,816,901	0.37%
Mr. Cheung Pak To, Patrick	Beneficial owner (Note b)	6,581,690	0.21%
Mr. Fan, Anthony Ren Da	Beneficial owner (Note b)	2,441,942	0.08%
Ms. Estella Yi Kum Ng	Beneficial owner (Note b)	2,441,942	0.08%
Mr. Wong Kam Wing	Beneficial owner (Note b)	1,916,338	0.06%
	Beneficial owner (Note f)	383	0.00%

Notes:

(a) These derivatives represent the 457,437 bonus warrant shares underlying the bonus warrants held by Dr. Wong.

(b) All interests above are in the form of share options of the Company.

(c) These derivatives represent the 24,000 bonus warrant shares underlying the bonus warrants held by the spouse of Dr. Wong.

(d) These derivatives represent the 34,983,067 bonus warrant shares underlying the bonus warrants held by Perfect Ace. Dr. Wong was deemed to be interested in these derivatives through his controlling interests in Perfect Ace.

(e) These derivatives represent the 40,000 bonus warrant shares underlying the bonus warrants held by the spouse of Mr. Lam Kwok Hing, Wilfred.

(f) These derivatives represent the 383 bonus warrant shares underlying the bonus warrants held by Mr. Wong Kam Wing.

Saved as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or debentures of the Company or any of its associated corporation at 30 June 2015.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 30 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than option holdings disclosed above, at no time during the Year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

(a) Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of issued ordinary shares held	% of issued ordinary shares
Perfect Ace Investments Limited	Beneficial owner (Note a)	757,703,752	23.75%
Limin Corporation	Beneficial owner (Note a)	82,790,602	2.59%
Dr. Liu Wangzhi	Corporate interest (Note b)	186,874,847	5.86%
	Beneficial owner	15,556,000	0.49%
Mr. Yu Pan	Beneficial owner	165,000,000	5.17%
Mr. Wong Wai Sheung	Beneficial owner	5,831,430	0.18%
	Corporate interest (Note c)	45,000,000	1.41%
Mr. Chan Wai	Beneficial owner	1,000,000	0.03%
	Family interest	100,000	0.00%
	Corporate interest (Note c)	45,000,000	1.41%
Mr. Tse Moon Chuen	Beneficial owner	200,000	0.01%
	Corporate interest (Note c)	45,000,000	1.41%
Mr. Wong Koon Cheung	Corporate interest (Note c)	45,000,000	1.41%
Mr. Lee Shu Kuan	Corporate interest (Note c)	45,000,000	1.41%
Kwai Kee Cheung Jewellery & Goldsmith Company Limited	Corporate interest (Note c)	45,000,000	1.41%
Luk Fook (Control) Limited	Corporate interest (Note c)	45,000,000	1.41%
Luk Fook Holdings (International) Limited	Corporate interest (Note c)	45,000,000	1.41%

Notes:

(a) Please refer to the corporate interests of Dr. Wong in the Company as disclosed under "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(b) The shares are held by Ming Feng Group Holdings Limited ("Ming Feng"). Ming Feng is owned as to 49% by Ms. Chan Yangfang ("Ms. Chan"), the spouse of Dr. Liu Wangzhi ("Dr. Liu") and 51% by Dr. Liu. Ms. Chan holds 49% shares in trust for Dr. Liu. As such, Dr. Liu is deemed to have interest in all the shares in Ming Feng.

(c) The corporate interest represents the same lot of shares held by Luk Fook Holdings Company Limited. Luk Fook Holdings Company Limited is wholly owned by Luk Fook Investment (B.V.I.) Limited. Luk Fook Investment (B.V.I.) Limited is wholly owned by Luk Fook Holdings (International) Limited. Luk Fook (Control) Limited controls over one-third of the voting power of Luk Fook Holdings (International) Limited. Mr. Wong Wai Sheung is a discretionary beneficiary of the Wong's Family Trust (the "Trust"). The Trust is the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Company Limited which controls over one-third of the voting power of Luk Fook (Control) Limited. Mr. Wong Wai Sheung, Mr. Chan Wai, Mr. Tse Moon Chuen, Mr. Wong Koon Cheung and the administrator of Mr. Lee Shu Kuan collectively control (directly or indirectly) over one-half of the voting power of Luk Fook (Control) Limited. Accordingly, Mr. Wong Wai Sheung, Mr. Chan Wai, Mr. Tse Moon Chuen, Mr. Wong Koon Cheung, the administrator of Mr. Lee Shu Kuan, Kwai Kee Cheung Jewellery & Goldsmith Company Limited, Luk Fook (Control) Limited and Luk Fook Holdings (International) Limited are deemed to be interested in the 45,000,000 shares held by Luk Fook Holdings Company Limited in the Company.

(b) Long positions in underlying shares of equity derivatives of the Company

Name of substantial shareholders	Capacity	Number of shares interested	% of issued ordinary shares
Perfect Ace Investments Limited	Beneficial owner (Notes a & b)	34,983,067	1.10%
Dr. Liu Wangzhi	Corporate interest (Note c)	7,500,000	0.24%
Mr. Wong Wai Sheung	Corporate interest (Note d)	317,111,111	9.94%
Mr. Chan Wai	Corporate interest (Note d)	317,111,111	9.94%
Mr. Tse Moon Chuen	Corporate interest (Note d)	317,111,111	9.94%
Mr. Wong Koon Cheung	Corporate interest (Note d)	317,111,111	9.94%
Mr. Lee Shu Kuan	Corporate interest (Note d)	317,111,111	9.94%
Kwai Kee Cheung Jewellery & Goldsmith Company Limited	Corporate interest (Note d)	317,111,111	9.94%
Luk Fook (Control) Limited	Corporate interest (Note d)	317,111,111	9.94%
Luk Fook Holdings (International) Limited	Corporate interest (Note d)	317,111,111	9.94%
Luk Fook 3D Management Company Limited	Beneficial owner (Note d)	317,111,111	9.94%

Notes:

(a) These derivatives represent the 34,983,067 bonus warrant shares underlying the bonus warrants held by Perfect Ace.

(b) Please refer to the bonus warrant shares underlying the bonus warrants held by Dr. Wong as disclosed under the "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(c) These derivatives represent the 7,500,000 bonus warrant shares underlying the bonus warrants held by Ming Feng. Ming Feng is owned as to 49% by Ms. Chan, the spouse of Dr. Liu and 51% by Dr. Liu. Ms. Chan holds 49% shares in trust for Dr. Liu. As such, Dr. Liu is deemed to have interest in all the shares in Ming Feng.

(d) The corporate interest represents the same lot of convertible bond held by Luk Fook 3D Management Company Limited convertible into shares of the Company. Luk Fook 3D Management Company Limited is wholly owned by Luk Fook Investment (B.V.I.) Limited. Luk Fook Investment (B.V.I.) Limited is wholly owned by Luk Fook Holdings (International) Limited. Luk Fook (Control) Limited controls over one-third of the voting power of Luk Fook Holdings (International) Limited. Mr. Wong Wai Sheung is a discretionary beneficiary of the Trust. The Trust is the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Company Limited which controls over one-third of the voting power of Luk Fook (Control) Limited. Mr. Wong Wai Sheung, Mr. Chan Wai, Mr. Tse Moon Chuen, Mr. Wong Koon Cheung and the administrator of Mr. Lee Shu Kuan collectively control (directly or indirectly) over one-half of the voting power of Luk Fook (Control) Limited. Accordingly, Mr. Wong Wai Sheung, Mr. Chan Wai, Mr. Tse Moon Chuen, Mr. Wong Koon Cheung, the administrator of Mr. Lee Shu Kuan, Kwai Kee Cheung Jewellery & Goldsmith Company Limited, Luk Fook (Control) Limited and Luk Fook Holdings (International) Limited are deemed to be interested in the convertible bond held by Luk Fook 3D Management Company Limited.

Saved as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in sections headed "CONNECTED TRANSACTIONS" and "CONTINUING CONNECTED TRANSACTIONS" below note 35 to the consolidated financial statements, no contract of significance to which the Company, its fellow subsidiaries or subsidiaries was a party and in which a 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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. The Company considers all of the Independent Non-executive Directors are independent.

CONNECTED TRANSACTIONS

The Group has conducted the following connected transactions during the Year:

On 16 February 2015, Talent Wonder Limited ("Talent Wonder"), a subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Dr. Wong, pursuant to which Dr. Wong has sold, and Talent Wonder has purchased, an option (the "Option") to require the allotment and issue by Gane Energy & Resources (China) Limited ("Gane China") of such number of new shares representing 20% of the entire issued share capital of Gane China as enlarged by the option shares to be allotted and issued upon full exercise of the Option at a purchase price of HK$4,810,000, and Talent Wonder has paid a deposit to Dr. Wong in the sum of HK$10,800,000 (equivalent to A$1,800,000) which is equivalent to the amount of the deposit paid by Dr. Wong to Gane Energy & Resources Pty Ltd ("Gane Australia") in respect of the Option. Gane China will be principally engaged in the business of new fuel in the PRC market.

On 23 February 2015, the completion date of the Sale and Purchase Agreement, Talent Wonder, Dr. Wong, Gane China and Gane Australia entered into a deed of assignment and novation in relation to, among others, the assignment of all Dr. Wong's rights and the novation of all Dr. Wong's obligations under the deed of the Option.

Dr. Wong was a Director, the chairman of the board and a substantial shareholder of the Company at the time of these transactions. As such, Dr. Wong was a connected person of the Company and the Sale and Purchase Agreement and the deed of assignment and novation constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Details of the above are set out in the announcement of the Company dated 16 February 2015.

CONTINUING CONNECTED TRANSACTIONS

On 5 July 2013, the Company entered into a legal services agreement with Philip K.H. Wong, Kennedy Y.H. Wong & Co. ("PWKW"), whereby PWKW shall provide secretariat and legal services to the Group for a term of three years from 1 April 2013 to 31 March 2016 for a fee of not more than HK$5,000,000 for each year during the term. During the year ended 30 June 2015, the fee charged by PWKW to the Company pursuant to the legal services agreement was approximately HK$272,000. PWKW is a law firm of which Dr. Wong is one of the founders and the managing partner. The above transaction is regarded as a continuing connected transaction pursuant to Chapter 14A of the Listing Rules. Details of the above are set out in the announcement of the Company dated 5 July 2013.

On 6 June 2014, China Gold Silver Group Company Limited ("CGS") and Maxigood Enterprises Limited ("Maxigood") entered into a framework agreement for supply of goods ("Supply Agreement"), pursuant to which Maxigood shall sell to CGS, and CGS shall purchase from Maxigood, raw materials and/or finished goods in respect of platinum and gold jewelleries and gold ornaments, gem-set jewelleries, jadeites, gemstones and other accessory items for a term of the period from 6 June 2014 to 30 June 2016. The maximum annual amount of consideration payable by CGS to Maxigood under the Supply Agreement shall be HK$260,000,000, HK$520,000,000 and HK$780,000,000 for each of the three years ending 30 June 2014, 2015, and 2016, respectively. During the year ended 30 June 2015, the purchases of CGS and its subsidiaries from Maxigood and its fellow subsidiaries pursuant to the Supply Agreement amounted to approximately HK$58,794,000. CGS is owned as to 50% by each of the Company and Luk Fook 3D Management Company Limited ("Luk Fook"), and is accounted for as a subsidiary of the Company. Luk Fook and Maxigood are wholly-owned subsidiaries of Luk Fook Holdings (International) Limited ("Luk Fook Holdings"). As such, Luk Fook, Luk Fook Holdings and Maxigood are connected persons of the Company and the Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the above are set out in the announcements of the Company dated 28 January 2014 and 6 June 2014.

On 6 June 2014, 3D-GOLD Management Services Limited ("3DM"), a wholly owned subsidiary of CGS, and Luk Fook entered into a competitiveness enhancement agreement ("Competitiveness Enhancement Agreement"), pursuant to which Luk Fook shall provide to CGS and its subsidiaries ("CGS Group") such services and assistance that enhance and improve operation efficiency and competitiveness, and improve product quality and standards of the businesses of the CGS Group, being the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and Mainland China through retailing, franchising and e-commerce under the brand names of "3D-GOLD",「金至尊」, "La Milky Way" and「銀河明星」and other brand(s) currently owned or licensed to the CGS Group, and such other business or activities, brand(s) and territories as the shareholders of CGS may agree from time to time for a term of the period from 6 June 2014 to 30 June 2016. The maximum annual service fee payable by 3DM to Luk Fook pursuant to the Competitiveness Enhancement Agreement shall be no more than HK$2,500,000, HK$10,000,000 and HK$10,000,000 for each of the three years ending 30 June 2014, 2015, and 2016, respectively. During the year ended 30 June 2015, the fee charged by Luk Fook to 3DM pursuant to the Competitiveness Enhancement Agreement was nil. The Competitiveness Enhancement Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the above are set out in the announcements of the Company dated 28 January 2014 and 6 June 2014.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group as above in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The independent non-executive directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms and in accordance with the terms of agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is on the basis of their merit, qualifications and competence.

The emoluments of the Directors are reviewed and determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and prevailing market conditions.

The Company has adopted a share option scheme for the purpose of providing incentive to eligible persons for their contribution or potential contribution to the Group. Details of the scheme are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 30 June 2015.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$1,089,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, 60% of the total purchases were gold purchased from Shanghai Gold Exchange and the five largest suppliers of the Group accounted for 93% of the Group's purchases.

Aggregate sales attributable to the Group's five largest customers were less than 15% of the total turnover.

At no time during the Year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

EXPOSURE TO BORROWERS AND OTHER SPECIFIC CIRCUMSTANCES THAT REQUIRE DISCLOSURE

Details of which are set out in notes 26 and 27 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 30 June 2015 have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Mrs. Wong Chew Li Chin
Chairman

Hong Kong, 25 September 2015

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED
香港資源控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hong Kong Resources Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 125, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other 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 disclosure requirements of 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 judgment, 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	NOTES	2015 HK$'000	2014 HK$'000
Turnover	5(a)	**1,370,905**	1,561,659
Cost of sales		**(969,188)**	(1,183,460)
Gross profit		**401,717**	378,199
Other income	6	**31,447**	45,285
Selling expenses		**(361,837)**	(368,511)
General and administrative expenses		**(139,024)**	(146,576)
Equity-settled share-based payments	30(b)	**(617)**	(2,606)
Impairment loss on trade receivables recognised	14	**(4,836)**	(12,243)
Other operating expenses		**(19,942)**	(34,925)
Loss from operations		**(93,092)**	(141,377)
Change in fair value of derivatives embedded in convertible bonds and share option	28(b)	**23,749**	7,225
Impairment loss on goodwill recognised	36(a)	**(9,995)**	–
Impairment loss on intangible assets recognised	15	**(4,539)**	(3,120)
Impairment loss on amount due from a joint venture recognised	21	**(3,559)**	–
Finance costs	7	**(51,787)**	(61,693)
Share of results of associates		**–**	(1,302)
Share of results of joint ventures	16	**(25)**	(26)
Loss before taxation	8	**(139,248)**	(200,293)
Taxation	10	**(20,721)**	8,284
Loss for the year		**(159,969)**	(192,009)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation		**10,370**	(3,432)
Total comprehensive expense for the year		**(149,599)**	(195,441)
Loss for the year attributable to:			
Owners of the Company		**(93,862)**	(184,126)
Non-controlling interests		**(66,107)**	(7,883)
		(159,969)	(192,009)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(86,921)**	(187,558)
Non-controlling interests		**(62,678)**	(7,883)
		(149,599)	(195,441)
Loss per ordinary share	12		
Basic		**(HK$0.029)**	(HK$0.059)
Diluted		**(HK$0.030)**	(HK$0.059)

Consolidated Statement of Financial Position

As at 30 June 2015

	NOTES	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**59,731**	63,845
Deposits for acquisition of property, plant and equipment		–	263
Deposits paid	14	**17,010**	12,779
Goodwill	36(a)	–	9,995
Intangible assets	15	**169,433**	174,718
Interests in joint ventures	16	**3,488**	3,513
Investments	17	**33,704**	–
Deferred tax assets	18	**16,769**	31,807
		300,135	296,920
Current assets			
Inventories	19	**843,720**	822,842
Trade and other receivables and deposits paid	14	**189,771**	195,720
Loans to related parties	20	**1,424**	123,177
Amount due from a joint venture	21	–	1,963
Financial assets at fair value through profit or loss	22	–	10,949
Derivative financial instruments	28(b)	**2,309**	–
Tax recoverable		–	372
Pledged bank deposits	23	**418,412**	431,716
Bank balances and cash	23	**261,961**	357,952
		1,717,597	1,944,691
Current liabilities			
Trade and other payables, accruals and deposits received	24	**267,307**	258,549
Amounts due to joint ventures	21	**3,642**	3,628
Financial liabilities at fair value through profit or loss	22	**1,491**	–
Obligations under finance leases	25	**180**	148
Bank and other borrowings	26	**657,178**	510,162
Gold loans	27	**256,124**	494,329
Loan from a non-controlling shareholder of a subsidiary	21	**20,000**	–
Tax liabilities		**4,832**	3,209
		1,210,754	1,270,025
Net current assets		**506,843**	674,666
Total assets less current liabilities		**806,978**	971,586

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Convertible bonds	28(a)	**64,574**	56,470
Derivative financial instruments	28(b)	**42,660**	66,409
Obligations under finance leases	25	**–**	242
Bank and other borrowings	26	**20,000**	20,000
Loan from a non-controlling shareholder of a subsidiary	21	**100,000**	100,000
Deferred tax liabilities	18	**42,016**	42,213
		269,250	285,334
NET ASSETS		**537,728**	686,252
CAPITAL AND RESERVES			
Share capital	29	**31,905**	31,885
Reserves		**337,894**	423,760
Equity attributable to owners of the Company		**369,799**	455,645
Non-controlling interests		**167,929**	230,607
TOTAL EQUITY		**537,728**	686,252

The consolidated financial statements on pages 38 to 125 were approved and authorised for issue by the Board of Directors on 25 September 2015 and are signed on its behalf by:

Ms. Wong Chew Li Chin
DIRECTOR

Mr. Lam Kwok Hing, Wilfred
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Attributable to owners of the Company											
	Ordinary share capital HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000	**Other reserve** HK$'000 (Note (a))	**Share option reserve** HK$'000	**Warrant reserve** HK$'000	**Exchange reserve** HK$'000	**PRC statutory reserve** HK$'000 (Note (b))	**Retained earnings (accumulated losses)** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 July 2013	29,541	639,845	55,327	(213,605)	19,010	21,830	48,116	21,114	19,452	640,630	(3,446)	637,184
Loss for the year	–	–	–	–	–	–	–	–	(184,126)	(184,126)	(7,883)	(192,009)
Other comprehensive expense for the year	–	–	–	—	–	–	(3,432)	–	–	(3,432)	–	(3,432)
Total comprehensive expense for the year	–	–	–	–	–	–	(3,432)	–	(184,126)	(187,558)	(7,883)	(195,441)
Transfer between reserves	–	–	–	–	–	–	–	4,543	(4,543)	–	–	–
Equity-settled share-based payments	–	–	–	–	2,606	–	–	–	–	2,606	–	2,606
Exercise of warrants	1	32	–	–	–	(10)	–	–	–	23	–	23
Exercise of share options	173	4,738	–	–	(953)	–	–	–	–	3,958	–	3,958
Lapse of share options	–	–	–	–	(1,901)	–	–	–	1,901	–	–	–
Issue of new shares by way of placing of shares, net of transaction costs	2,170	36,262	–	–	–	–	–	–	–	38,432	–	38,432
Acquisition of subsidiaries (note 36(a))	–	–	–	–	–	–	–	–	–	–	(9,167)	(9,167)
Acquisition of additional interest in a subsidiary (note 36(c))	–	–	–	(3,643)	–	–	–	–	–	(3,643)	3,643	–
Disposal of partial interest in a subsidiary (note 36(b))	–	–	–	(38,803)	–	–	–	–	–	(38,803)	247,460	208,657
At 30 June 2014	31,885	680,877	55,327	(256,051)	18,762	21,820	44,684	25,657	(167,316)	455,645	230,607	686,252

	Attributable to owners of the Company											
	Ordinary share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Other reserve HK$'000 (Note (a))	Share option reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	PRC statutory reserve HK$'000 (Note (b))	Retained earnings (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Loss for the year	–	–	–	–	–	–	–	–	(93,862)	(93,862)	(66,107)	(159,969)
Other comprehensive income for the year	–	–	–	–	–	–	6,941	–	–	6,941	3,429	10,370
Total comprehensive income (expense) for the year	–	–	–	–	–	–	6,941	–	(93,862)	(86,921)	(62,678)	(149,599)
Transfer between reserves	–	–	–	–	–	–	–	1,309	(1,309)	–	–	–
Equity-settled share-based payments	–	–	–	–	617	–	–	–	–	617	–	617
Exercise of warrants	–	1	–	–	–	(1)	–	–	–	–	–	–
Exercise of share options	20	638	–	–	(200)	–	–	–	–	458	–	458
Lapse of share options	–	–	–	–	(1,588)	–	–	–	1,588	–	–	–
At 30 June 2015	31,905	681,516	55,327	(256,051)	17,591	21,819	51,625	26,966	(260,899)	369,799	167,929	537,728

Notes:

(a) Other reserve comprises:

(i) an amount of HK$213,605,000 which represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in China Gold Silver Group Company Limited ("CGS"), a subsidiary of the Company, being acquired from the non-controlling shareholders on 14 May 2010;

(ii) an amount of HK$3,643,000 which represents the difference between the fair value of the consideration paid and the carrying amount of the net liabilities attributable to the additional interest in Rise Rich International Limited ("Rise Rich"), a subsidiary of the Company, being acquired from the non-controlling shareholders on 31 December 2013; and

(iii) an amount of HK$38,803,000 in relation to the disposal of partial interest in CGS as set out in note 36(b).

(b) People's Republic of China (the "PRC") statutory reserve of the Group represents general and development fund reserve applicable to the PRC subsidiaries which were established in accordance with the relevant regulations.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	2015 HK$'000	2014 HK$'000
Operating activities		
Loss before taxation	**(139,248)**	(200,293)
Adjustments for:		
Allowances of inventories	**4,418**	12,106
Amortisation of intangible assets	**777**	473
Change in fair value of derivatives embedded in convertible bonds and share option	**(23,749)**	(7,225)
Change in fair value of financial assets/liabilities at fair value through profit or loss	**15,114**	(24,363)
Change in fair value of gold loans	**(45,655)**	25,560
Depreciation of property, plant and equipment	**24,424**	23,821
Equity-settled share-based payments	**617**	2,606
Finance costs	**51,787**	61,693
Impairment loss on amount due from a joint venture recognised	**3,559**	–
Impairment loss on goodwill recognised	**9,995**	–
Impairment loss on intangible assets recognised	**4,539**	3,120
Impairment loss on trade receivables recognised	**4,836**	12,243
Impairment loss on other receivables recognised	**637**	2,084
Interest income	**(22,316)**	(30,818)
Loss on disposal of property, plant and equipment	**6,478**	3,805
Loss on exercise of settlement options	**–**	4,114
Share of results of associates	**–**	1,302
Share of results of joint ventures	**25**	26
Write-off of deposits for acquisition of property, plant and equipment	**263**	5,894
Operating cash flows before movements in working capital	**(103,499)**	(103,852)
(Increase) decrease in inventories	**(19,524)**	42,492
Decrease in trade and other receivables and deposits paid	**6,294**	68,650
Increase (decrease) in trade and other payables, accruals and deposits received	**6,004**	(35,298)
Net settlement on acquisition and disposal of financial assets/ liabilities at fair value through profit or loss	**(2,674)**	(36,509)
Cash used in operations	**(113,399)**	(64,517)
Income taxes refunded	**–**	2,497
Income taxes paid	**(3,885)**	(16,534)
Net cash used in operating activities	**(117,284)**	(78,554)

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	NOTES	2015 HK$'000	2014 HK$'000
Investing activities			
Interest received		**22,316**	6,947
Purchase of property, plant and equipment		**(28,343)**	(20,777)
Proceeds from disposal of property, plant and equipment		**2,117**	1,376
Purchase of intangible assets		**(31)**	(141)
Investments in available-for-sale investments		**(15,729)**	–
Acquisition of share options		**(4,810)**	–
Investment in a film		**(15,474)**	–
Repayments from related parties		**123,177**	–
Loans to related parties		**(1,424)**	–
Loan to an independent third party		**(7,754)**	–
Advance to a joint venture		**(1,583)**	(485)
Placement of pledged bank deposits		**(418,412)**	(268,164)
Withdrawal of pledged bank deposits		**437,434**	138,847
Net cash from (used in) investing activities		**91,484**	(142,397)
Financing activities			
Interest paid		**(43,071)**	(47,947)
Proceeds on issue of convertible bonds		**–**	95,839
Repayment of convertible bonds		**–**	(211,200)
New bank and other borrowings		**861,178**	382,012
Repayment of bank and other borrowings		**(715,877)**	(483,239)
New gold loans		**390,175**	476,055
Repayment of gold loans		**(589,273)**	(136,443)
Loan from a non-controlling shareholder of a subsidiary		**20,000**	100,000
Net cash and cash equivalent acquired from acquisition of a subsidiary	36(a)	**–**	2
Net cash and cash equivalent arising on deemed acquisitions of subsidiaries	36(a)	**–**	410
Consideration received from partial disposal of a subsidiary	36(b)	**–**	244,810
Transaction costs attributable to partial disposal of a subsidiary	36(b)	**–**	(4,000)
Proceeds from the issue of new shares by way of a placing		**–**	38,432
Exercise of warrants		**–**	23
Exercise of share options		**458**	3,958
Net cash (used in) from financing activities		**(76,410)**	458,712
Net (decrease) increase in cash and cash equivalents		**(102,210)**	237,761
Cash and cash equivalents at beginning of the year		**357,952**	122,639
Effect of foreign exchange rate changes		**6,219**	(2,448)
Cash and cash equivalents at end of the year, represented by bank balances and cash		**261,961**	357,952

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company is Units 1701-11, 17th Floor, Peninsula Square, No. 18 Sung On Street, Hunghom, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 42.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), that is different from the functional currency of the Company which is Renminbi ("RMB"). The directors of the Company consider that Hong Kong dollars is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

The Company together with its subsidiaries are collectively referred to as the "Group". All values are rounded to the nearest thousand except when otherwise indicated.

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and an Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the amendments to HKFRSs and an Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Application of new and revised HKFRSs *(Continued)*

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

Application of new and revised HKFRSs *(Continued)*

New and revised HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 *Financial Instruments* *(Continued)*

Key requirements of HKFRS 9 are described below:

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

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

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors are in the process of assessing the financial impact of the application of HKFRS 9 on the consolidated financial statements.

Other than disclosed above, the directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, based on the carrying amount of the net assets attributable to the change in interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

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.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related 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 (see the accounting policy below); 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 acquire (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 standard.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods sold and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Franchise income and licence income in respect of the use of the trademark "3D-GOLD" are recognised on an accrual basis in accordance with the relevant agreements.

Consultancy fee income is recognised on an accrual basis in accordance with the terms of the contract.

Television programmes and content production income is recognised by reference to the stage of completion in accordance with the terms of the contracts.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investment in a film

Investment in a film are stated at cost less accumulated amortisation and impairment losses. Investment in a film are amortised on the proportion of actual income earned during the year to the total estimated income over their economic beneficial period. Additional amortisation/impairment loss is made if future estimated projected revenues are adversely different from the previous estimation. Estimated projected revenues are reviewed at regular intervals.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture equals or exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in joint ventures *(Continued)*

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the first-in, first-out method or specific identification basis depending on the nature of the inventories. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received is determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings (accumulated losses).

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 40(c).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loans to related parties, amount due from a joint venture, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets, other than those of FVTPL, are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Gold loans, which are designated at fair value through profit or loss, and other financial liabilities at FVTPL are measured at fair value with any gain or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 40(c).

Other financial liabilities

Other financial liabilities including trade and other payables, franchisee guarantee deposits, amounts due to joint ventures, bank and other borrowings, and loan from a non-controlling shareholder of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method (Continued)

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is excluded from net gains or losses.

Convertible bonds contain liability component and conversion option derivative

Convertible bonds issued by the Group that contain both liability and conversion option derivative components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and conversion option derivative components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over CGS

As disclosed in note 36(b), the Company disposed of its 50% equity interest in CGS to an independent third party (the "Purchaser") on 6 June 2014. Upon completion of the disposal, the Company holds a 50% equity interest in CGS, and CGS is continued to be accounted for as a subsidiary of the Company as disclosed in note 42.

In assessing whether the Group has control over CGS, the directors of the Company consider whether the Group has the practical ability to direct the relevant activities of CGS and its subsidiaries unilaterally. In making their judgment, the directors take into account the facts that (i) the power of the board of directors of CGS and its subsidiaries including but not limited to the approval of annual budget, business plan, capital expenditure and appointment of the chief financial officer and (ii) the Company has the right to nominate the chairman of the board of directors of CGS and its subsidiaries and the chairman is entitled to a second or casting vote in case of an equality of votes at board meetings. The directors concluded that casting vote of the chairman is substantive, which provides the Company the power over the relevant activities which are directed by voting rights of the board of directors of CGS and its subsidiaries. As such, the Company has sufficient dominant voting interest to direct the relevant activities of CGS and its subsidiaries and therefore directors of the Company are of the view that the Group has control over CGS and its subsidiaries.

Key sources of estimation uncertainty

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

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount of these intangible assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the intangible assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2015, the carrying amount of the Group's intangible assets is HK$169,433,000 (2014: HK$174,718,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes to adversed economic conditions. As at 30 June 2015, the carrying amount of the Group's inventories is HK$843,720,000 (2014: HK$822,842,000).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2015, the carrying amount of the Group's trade receivables is HK$97,802,000 (2014: HK$85,853,000).

Fair value measurements and valuation processes

Certain assets and liabilities of the Group are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

Information about the valuation techniques and inputs used in the determination of the fair value of various assets and liabilities are disclosed in note 40(c).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year, management of the Group conducted a review of such goodwill and recognised impairment loss amounting to HK$9,995,000 (2014: nil) in the profit or loss as disclosed in note 36(a).

5. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

An analysis of the Group's turnover for the year is as follows:

	2015 HK$'000	2014 HK$'000
Sales of goods	1,256,725	1,450,047
Franchise income	9,008	14,787
Licence income	90,597	93,683
Television programmes and content production income	14,575	3,142
	1,370,905	1,561,659

(b) Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and geographical location. This is the basis upon which the Group is organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 "Operating Segments" are as follows:

a. Retail and franchising operations for selling gold and jewellery products in Mainland China; and

b. Retail operations for selling gold and jewellery products in Hong Kong and Macau.

Major products of the Group include gold products and jewellery products.

Information regarding the above segments is reported below.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment revenues and results

For the year ended 30 June 2015

	Reportable segments				
	Retail and franchising operations for selling gold and jewellery products in Mainland China	Retail operations for selling gold and jewellery products in Hong Kong and Macau	Total	Others (Note)	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE					
External sales	892,615	463,698	1,356,313	14,592	1,370,905
RESULT					
Segment results	26,193	(25,754)	439	(21,325)	(20,886)
Other income					31,447
Unallocated staff related expenses					(38,344)
Other unallocated corporate expenses					(23,699)
Advertising, promotion and business development expenses					(40,093)
Equity-settled share-based payments					(617)
Change in fair value of derivatives embedded in convertible bonds and share option					23,749
Impairment loss on goodwill recognised					(9,995)
Impairment loss on intangible assets recognised					(4,539)
Impairment loss on other receivables recognised					(637)
Impairment loss on amount due from a joint venture recognised					(3,559)
Write-off of deposits for acquisition of property, plant and equipment					(263)
Finance costs					(51,787)
Share of results of joint ventures					(25)
Loss before taxation					(139,248)
Taxation					(20,721)
Loss for the year					(159,969)

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 30 June 2014

	Reportable segments				
	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	Total HK$'000	Others (Note) HK$'000	Consolidated HK$'000
REVENUE					
External sales	1,320,162	237,111	1,557,273	4,386	1,561,659
RESULT					
Segment results	(29,409)	(31,000)	(60,409)	(13,775)	(74,184)
Other income					45,285
Unallocated staff related expenses					(41,303)
Other unallocated corporate expenses					(24,948)
Advertising, promotion and business development expenses					(35,643)
Equity-settled share-based payments					(2,606)
Change in fair value of derivatives embedded in convertible bonds					7,225
Impairment loss on intangible assets recognised					(3,120)
Impairment loss on other receivables recognised					(2,084)
Write-off of deposits for acquisition of property, plant and equipment					(5,894)
Finance costs					(61,693)
Share of results of associates					(1,302)
Share of results of joint ventures					(26)
Loss before taxation					(200,293)
Taxation					8,284
Loss for the year					(192,009)

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment revenues and results *(Continued)*

Segment profit (loss) represents the profit (loss) of each segment without allocation of other income, central administration costs, advertising, promotion and business development expenses, corporate staff and directors' salaries, equity-settled share-based payments, change in fair value of derivatives embedded in convertible bonds and share option, impairment loss on goodwill recognised, impairment loss on intangible assets recognised, impairment loss on other receivables recognised, impairment loss on amount due from a joint venture recognised, write-off of deposits for acquisition of property, plant and equipment, finance costs, share of results of associates and joint ventures, and taxation. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 30 June 2015

	Reportable segments				
	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	Total HK$'000	Others (Note) HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	777,181	298,558	1,075,739	4,842	1,080,581
Intangible assets					169,433
Interests in joint ventures					3,488
Investments					33,704
Deferred tax assets					16,769
Loans to related parties					1,424
Pledged bank deposits					418,412
Bank balances and cash					261,961
Other corporate assets					31,960
Consolidated assets					2,017,732

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment assets and liabilities *(Continued)*

As at 30 June 2015 *(Continued)*

	Reportable segments				
	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	Total HK$'000	Others (Note) HK$'000	Consolidated HK$'000
LIABILITIES					
Segment liabilities	164,128	88,136	252,264	6,382	258,646
Amounts due to joint ventures					3,642
Financial liabilities at fair value through profit or loss					1,491
Obligations under finance leases					180
Bank and other borrowings					677,178
Gold loans					256,124
Loan from a non-controlling shareholder of a subsidiary					120,000
Tax liabilities					4,832
Convertible bonds					64,574
Derivative financial instruments					42,660
Deferred tax liabilities					42,016
Other corporate liabilities					8,661
Consolidated liabilities					1,480,004

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment assets and liabilities *(Continued)*

As at 30 June 2014

	Reportable segments				
	Retail and franchising operations for selling gold and jewellery products in Mainland China	Retail operations for selling gold and jewellery products in Hong Kong and Macau	Total	Others (Note)	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Segment assets	865,436	179,937	1,045,373	26,908	1,072,281
Goodwill					9,995
Intangible assets					174,718
Interests in joint ventures					3,513
Deferred tax assets					31,807
Loans to related parties					123,177
Amount due from a joint venture					1,963
Financial assets at fair value through profit or loss					10,949
Tax recoverable					372
Pledged bank deposits					431,716
Bank balances and cash					357,952
Other corporate assets					23,168
Consolidated assets					2,241,611
LIABILITIES					
Segment liabilities	162,607	71,909	234,516	7,172	241,688
Amounts due to joint ventures					3,628
Obligations under finance leases					390
Bank and other borrowings					530,162
Gold loans					494,329
Loan from a non-controlling shareholder of a subsidiary					100,000
Tax liabilities					3,209
Convertible bonds					56,470
Derivative financial instruments					66,409
Deferred tax liabilities					42,213
Other corporate liabilities					16,861
Consolidated liabilities					1,555,359

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment assets and liabilities *(Continued)*

Note: Others represent other operating segments that are not reportable, which include online marketing, e-commerce, and television programmes and content production.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, intangible assets, interests in joint ventures, investments, deferred tax assets, loans to related parties, amount due from a joint venture, financial assets at fair value through profit or loss, tax recoverable, pledged bank deposits, bank balances and cash, and other corporate assets; and

- all liabilities are allocated to reportable segments other than amounts due to joint ventures, financial liabilities at fair value through profit or loss, obligations under finance leases, bank and other borrowings, gold loans, loan from a non-controlling shareholder of a subsidiary, tax liabilities, convertible bonds, derivative financial instruments, deferred tax liabilities and other corporate liabilities.

Other entity-wide segment information

For the year ended 30 June 2015

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment loss or segment assets:					
Amortisation of intangible assets	–	–	777	–	777
Additions of property, plant and equipment	18,642	8,754	235	712	28,343
Depreciation of property, plant and equipment	16,966	4,292	846	2,320	24,424
Loss on disposal of property, plant and equipment	5,242	1,236	–	–	6,478

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Other entity-wide segment information *(Continued)*

For the year ended 30 June 2014

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment loss or segment assets:					
Amortisation of intangible assets	–	–	473	–	473
Additions of property, plant and equipment	8,762	8,624	217	385	17,988
Depreciation of property, plant and equipment	17,671	3,266	530	2,354	23,821
Loss on disposal of property, plant and equipment	3,805	–	–	–	3,805

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation. Information about the non-current assets of the Group (excluding deposits paid, goodwill, intangible assets, interests in joint ventures, investments and deferred tax assets) is presented based on geographical location of the assets.

For the year ended 30 June 2015

	Non-current assets HK$'000	**Revenue from external customers HK$'000**
Mainland China	**37,606**	**892,615**
Hong Kong and Macau	**22,125**	**478,290**
	59,731	**1,370,905**

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Geographical information *(Continued)*

For the year ended 30 June 2014

	Non-current assets HK$'000	Revenue from external customers HK$'000
Mainland China	42,597	1,320,162
Hong Kong and Macau	21,511	241,497
	64,108	1,561,659

No single customer during both years contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Bank interest income	**15,858**	18,929
Exchange gains, net	**1,580**	–
Effective interest income from loans to related parties	**–**	9,172
Interest income from loans to related parties	**6,458**	2,717
Consultancy fee income	**1,424**	–
Other income	**6,127**	14,467
	31,447	45,285

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests on:		
Bank and other borrowings	**19,527**	24,994
Gold loans	**20,173**	17,848
Obligations under finance leases	**12**	20
Loan from a non-controlling shareholder of a subsidiary	**262**	–
Effective interest on convertible bonds (note 28(a))	**11,813**	18,816
Other finance costs	**–**	15
	51,787	61,693

8. LOSS BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Advertising, promotion and business development expenses	**40,093**	35,643
Allowance of inventories (included in cost of sales)	**4,418**	12,106
Amortisation of intangible assets	**777**	473
Auditor's remuneration	**2,005**	2,030
Change in fair value of gold loans	**(45,655)**	25,560
Change in fair value of financial assets/liabilities at fair value through profit or loss	**15,114**	(24,363)
Cost of inventories recognised as an expense	**995,311**	1,170,157
Depreciation of property, plant and equipment	**24,424**	23,821
Exchange (gain) loss, net	**(1,580)**	535
Impairment loss on other receivables recognised (included in other operating expenses)	**637**	2,084
Loss on disposal of property, plant and equipment	**6,478**	3,805
Staff cost, including directors' emoluments:		
– Wages, salaries and other benefits costs	**183,999**	197,340
– Retirement benefit costs	**16,513**	16,162
– Equity-settled share-based payments	**617**	2,606
	201,129	216,108
Write-off of deposits for acquisition of property, plant and equipment	**263**	5,894

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEE'S EMOLUMENTS

(a) Directors' and chief executives' emoluments

The emoluments paid or payable to the directors and the chief executive of the Company were as follows:

		For the year ended 30 June 2015					
Name of director	Note	**Fees HK$'000**	**Salaries HK$'000**	**Bonuses HK$'000 (Note (b))**	**Retirement benefit costs HK$'000**	**Equity-settled share-based payments HK$'000**	**Total HK$'000**
Executive directors							
Dr. Wong, Kennedy Ying Ho		–	4,560	1,500	18	–	6,078
Mr. Lam Kwok Hing, Wilfred		–	1,711	–	18	63	1,792
Ms. Wong Wing Yan, Ella		–	2,000	500	18	63	2,581
Mr. Cheung Pak To, Patrick		–	1,000	–	–	63	1,063
Non-executive director							
Dr. Hui Ho Ming, Herbert	(a)	200	–	–	–	9	209
Independent non-executive directors							
Mr. Fan Anthony Ren Da		360	–	–	–	19	379
Ms. Estella Yi Kum Ng		360	–	–	–	19	379
Mr. Wong Kam Wing		360	–	–	–	19	379
		1,280	9,271	2,000	54	255	12,860

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEE'S EMOLUMENTS *(Continued)*

(a) Directors' and chief executives' emoluments *(Continued)*

		For the year ended 30 June 2014					
Name of director	Note	Fees HK$'000	Salaries HK$'000	Bonuses HK$'000 (Note (b))	Retirement benefit costs HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
Executive directors							
Dr. Wong, Kennedy Ying Ho		–	4,560	1,500	15	–	6,075
Mr. Lam Kwok Hing, Wilfred		–	2,139	–	15	230	2,384
Ms. Wong Wing Yan, Ella		–	2,000	500	15	230	2,745
Mr. Cheung Pak To, Patrick		–	1,800	–	29	230	2,059
Non-executive director							
Dr. Hui Ho Ming, Herbert	(a)	1,200	–	–	–	115	1,315
Independent non-executive directors							
Mr. Fan Anthony Ren Da		323	–	–	–	69	392
Ms. Estella Yi Kum Ng		323	–	–	–	69	392
Mr. Wong Kam Wing		323	–	–	–	69	392
		2,169	10,499	2,000	74	1,012	15,754

Notes:

(a) Deceased on 30 August 2014.

(b) The bonuses are discretionary and are determined by reference to the individual performance.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the current year and prior year.

No directors waived any emoluments during the current year and prior year.

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEE'S EMOLUMENTS *(Continued)*

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2014: five) were directors of the Company whose emoluments are included in note 9(a) above.

The emoluments of the remaining two (2014: nil) individuals are as follows:

	2015 HK$'000	2014 HK$'000
Salaries	**4,501**	–
Bonuses	**221**	–
Retirement benefit costs	**20**	–
Equity-settled share-based payments	**17**	–
	4,759	–

The emoluments of the remaining highest paid employees were within the following bands:

	2015 Number of employees	2014 Number of employees
Emolument bands		
HK$1,000,000 to HK$1,500,000	**1**	–
HK$3,000,000 to HK$4,000,000	**1**	–
	2	–

10. TAXATION

	2015 HK$'000	2014 HK$'000
Current tax:		
Hong Kong Profits Tax	–	591
PRC Enterprise Income Tax	**5,878**	11,980
	5,878	12,571
Under(over)provision in prior years:		
Hong Kong Profits Tax	**2**	(29)
PRC Enterprise Income Tax	–	6,656
	2	6,627
	5,880	19,198
Deferred taxation (note 18)	**14,841**	(27,482)
	20,721	(8,284)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. No provision for taxation in Hong Kong has been made in the current year as the Group does not have any assessable income in Hong Kong.

Pursuant to the Enterprise Income Tax Law and Implementation Rules of the PRC, subsidiaries of the Company established in the PRC are subject to an income tax rate of 25% for both years. Certain subsidiaries established in Chongqing, a municipality in Western China, were engaged in a specific state-encouraged industry as defined under the new "Catalogue of Encouraged Industries in the Western Region" (effective from 1 October 2014) pursuant to《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》(Caishui [2011] No. 58) issued in 2011 and were subject to a preferential tax rate of 15% when the annual revenue from the encouraged business exceeded 70% of the total revenue in a fiscal year for these relevant subsidiaries.

No provision for the Macau Complementary Tax has been made as the Group has no assessable profits in Macau for both years.

10. TAXATION *(Continued)*

The taxation for the year can be reconciled from the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Loss before taxation	**(139,248)**	(200,293)
Tax at domestic rates applicable to profits of taxable entities in the respective jurisdictions (Note)	**(27,407)**	(38,372)
Tax effect of income not taxable for tax purpose	**(4,777)**	(3,833)
Tax effect of expenses not deductible for tax purpose	**20,502**	12,180
Tax effect of tax losses not recognised	**15,441**	12,568
Reversal of deferred tax assets on tax losses previously recognised	**15,054**	–
Recognition of deferred tax assets not recognised in previous years	**–**	(6,944)
Tax effect of share of results of associates	**–**	215
Tax effect of share of results of joint ventures	**4**	4
Underprovision in respect of prior years	**2**	6,627
Others	**1,902**	9,271
Taxation for the year	**20,721**	(8,284)

Note: As the Group operates in several different tax jurisdictions, the tax rate applied in the tax reconciliation represents the weighted average domestic tax rates of the individual tax jurisdiction.

11. DIVIDENDS

The Board has resolved not to recommend a final dividend in respect of the years ended 30 June 2015 and 30 June 2014 to the holders of ordinary shares of the Company.

12. LOSS PER ORDINARY SHARE

	2015 **HK$'000**	2014 HK$'000
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per ordinary share	**(93,862)**	(184,126)
Effect of dilutive potential ordinary share		
– Interest on CB 2019 (as defined in 28(a))	**5,568**	–
– Change in fair value in derivatives embedded in CB 2019	**(17,866)**	–
Loss for the year attributable to owners of the Company for the purposes of diluted loss per ordinary share	**(106,160)**	(184,126)

	2015 **'000**	2014 '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic loss per ordinary share (Note)	**3,188,782**	3,126,572
Effect of dilutive potential ordinary shares:		
CB 2019	**317,111**	–
Weighted average number of ordinary shares for the purpose of diluted loss per ordinary share	**3,505,893**	3,126,572

Note:

The computation of diluted loss per ordinary share did not assume the exercise of share options and certain bonus warrants (2014: certain share options and bonus warrant) because their exercise price is higher than the average share price, and the conversion of CGS CB 2018 (as defined in note 28(a)) and certain outstanding bonus warrants (2014: CB 2019, CGS CB 2018, and certain outstanding share options and bonus warrants) since their conversion would result in a decrease in loss per ordinary share.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
As at 1 July 2013	32,505	86,344	4,376	123,225
Exchange realignment	11	59	–	70
Additions	7,368	10,620	–	17,988
Acquisition of subsidiaries (note 36(a))	126	2,123	–	2,249
Disposals	(4,488)	(7,507)	–	(11,995)
As at 30 June 2014	35,522	91,639	4,376	131,537
Exchange realignment	189	1,062	(5)	1,246
Additions	13,587	14,756	–	28,343
Disposals	(3,423)	(23,186)	–	(26,609)
As at 30 June 2015	45,875	84,271	4,371	134,517
Depreciation				
As at 1 July 2013	13,585	35,746	1,324	50,655
Exchange realignment	7	23	–	30
Provided for the year	7,449	15,659	713	23,821
Eliminated on disposals	(2,807)	(4,007)	–	(6,814)
As at 30 June 2014	18,234	47,421	2,037	67,692
Exchange realignment	146	540	(2)	684
Provided for the year	9,082	14,638	704	24,424
Eliminated on disposals	(2,271)	(15,743)	–	(18,014)
As at 30 June 2015	25,191	46,856	2,739	74,786
Carrying values				
As at 30 June 2015	20,684	37,415	1,632	59,731
As at 30 June 2014	17,288	44,218	2,339	63,845

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the estimated useful lives of 5 years (i.e. 20%) or the term of the lease, if shorter
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20%

The carrying values of furniture, fixtures and equipment and motor vehicles held under finance leases as at 30 June 2015 are HK$306,000 (2014: HK$442,000).

14. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	2015 HK$'000	2014 HK$'000
Deposits paid under non-current assets represent:		
Rental and utility deposits	**17,010**	12,779
Trade and other receivables and deposits paid under current assets comprise:		
Trade receivables	**114,171**	125,096
Less: allowance for doubtful debts	**(16,369)**	(39,243)
	97,802	85,853
Other receivables and deposits paid (Note)	**91,969**	109,867
	189,771	195,720

Note: Included in other receivables is a loan receivable of HK$7,754,000 (2014: nil) from an independent third party which is unsecured, interest-free and repayable within one year from the end of the reporting period.

Retail sales are usually made in cash, through credit cards or through reputable and dispersed department stores. The Group generally allows a credit period of 30 to 90 days to its debtors.

Included in trade receivables as at 30 June 2015 is trade receivable from a fellow subsidiary of a non-controlling shareholder of a subsidiary of HK$939,000 (2014: nil). Included in trade receivables as at 30 June 2014 was trade receivables from a joint venture amounting to HK$4,454,000.

Included in other receivables and deposits paid as at 30 June 2015 is commission fee receivable from an available-for-sale investments with a common director as the Company of HK$1,424,000 (2014: nil).

The following is an aged analysis of trade receivables presented based on the invoice date, net of allowance, at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
0-30 days	**77,593**	67,253
31-60 days	**8,405**	7,532
61-90 days	**4,565**	2,480
Over 90 days	**7,239**	8,588
	97,802	85,853

Included in the Group's trade receivables balance are debtors with aggregate amount of HK$30,967,000 (2014: HK$18,832,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

14. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID *(Continued)*

Aging of trade receivables which are past due but not impaired is as follows:

	2015 **HK$'000**	2014 HK$'000
1-30 days	**14,861**	7,716
31-60 days	**5,951**	2,528
61-90 days	**3,178**	2,785
Over 90 days	**6,977**	5,803
Total	**30,967**	18,832

Movement in the allowance for doubtful debts on trade receivables is as follows:

	2015 **HK$'000**	2014 HK$'000
At beginning of the year	**39,243**	27,000
Impairment loss recognised	**4,836**	12,243
Written off as uncollectible	**(27,710)**	–
At end of the year	**16,369**	39,243

Included in the allowance for doubtful debts as at 30 June 2014 were individually impaired trade receivables from an independent customer of HK$27,710,000, which the Group took legal action against this customer and made full impairment loss of HK$27,710,000. Such trade receivables and allowance were fully written off in the current year. The remaining allowance of doubtful debts of HK$16,369,000 (2014: HK$11,533,000) mainly relate to customers which are under liquidation or in severe financial difficulties. It was assessed that the amounts are unlikely to be recovered. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the debtors from the date credit was initially granted up to the end of the reporting period. Based on past experiences, management of the Group is of the opinion that no further provision for impairment is necessary in respect of these balances as there is no significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

15. INTANGIBLE ASSETS

	Trademarks			Core technology and	
	3D-GOLD HK$'000 Note (a)	Watches HK$'000 Note (b)	License HK$'000 Note (c)	Apps HK$'000 Note (d)	Total HK$'000
Cost					
At 1 July 2013	168,066	3,120	–	–	171,186
Acquisition of subsidiaries (note 36(a))	–	–	1,200	5,784	6,984
Additions	–	–	–	141	141
At 30 June 2014	168,066	3,120	1,200	5,925	178,311
Additions	–	–	–	31	31
At 30 June 2015	168,066	3,120	1,200	5,956	178,342
Amortisation and impairment					
At 1 July 2013	–	–	–	–	–
Provided for the year	–	–	75	398	473
Impairment recognised during the year	–	3,120	–	–	3,120
At 30 June 2014	–	3,120	75	398	3,593
Provided for the year	–	–	150	627	777
Impairment recognised during the year	–	–	–	4,539	4,539
At 30 June 2015	–	3,120	225	5,564	8,909
Carrying values					
At 30 June 2015	168,066	–	975	392	169,433
At 30 June 2014	168,066	–	1,125	5,527	174,718

Notes:

(a) The trademarks have contractual lives of 10 years commencing in December 2008 and April 2009 of "3D-Gold", respectively, and are renewable at minimal cost. The directors of the Company are of the opinion that the Group has the intention and ability to renew trademarks continuously. As a result, trademarks are considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

On 30 June 2015, management of the Group conducted impairment review on the trademarks. The recoverable amounts of the trademarks have been determined based on a value in use calculation, which is based on the financial budgets approved by management covering a five-year period and a discount rate of 17% (2014: 17%). The cash flows beyond the five-year period are extrapolated using a 3% (2014: 3%) growth rate. The key assumptions for the value in use calculations are discount rate and growth rate. The growth rate does not exceed the long-term average growth rate for the relevant industry. Based on the assessments, management expects the carrying amount of the trademarks to be recoverable and there is no impairment of the trademarks. Management considers that any reasonable possible change in these key assumptions would not cause the carrying amount of the trademarks to exceed the recoverable amount.

15. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(b) The amount represents trademarks on certain watches which have contractual lives of 10 years commencing in February 2012 and are renewable at minimal cost. The trademarks will not be amortised until its useful life is determined to be finite, but subject to impairment test annually. During the year ended 30 June 2014, management expected that the carrying amount of the trademarks cannot be recoverable and, therefore, full impairment was recognised in the profit or loss.

(c) License represents 10 year's non-exclusive rights to use a cartoon image on all web applications on internet and mobile devices, including but not limited to apps on iphones and ipads. The cost is amortised on a straight-line method to profit or loss over 10 years.

(d) Core technology includes packaged contents and application templates for production of software, Apps for sales and Apps under development and completed Apps for the application for mobile devices. The costs include expenditure (including but not limited to staff costs, depreciation charges of certain computer equipment, production office rent and rates, outsourced freelance costs and IT development fees) that are directly attributable to the development of the application for mobile devices. The costs are amortised on a straight-line method to profit or loss over the estimated useful life of 5 years. Apps under development are not amortised.

During the year, management conducted a review of these core technology and Apps and determined a number of those assets were impaired with reference to the estimated future profitability of these assets. Accordingly, impairment losses of approximately HK$4,539,000 (2014: nil) on core technology and Apps have been recognised in the profit or loss.

16. INTERESTS IN JOINT VENTURES

	2015 **HK$'000**	2014 HK$'000
Unlisted investments, at cost	**6,745**	6,745
Share of post-acquisition losses	**(3,257)**	(3,232)
	3,488	3,513

As at 30 June 2015 and 30 June 2014, the Group had interests in the following joint ventures:

Name of entity	**Issued and paid-up share capital/ registered capital**	**Attributable interest to the Group 2015**	**2014**	**Principal activity**
金至尊珠寶(成都)有限公司 (Note (a))	Registered capital RMB1,500,000 Paid-up capital RMB1,500,000	**50%**	50%	Trading of jewellery in the PRC
La Milky Way International Company Limited (Note (b))	Issued and paid-up capital HK$10,000,000	**50%**	50%	Holding of trademark

Notes:

(a) The entity is a sino-foreign joint venture established in the PRC.
(b) The place of incorporation and the principal place of operation of the entity are in Hong Kong.

16. INTERESTS IN JOINT VENTURES *(Continued)*

Aggregate information of joint ventures that are not individually material:

	2015 HK$'000	2014 HK$'000
Group's share of losses of joint ventures for the year	**(25)**	(26)

17. INVESTMENTS

	2015 HK$'000	2014 HK$'000
Available-for-sale investments (Note (a))	**18,230**	–
Investment in a film (Note (b))	**15,474**	–
	33,704	–

Notes:

(a) The amount represents unlisted equity investments in two private limited liability companies incorporated in Hong Kong and Australia that are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so significant that the directors of the Company are of the opinion that their fair values could not be measured reliably.

One of these investee companies is principally engaged in the research and development of a new liquid fuel while the other one has the license rights on the new liquid fuel for use in Hong Kong, Taiwan and other parts of China.

The management considered that the available-for-sale investments at the end of the reporting period are held for strategic purpose and are not to be disposed of in the foreseeable future.

(b) Based on the agreement entered into between a wholly owned subsidiary of the Company, and an independent third party, the Group will invest in a film with total investment amounting to RMB15,500,000 (equivalent to HK$19,340,000) and is entitled to a return of certain percentage of the profit to be derived from the release of the film worldwide in any media and in any format. Up to 30 June 2015, the production of the film is not yet completed. According to the agreement, the production of the film is expected to be completed within 18 months from the agreement date. As at 30 June 2015, the Group has paid RMB13,950,000 (equivalent to HK$15,474,000).

18. DEFERRED TAXATION

	2015 HK$'000	2014 HK$'000
Deferred tax assets	**(16,769)**	(31,807)
Deferred tax liabilities	**42,016**	42,213
	25,247	10,406

18. DEFERRED TAXATION *(Continued)*

The following are the deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years.

	Fair value adjustment on inventories HK$'000 (Note)	Fair value adjustment on intangible assets HK$'000 (Note)	Fair value adjustment on gold loans HK$'000	Fair value adjustments on forward contracts HK$'000	Provision on trade and other receivables HK$'000	Provision on staff benefits in the PRC HK$'000	Provision on inventories HK$'000	Provision on deposits for acquisition of property, plant and equipment HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 July 2013	252	42,016	11,217	(12,426)	–	(2,228)	–	–	–	(943)	37,888
(Credit) charge to profit or loss (note 10)	(55)	–	(15,122)	15,218	(3,042)	(796)	(3,462)	(1,092)	(15,054)	(4,077)	(27,482)
As at 30 June 2014	197	42,016	(3,905)	2,792	(3,042)	(3,024)	(3,462)	(1,092)	(15,054)	(5,020)	10,406
(Credit) charge to profit or loss (note 10)	(197)	–	5,510	(3,165)	(1,366)	(323)	(1,014)	1,092	15,054	(750)	14,841
As at 30 June 2015	–	42,016	1,605	(373)	(4,408)	(3,347)	(4,476)	–	–	(5,770)	25,247

Certain deferred tax assets and liabilities have been offset for the purpose of consolidated statement of financial position presentation.

Note: Such deferred tax liabilities are attributable to taxable temporary differences arising on initial recognition of assets at fair values which were acquired in business combination in prior years.

As at 30 June 2015, the Group has unused tax losses of HK$448,177,000 (2014: HK$357,159,000) available to offset against future profits. As at 30 June 2014, deferred tax assets had been recognised in respect of tax losses of HK$95,782,000. No deferred tax asset has been recognised in respect of the unused tax losses of HK$448,077,000 (2014: HK$261,377,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Under the Enterprise Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$259,362,000 (2014: HK$277,345,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

19. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**86,379**	88,591
Finished goods	**757,341**	734,251
	843,720	822,842

20. LOANS TO RELATED PARTIES

As at 30 June 2015, the amount represents a loan to an investee company, of which the Company holds 15.9% equity interest and is with a common director as the Company. The loan is unsecured, interest-free and no fixed repayment terms. The directors of the Company expect that the amount will be repaid within one year from the end of the reporting period and therefore is classified as current assets.

As at 30 June 2014, the amount represented the remaining balance of the loans to Mr. Wen Jialong ("Mr. Wen"), a substantial shareholder of the Company, and 深圳市福緣家庭服務有限公司(Shenzhen Fuyuan Family Services Company Limited) ("Fuyuan"), a company established in the PRC with limited liability which is beneficially owned as to 76% by Mr. Wen and 24% by the spouse of Mr. Wen. The loans were unsecured, bears interest ranging from 6.765% to 9% per annum, and were fully settled during the year.

21. AMOUNTS DUE FROM/TO JOINT VENTURES/LOAN FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amounts due from/to joint ventures are unsecured, interest free and repayable on demand. During the year, management conducted a review of the recoverable amount of the amount due from a joint venture and determined that an impairment loss of HK$3,559,000 (2014: nil) is made as the joint venture is making losses continuously.

The loan from a non-controlling shareholder of a subsidiary is unsecured, interest-free and mutually agreed by the Group and the lender not to be repaid within one year after the end of the reporting period, except for an amount of HK$20,000,000 (2014: nil) which is unsecured, interest bearing at 2% per annum and repayable on 5 March 2016.

22. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets/liabilities at fair value through profit or loss comprise:

	2015 HK$'000	2014 HK$'000
Bullion forward contract (Note (a))	(832)	10,949
Gold bullion contracts through margin account (Note (b))	(659)	–
	(1,491)	10,949
Analysed for reporting purposes as:		
Current assets	–	10,949
Current liabilities	(1,491)	–
	(1,491)	10,949

Notes:

(a) The Group used bullion forward contract to reduce its exposure to fluctuations in the gold prices. The Group does not currently designate any hedging relationship on the bullion forward contracts for the purpose of hedge accounting.

The bullion forward contract is measured at fair value at the end of the reporting period. The fair value is determined based on the quoted market prices at the end of the reporting period. The total notional value of the outstanding bullion forward contract as at 30 June 2015 amounted to RMB91,310,000 (2014: United States dollars ("US$") 21,490,000) which has maturity period of 12 months (2014: 6 to 12 months) since date of inception.

(b) The amount as at 30 June 2015 represented the fair value of the open position of gold bullion contracts through margin account with an aggregated notional value of US$18,014,000 (2014: nil). The contracts contained terms enabling the Group either to take delivery of the gold bullion or closing out the position and settling net in cash at the Group's discretion. The fair value was determined based on the quoted market price at the end of the reporting period.

23. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to the banks to secure the banking facilities granted to the Group. Deposits amounting to HK$418,412,000 (2014: HK$431,716,000) have been pledged to secure certain short-term bank loans and gold loans, and gold bullion forward contracts with bank and are therefore classified as current assets. Pledged bank deposits will be released upon the settlement of relevant loans and gold bullion forward contract.

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2014: 0.01% to 0.35%) per annum. Pledged bank deposits carry interest at fixed rates ranging from 2.40% to 3.30% (2014: 0.385% to 3.30%) per annum.

Included in the bank balances and cash of the Group as at 30 June 2015 are bank balances amounting to HK$89,563,000 (2014: HK$72,580,000) which are denominated in currencies other than the functional currencies of the respective group entities.

24. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2015 HK$'000	2014 HK$'000
Trade payables	**105,029**	82,979
Deposits received from customers (Note (a))	**24,588**	32,229
Franchisee guarantee deposits (Note (b))	**62,371**	63,221
Other payables, accruals and other deposits	**75,319**	80,120
	267,307	258,549

Notes:

(a) Deposits received from customers represent deposits and receipts in advance from the franchisees and customers for purchase of inventories.

(b) Franchisee guarantee deposits represent deposits from the franchisees for use of the trademarks "3D-GOLD".

Included in trade payables as at 30 June 2015 are trade payables to certain fellow subsidiaries of a non-controlling shareholder of a subsidiary amounting to HK$34,087,000 (2014: nil). Included in trade payables as at 30 June 2014 was trade payable from a joint venture amounting to HK$859,000.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
0-30 days	**54,998**	68,265
31-60 days	**8,527**	8,306
61-90 days	**6,654**	1,493
Over 90 days	**34,850**	4,915
	105,029	82,979

25. OBLIGATIONS UNDER FINANCE LEASES

	2015 HK$'000	2014 HK$'000
Analysed for reporting purposes as:		
Current liabilities	180	148
Non-current liabilities	–	242
	180	390

It is the Group's policy to lease certain property, plant and equipment under finance leases. The average lease term is four years (2014: four years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.0% to 3.5% (2014: 3.0% to 3.5%) per annum. These leases have no terms of renewal or purchase options and escalation clauses.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Amounts payable under finance leases				
Within one year	184	234	180	148
In more than one year but not more than two years	–	172	–	242
	184	406	180	390
Less: Future finance charges	(4)	(16)	–	–
Present value of lease obligations	180	390	180	390
Less: Amount due from settlement within twelve months (shown under current liabilities)			(180)	(148)
Amount due for settlement after twelve months			–	242

The Group's obligations under finance lease are secured by the lessors' title to the leased assets.

26. BANK AND OTHER BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank borrowings:		
Unsecured fixed rate bank loan	63,678	–
Unsecured floating rate bank loans	–	27,500
Secured fixed rate bank loan	56,500	–
Secured floating rate bank loans	537,000	478,891
	657,178	506,391
Other borrowings:		
Unsecured fixed rate other borrowing		
– An independent third party	20,000	20,000
Secured fixed rate other borrowing		
– An independent third party	–	3,771
	20,000	23,771
	677,178	530,162
Secured	593,500	482,662
Unsecured	83,678	47,500
	677,178	530,162
Carrying amounts repayable:		
On demand or within one year*	593,500	371,971
More than five years*	20,000	20,000
	613,500	391,971
Carrying amount of bank loans that contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year*	63,678	138,191
	677,178	530,162
Less: Amounts due within one year and shown under current liabilities	(657,178)	(510,162)
Amounts shown under non-current liabilities	20,000	20,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. BANK AND OTHER BORROWINGS *(Continued)*

Borrowings comprise:

	Notes	Maturity date	Effective interest rate 2015	Effective interest rate 2014	Carrying amount 2015 HK$'000	Carrying amount 2014 HK$'000
Bank borrowings:						
Secured RMB bank loans	(a)	2014: December to March 2015	–	7.2%	–	125,691
Secured HK$ bank loans	(b)	December 2015 to June 2016	**2.74%**	–	**401,000**	–
Unsecured HK$ bank loan	(c)	2014: July 2014	–	1.71%	–	12,500
Unsecured HK$ bank loan	(d)	2014: March 2015	–	2.25%	–	15,000
Secured HK$ bank loans	(e)	September 2015 to April 2016 (2014: July to September 2014)	**2.89%**	2.95%	**136,000**	205,000
Secured US$ bank loan	(f)	2014: July 2014	–	2.84%	–	148,200
Unsecured RMB bank loan	(g)	October 2015	**5.5%**	–	**63,678**	–
Secured HK$ bank loan	(h)	July 2015	**2.76%**	–	**56,500**	–
Total bank borrowings					**657,178**	506,391
Other borrowings:						
An independent third party	(i)	November 2020	**5%**	5%	**20,000**	20,000
An independent third party	(j)	2014: December 2014	–	2.4%	–	3,771
Total other borrowings					**20,000**	23,771
Total bank and other borrowings					**677,178**	530,162

Notes:

(a) As at 30 June 2014, the bank loans and gold loans (note 27) were secured by inventories with a carrying amount of HK$691,302,000, and the bank loans are interest bearing at 120% of People's Bank of China Prescribed Rate ("PBOC") per annum.

(b) The bank loans are secured by pledged bank deposits and interest bearing at 1-month Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5%.

(c) As at 30 June 2014, the bank loan which was denominated in Hong Kong dollars, a foreign currency of the relevant group entity, was interest bearing at the lower of HIBOR plus 1.5% or 3% per annum. The relevant subsidiary undertook a negative pledge on its assets with a carrying amount of HK$83,996,000 for the bank loans.

(d) As at 30 June 2014, the bank loan was interest bearing at HIBOR plus 2%.

(e) The bank loans are secured by pledged bank deposits and interest bearing at 3-month HIBOR plus 2.5% (30 June 2014: 3-month HIBOR plus 2% to 2.75%).

(f) As at 30 June 2014, the bank loan was secured by pledged bank deposits, interest bearing at 3-month London Interbank Offered Rate ("LIBOR") plus 2.6%.

(g) The bank loan is interest bearing at a fixed rate of 5.5% per annum.

26. BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(h) The bank loan is secured by pledged bank deposit and interest bearing at a fixed rate of 2.76% per annum.

(i) The loan is unsecured, interest bearing at a fixed rate of 5.0% per annum and repayable on 11 November 2020.

(j) As at 30 June 2014, the loan was secured by inventories with a carrying amount of RMB4,000,000 (equivalent to HK$5,063,000) and was interest bearing at a fixed rate of 2.4% per annum.

27. GOLD LOANS

Gold loans are borrowed to reduce the impact of fluctuations in gold prices on gold inventories, and were designated as financial liabilities at fair value through profit or loss.

As at 30 June 2015, the gold loans are denominated in RMB (2014: RMB), interest bearing at a weighted average rate of 4.70% (2014: 4.94%) per annum with original maturity of twelve months, and secured by trade receivable of HK$80,459,000 (2014: inventories of HK$691,302,000 and trade receivables of HK$40,990,000).

The gain arising from change in fair value of gold loans of HK$45,655,000 (2014: loss of HK$25,560,000) has been recognised in the profit or loss for the year ended 30 June 2015. Fair values of the gold loans have been determined by reference to the quoted bid prices of gold on the Shanghai Gold Exchange at the end of the reporting period.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

Convertible bonds due 2019 ("CB 2019")

In connection with the disposal of 50% of the Group's interest in CGS (as mentioned in note 36(b)), on 6 June 2014, the Company entered into a subscription agreement with the Purchaser for the issue of CB 2019 with aggregate principal amount of HK$57,080,000. CB 2019 bears interest at the rate of 3% per annum payable annually in arrears on 31 December and the convertible bonds mature on the date falling on the fifth anniversary from the date of issue of such convertible bond.

The conversion can be made at anytime commencing on the date falling the second anniversary of the issue date and expiring on the date which is 3 days preceding the maturity date, at a conversion price of HK$0.18 per ordinary shares, subject to anti-dilutive adjustments.

Upon issue of CB 2019, an amount of HK$28,666,000 and HK$56,036,000 were recognised as liability and derivative embedded in CB 2019 at initial recognition, respectively.

As at 30 June 2015, CB 2019 with a carrying amount of HK$32,784,000 (2014: HK$28,928,000) (principal amount of HK$57,080,000) remains outstanding.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(a) Convertible bonds *(Continued)*

CGS Convertible bonds due 2018 ("CGS CB 2018")

As announced by the Company on 26 August 2013, CGS and the Company entered into the subscription agreement ("Original Agreement") with an independent third party (the "Subscriber") in respect of the issue of CGS CB 2018 in the aggregate principal amount of US$5,000,000, convertible into shares of CGS.

As announced by the Company on 13 January 2014, CGS, the Subscriber, an another independent third party (the "New Subscriber") and the Company entered into the Novation and Supplemental Agreement for the purpose of assigning and transferring the interests and rights in respect of the Subscriber under the Original Agreement to the New Subscriber and to amend, vary and modify the Original Agreement. The convertible bonds with aggregate principal amount of US$5,000,000 will due four years from the issue date (or as extended once by one year by mutual agreement of the parties thereto). CGS CB 2018 bears interest at the rate of 5% per annum payable annually on the last business day of each calendar year. The conversion can be made on the maturity date, on the date of flotation of CGS, or at such earlier date as the bondholder and CGS shall agree, at a conversion price of US$24,390.24 per ordinary share of CGS, subject to anti-dilutive adjustments.

Upon issue of CGS CB 2018, an amount of HK$25,773,000 and HK$12,986,000 were recognised as liability and derivative embedded in CGS CB 2018 at initial recognition, respectively.

At 30 June 2015, CGS CB 2018 with a carrying amount of HK$31,790,000 (2014: HK$27,542,000) (principal amount of US$5,000,000) remains outstanding.

Convertible bonds due 2013 ("CB 2013")

On 3 August 2010, the Company entered into a subscription agreement with third parties for the issue of CB 2013 with aggregate principal amount of HK$216,000,000. CB 2013 bears interest at the rate of 5% per annum which is due every six months, and the convertible bond matures on the date falling on the third anniversary from the date of issue of such convertible bond. CB 2013 with principal amount of HK$56,000,000 were granted to related parties of the Company, including Dr. Liu Wangzhi and Dr. Hui Ho Ming, Herbert then directors of the Company, and Ace Captain Investments Limited, a company wholly-owned by Mr. Martin Lee Ka Shing who is an associate of Mr. Chui Chuen Shun, a then director of the Company and Limin Corporation which is wholly-owned by Dr. Wong, Kennedy Ying Ho, a director and the Chairman of the Company.

The conversion can be made at anytime on or after 15 September 2010 up to and including 14 September 2013 at a conversion price of HK$1.58 per ordinary share, subject to anti-dilutive adjustments. Subjecting to anti-dilutive adjustments, the conversion price was adjusted from the initial conversion price of HK$1.58 per ordinary share to HK$1.37 per ordinary share upon the completion of rights issue on 30 January 2013.

During the year ended 30 June 2014, the Company redeemed the CB 2013 at HK$237,600,000, representing 110% of the outstanding principal amount on maturity date of 14 September 2013 in accordance with the term of the relevant subscription agreement for the issue of CB 2013.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(a) Convertible bonds *(Continued)*

The movement of the liability components of the convertible bonds for the current and prior years are set out as below:

	Liability component			
	CB 2013	**CB 2019**	**CGS CB 2018**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2013	223,910	–	–	223,910
Issue of convertible bonds	–	28,666	25,773	54,439
Coupon interest accrued at 1 July 2013 and included in other payables	3,225	–	–	3,225
Interest charged during the year	15,909	395	2,512	18,816
Repayment of principal	(211,200)	–	–	(211,200)
Converted to other borrowings	(27,005)	–	–	(27,005)
Payment of coupon interest	(4,839)	–	–	(4,839)
Coupon interest accrued at 30 June 2014 and included in other payables	–	(132)	(900)	(1,032)
Exchange realignment	–	(1)	157	156
At 30 June 2014	–	28,928	27,542	56,470
Coupon interest accrued at 1 July 2014 and included in other payables	–	132	900	1,032
Interest charged during the year	–	5,568	6,245	11,813
Payment of coupon interest	–	(975)	(1,912)	(2,887)
Coupon interest accrued at 30 June 2015 and included in other payables	–	(869)	(985)	(1,854)
At 30 June 2015	–	32,784	31,790	64,574

During the years ended 30 June 2015 and 30 June 2014, the effective interest rates of CB 2013, CB 2019 and CGS CB 2018 were 18.11%, 19.47% and 18.02% per annum respectively.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(b) Derivative financial instruments

	2015 **HK$'000**	2014 HK$'000
Under current assets:		
Share Option Acquired (i)	**2,309**	–
Under non-current liabilities:		
Derivatives embedded in convertible bonds (ii)	**40,820**	61,878
CGS Share Option (iii)	**1,840**	4,531
	42,660	66,409

(i) Share Option Acquired

On 16 February 2015, Talent Wonder Limited ("Talent Wonder"), a wholly owned subsidiary of the Company and Dr. Wong, Kennedy Ying Ho ("Dr. Wong"), a director and the Chairman of the Company at the time, entered into an agreement pursuant to which Dr. Wong has sold, and Talent Wonder has purchased, an option for a consideration of HK$4,810,000 to subscribe for 25 new shares (representing 20% of the enlarged issued capital) of a private limited company incorporated in Hong Kong at a total exercise price of Australian dollars ("AUD") 4,000,000 (equivalent to HK$24,000,000).

During the year, the Group partly exercised the option to subscribe for 13 new shares of the company and the carrying amount of the exercised option is transferred to available-for-sale investments. The following are the movement in the share option acquired:

	HK$'000
At 1 July 2014 and 30 June 2014	–
Acquisition of share option	4,810
Exercise of share option	(2,501)
At 30 June 2015	2,309

Such option is measured at cost less impairment at the end of the reporting period as management of the Group believes that the fair value of such option cannot be measured reliably.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(b) Derivative financial instruments *(Continued)*

(ii) Derivatives embedded in convertible bonds

	Embedded derivatives		
	CB 2019	**CGS CB 2018**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 July 2013	–	–	–
Embedded derivatives at date of issue of convertible bonds	56,036	12,986	69,022
Change in fair value	–	(7,225)	(7,225)
Exchange realignment	–	81	81
At 30 June 2014	56,036	5,842	61,878
Change in fair value	(17,866)	(3,192)	(21,058)
At 30 June 2015	38,170	2,650	40,820

The fair values of the derivatives embedded in CB 2019 and CGS CB 2018 at respective dates of issue, 30 June 2014 and 30 June 2015, are based on valuation carried out on those dates by an independent professional valuer. The change in fair value of HK$21,058,000 (2014: HK$7,225,000) has been credited to profit or loss for the year ended 30 June 2015.

The inputs used in the binomial option pricing model adopted by the independent professional valuer in determining the fair values at the respective dates were as follows:

	At date of issue		At 30 June 2014		At 30 June 2015	
	CB 2019	**CGS CB 2018**	**CB 2019** (Note)	**CGS CB 2018**	**CB 2019**	**CGS CB 2018**
Share price	HK$0.26	US$24,171.79	N/A	US$18,322.31	HK$0.21	US$15,794.99
Exercise price	HK$0.18	US$24,390.24	N/A	US$24,390.24	HK$0.18	US$24,390.24
Expected dividend yield	0.00%	2.72%	N/A	3.03%	0.00%	1.76%
Volatility	48.65%	37.02%	N/A	34.86%	47.03%	35.75%

Note: Since the date of issue for CB 2019 (which is 6 June 2014) is close to 30 June 2014, the directors of the Company considered that the fair value of the derivatives embedded in CB 2019 at the date of issue approximate its fair value at 30 June 2014.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(b) Derivative financial instruments *(Continued)*

(iii) CGS Share Option

Pursuant to CGS Agreement (as defined in note 36(b)), on 6 June 2014, CGS issued its share option ("CGS Share Option") to the Purchaser at a cash consideration of US$1. Upon full exercise of the CGS Share Option, the Purchaser shall be entitled to subscribe for such number of new shares of CGS, free from all encumbrances and ranking pari passu with other CGS shares then existing, that may result from dividing US$5,000,000 by the CGS Share Option exercise price, i.e. US$24,390.24 per share subject to anti-dilutive adjustments. The CGS Share Option shall remain valid and in force during the period between the date of issue of the CGS Share Option and 3 months (or such longer period as CGS and the Purchaser may agree) after (i) 15 January 2018, or (ii) the date as extended once by one year by mutual agreement of CGS and the Purchaser (both days inclusive). Such share option was vest immediately upon its issuance. The CGS Share Option shall be exercisable in full (and not in part) upon any of the following events occurring:

(a) the earlier of the following date or period:

(i) during the 10 business day immediately before 15 January 2018, or the date as extended once by one year by mutual agreement of CGS and the Purchaser;

(ii) on the flotation date; or

(iii) such other date or period as may be mutually agreed by CGS and the Purchaser in writing;

provided always that such exercise right of the Purchaser shall be subject to the conversion by the holder of the CGS CB 2018 in accordance with the terms and conditions thereof; or

(b) automatically and immediately upon the bondholder of CGS CB 2018 exercising its right to convert any of the outstanding principal of CGS CB 2018 in accordance with the conditions of CGS CB 2018.

Assuming exercise of the CGS Share Option in full as at 30 June 2015, a total of 205 shares of CGS will be issued to Purchaser, representing approximately 6.15% (2014: 6.15%) of the existing issued share capital of CGS as at 30 June 2015, and approximately 5.48% of the issued share capital of CGS as enlarged by the issue of share capital upon the conversion of CGS CB 2018 and the CGS Share Option.

The fair value of the CGS Share Option at 30 June 2015 is HK$1,840,000 (2014: HK$4,531,000). The change in fair value of HK$2,691,000 (2014: nil) has been credited to profit or loss for the year ended 30 June 2015.

28. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(b) Derivative financial instruments *(Continued)*

(iii) CGS Share Option (Continued)

The fair value of the CGS Share Option issued is calculated using trinomial option pricing model. The key inputs into the model are as follows:

	At date of issue	At 30 June 2015
Share price	US$19,164.67	US$15,794.99
Exercise price	US$24,390.24	US$24,390.24
Expected dividend yield	3.02%	1.76%
Volatility	36.49%	35.75%

The fair value of the CGS Share Option at its issue date is based on valuation carried out on those dates by an independent valuer. Since the date of issue (which is 6 June 2014) is close to 30 June 2014, the directors of the Company consider that the fair value of CGS Share Option at the date of issue approximates its fair value at 30 June 2014.

29. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
At 1 July 2013, 30 June 2014 and 30 June 2015			
Ordinary shares of HK$0.01 each		**4,000,000**	40,000
Preference shares of HK$0.01 each		**3,000,000**	30,000
		7,000,000	70,000
Ordinary shares issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 July 2013		**2,954,099**	29,541
Exercise of share options	(a)	**17,300**	173
Exercise of warrants	(b)	**92**	1
Issue of new shares by way of a placing	(c)	**217,000**	2,170
At 30 June 2014		**3,188,491**	31,885
Exercise of share options	(a)	**2,000**	20
Exercise of warrants	(b)	**3**	–
At 30 June 2015		**3,190,494**	31,905
Total:			
At 30 June 2014		**3,188,491**	31,885
At 30 June 2015		**3,190,494**	31,905

29. SHARE CAPITAL *(Continued)*

Notes:

(a) During the year ended 30 June 2015, the Company issued 2,000,000 (2014: 17,300,000) ordinary shares of HK$0.01 pursuant to the exercise of the share options issued by the Company. For details, please refer to note 30.

(b) During the year ended 30 June 2015, the Company issued 3,200 (2014: 92,246) ordinary shares of HK$0.01 at the exercise price of HK$0.245 (2014: HK$0.245) per ordinary share pursuant to the exercise of the bonus warrants.

(c) The Company issued 217,000,000 ordinary shares in September 2013 by way of a placing at a placing price of HK$0.18 per placing share.

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme at the special general meeting held on 23 January 2009 by way of an ordinary resolution (the “2009 Share Option Scheme”) for the purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Eligible persons including but not limited to the Group’s shareholders, directors, employees, business partners, customers and suppliers.

Pursuant to the 2009 Share Option Scheme, the Board of Directors of the Company (the “Board”) may grant options to the eligible persons to subscribe for the Company’s shares for a consideration of HK$1 for each lot of share options issued. The exercise price is to be determined by the Board and shall not less than the highest of (i) the closing price of the Company’s shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of grant; (ii) the average closing price of the Company’s shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a share of the Company.

Pursuant to the 2009 Share Option Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option schemes of the Company (the “Scheme Mandate Limit”) is not permitted to exceeded 45,179,000 shares, representing 10% of the issued share capital of the Company as at the date of adoption of the 2009 Share Option Scheme or approximately 8.52% of the issued share capital of the Company as at 31 March 2009. During the year ended 30 June 2012, the Scheme Mandate Limit of 2009 Share Option Scheme was refreshed. Under the refreshed limit, the Board may grant options to eligible participants under the 2009 Share Option Scheme to subscribe a maximum of 194,608,603 shares, representing 10% of the issued share capital of the Company as at 31 August 2010, the date on which the Scheme Mandate Limited was approved by the Shareholders. The maximum number of share options were adjusted to 200,559,168 shares as a result of completion of the rights issue. As at 30 June 2015, the number of options which remain outstanding under the 2009 Share Option Scheme was 91,127,780 (2014: 103,391,160) which, if exercise in full, representing 0.28% (2014: 0.31%) of the enlarged capital of the Company. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of Securities on The Stock Exchange from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of the total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. The participant and his associates (as defined in the Listing Rules) are abstained from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company’s share capital or with a value in excess of HK$5 million must be approved in advance by the Company’s shareholders.

The period during when an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) The following table sets out the movements of the Company's share options during the year:

For the year ended 30 June 2015

Eligible person	Date of grant	Exercise period	Exercise price HK$	Number of options: Outstanding as at 1.7.2014	Reclassification during the year (Note (b))	Exercised during the year (Note (a))	Lapsed during the year	Outstanding as at 30.6.2015
Directors	23.1.2009	23.1.2009 to 22.1.2019	0.4280	1,051,208	–	–	–	1,051,208
	20.7.2009	20.7.2009 to 19.7.2019	1.2980	5,002,534	–	–	(1,163,380)	3,839,154
	26.7.2011	26.7.2011 to 25.7.2021	0.4810	2,326,760	–	–	–	2,326,760
	26.7.2011	26.7.2012 to 25.7.2021	0.4810	3,490,140	–	–	–	3,490,140
	26.7.2011	26.7.2013 to 25.7.2021	0.4810	4,653,522	–	–	–	4,653,522
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	8,800,000	–	(2,000,000)	(1,000,000)	5,800,000
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	8,800,000	–	–	(1,000,000)	7,800,000
	25.1.2013	28.2.2015 to 24.1.2023	0.2288	8,800,000	–	–	(1,000,000)	7,800,000
				42,924,164	–	(2,000,000)	(4,163,380)	36,760,784
Employees	20.7.2009	20.7.2009 to 19.7.2019	1.2980	1,163,380	–	–	–	1,163,380
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	4,100,000	(800,000)	–	(500,000)	2,800,000
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	6,400,000	(800,000)	–	(2,800,000)	2,800,000
	25.2.2013	28.2.2015 to 24.1.2023	0.2288	7,900,000	(800,000)	–	(2,800,000)	4,300,000
	27.2.2013	28.2.2014 to 24.1.2023	0.2288	10,000,000	–	–	–	10,000,000
	27.2.2013	28.2.2015 to 24.1.2023	0.2288	10,000,000	–	–	–	10,000,000
				39,563,380	(2,400,000)	–	(6,100,000)	31,063,380
Consultants	20.7.2009	20.7.2009 to 19.7.2019	1.2980	232,676	–	–	–	232,676
	13.4.2010	13.4.2009 to 12.4.2020	1.2030	2,326,761	–	–	–	2,326,761
	13.4.2010	13.7.2010 to 12.4.2020	1.2030	5,816,901	–	–	–	5,816,901
	13.4.2010	13.10.2010 to 12.4.2020	1.2030	5,816,901	–	–	–	5,816,901
	13.4.2010	13.1.2011 to 12.4.2020	1.2030	6,710,377	–	–	–	6,710,377
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	–	800,000	–	–	800,000
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	–	800,000	–	–	800,000
	25.1.2013	28.2.2015 to 24.1.2023	0.2288	–	800,000	–	–	800,000
				20,903,616	2,400,000	–	–	23,303,616
				103,391,160	–	(2,000,000)	(10,263,380)	91,127,780
Exercisable at the end of the period				76,691,160				91,127,780
Weighted average exercise price				0.517	N/A	0.229	0.35	0.5425

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) The following table sets out the movements of the Company's share options during the year: *(Continued)*

For the year ended 30 June 2014

				Number of options			
Eligible person	Date of grant	Exercise period	Exercise price HK$	Outstanding as at 1.7.2013	Exercised during the year (Note (a))	Lapsed during the year	Outstanding as at 30.6.2014
Directors	23.1.2009	23.1.2009 to 22.1.2019	0.4280	1,051,208	–	–	1,051,208
	20.7.2009	20.7.2009 to 19.7.2019	1.2980	5,002,534	–	–	5,002,534
	26.7.2011	26.7.2011 to 25.7.2021	0.4810	2,326,760	–	–	2,326,760
	26.7.2011	26.7.2012 to 25.7.2021	0.4810	3,490,140	–	–	3,490,140
	26.7.2011	26.7.2013 to 25.7.2021	0.4810	4,653,522	–	–	4,653,522
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	8,800,000	–	–	8,800,000
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	8,800,000	–	–	8,800,000
	25.1.2013	28.2.2015 to 24.1.2023	0.2288	8,800,000	–	–	8,800,000
				42,924,164	–	–	42,924,164
Employees	20.7.2009	20.7.2009 to 19.7.2019	1.2980	1,745,070	–	(581,690)	1,163,380
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	11,200,000	(4,800,000)	(2,300,000)	4,100,000
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	11,200,000	(2,500,000)	(2,300,000)	6,400,000
	25.2.2013	28.2.2015 to 24.1.2023	0.2288	11,200,000	–	(3,300,000)	7,900,000
	27.2.2013	28.2.2013 to 24.1.2023	0.2288	10,000,000	(10,000,000)	–	–
	27.2.2013	28.2.2014 to 24.1.2023	0.2288	10,000,000	–	–	10,000,000
	27.2.2013	28.2.2015 to 24.1.2023	0.2288	10,000,000	–	–	10,000,000
				65,345,070	(17,300,000)	(8,481,690)	39,563,380
Consultants	20.7.2009	20.7.2009 to 19.7.2019	1.2980	814,366	–	(581,690)	232,676
	13.4.2010	13.4.2009 to 12.4.2020	1.2030	2,326,761	–	–	2,326,761
	13.4.2010	13.7.2010 to 12.4.2020	1.2030	5,816,901	–	–	5,816,901
	13.4.2010	13.10.2010 to 12.4.2020	1.2030	5,816,901	–	–	5,816,901
	13.4.2010	13.1.2011 to 12.4.2020	1.2030	6,710,377	–	–	6,710,377
	26.7.2011	26.7.2011 to 25.7.2021	0.4810	581,690	–	(581,690)	–
	26.7.2011	26.7.2012 to 25.7.2021	0.4810	872,535	–	(872,535)	–
	26.7.2011	26.7.2013 to 25.7.2021	0.4810	1,163,380	–	(1,163,380)	–
	25.1.2013	28.2.2013 to 24.1.2023	0.2288	900,000	–	(900,000)	–
	25.1.2013	28.2.2014 to 24.1.2023	0.2288	900,000	–	(900,000)	–
	25.1.2013	28.2.2015 to 24.1.2023	0.2288	900,000	–	(900,000)	–
				26,802,911	–	(5,899,295)	20,903,616
				135,072,145	(17,300,000)	(14,380,985)	103,391,160
Exercisable at the end of the period				67,455,243			76,691,160
Weighted average exercise price				0.464	0.229	0.361	0.517

30. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) The following table sets out the movements of the Company's share options during the year: *(Continued)*

Notes:

(a) The weighted average closing prices of the Company's share immediately before the dates on which the share options were exercised during the year ended 30 June 2015 was HK$0.223 (2014: HK$0.316).

(b) An employee, a holder of 2,400,000 share options, resigned and became a consultant of the Company on 7 July 2014.

(b) The Group recognised the total expense of HK$617,000 (2014: HK$2,606,000) in the profit or loss during the year in relation to share options issued by the Company.

31. OPERATING LEASES

The Group as lessee

The Group had made the following lease payments during the year as follows:

	2015 **HK$'000**	2014 HK$'000
Operating lease rentals in respect of retail shops, offices and warehouses		
Minimum lease payments	**78,049**	52,625
Contingent rental	**93,930**	114,069
	171,979	166,694

At the end of the reporting period, the Group had commitments for future minimum lease payments for retail shops, offices and warehouses under non-cancellable operating leases which fall due as follows:

	2015 **HK$'000**	2014 HK$'000
Within one year	**74,526**	64,969
In the second to five years inclusive	**70,201**	81,627
More than five years	**–**	528
	144,727	147,124

Leases are negotiated for lease terms of one to five years (2014: one to ten years).

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops leased by the Group. In general, these contingent rents are calculated based on the relevant retail shops' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable.

The above lease commitments includes the non-cancellable operating leases with a fellow subsidiary of a non-controlling shareholder of a subsidiary amounted to HK$326,000 (2014: nil) in the band of "within one year" and HK$353,000 (2014: nil) in the band of "in the second to five years inclusive".

32. CAPITAL COMMITMENTS

	2015 HK$'000	2014 HK$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	**454**	2,147

33. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefits scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 (2014: HK$25,000) per month.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The employees employed in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute Macao patacas ("MOP") 30 per month for each employee to the retirement benefit plan to fund the benefits.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

As at 30 June 2014 and 30 June 2015, the Group had no significant obligation apart from the contribution as stated above.

34. PLEDGE OF ASSETS

As at 30 June 2015, the Group's bank deposits and trade receivables with carrying amounts of HK$418,412,000 and HK$80,459,000 respectively (2014: inventories, bank deposits and trade receivables with carrying amounts of HK$691,302,000, HK$431,716,000 and HK$40,990,000 respectively) were pledged to banks as securities to obtain the banking facilities granted to subsidiaries of the Group.

In addition, as at 30 June 2014, the Group's inventories with a carrying amount of RMB4,000,000 (equivalent to HK$5,028,000) was pledged to an independent third party as securities for other borrowing of HK$3,771,000 to the Group.

35. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the Group has the following related party transactions:

Relationship	Nature of transactions	2015 HK$'000	2014 HK$'000
A solicitors firm in which a director of the Company is a partner	Company secretariat and legal services fee	272	2,134
A joint venture	Purchase of jewellery	774	748
An associate	Business promotion expenses	–	1,323
A substantial shareholder of the Company	Sponsorship income	100	–
A non-controlling shareholder of a subsidiary	Interest expense	262	–
Fellow subsidiaries of a non-controlling shareholder of a subsidiary	Purchase of gold and jewellery products	58,794	–
	Rental expense	299	–
	Speciality fee	195	–
	Subcontracting fee	394	–
Related parties (note 20)	Interest income	6,458	11,889
An investee company with a common director of the Company	Consultancy fee income	1,424	–

In addition, the Group acquired certain share options from a director of the Company as disclosed in note 28(b).

As at 30 June 2015, the ultimate holding company of a non-controlling shareholder of a subsidiary issued financial guarantee amounting to HK$443,199,000 (2014: nil) to banks in respect of banking facilities granted to the Group.

On 31 December 2013, the Group acquired an additional 40% interest in A Stars at a consideration of HK$10,000,000 from a joint venture of the Group (See note 36(a)).

As at 30 June 2014, the Group had an outstanding financial guarantee issued to a bank in respect of a banking facility granted to a joint venture for which the guarantee was released upon full settlement of the loan by the joint venture during the year. For details, please refer to note 37.

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out on the consolidated statement of financial position and in notes 14, 20, 21, 24 and 28.

(c) Compensation of key management personnel

Directors are key management personnel of the Company whose remuneration is disclosed in note 9.

36. ACQUISITIONS AND DISPOSALS

(a) Acquisitions of subsidiaries and disposals of associates

On 31 December 2013, the Group acquired an additional 40% interest in A Stars Entertainment Group Limited ("A Stars"), a then associate of the Group, at a consideration of HK$10,000,000 from a joint venture of the Group. Upon completion of the acquisition, the Group owns 70% interest in A Stars and the transaction has been accounted for as business combination using the acquisition method. A Stars and its subsidiaries (collectively referred to as "A Stars Group") is engaged in television programmes and content production.

Acquisition-related costs relating to the above acquisition are immaterial and excluded from the cost of acquisition and have been recognised as an expense in profit or loss.

Assets and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Intangible assets	1,200
Amount due from an associate	26,400
Bank balances and cash	2
Other payables	(1,928)
Amounts due to shareholders	(11,912)
Non-controlling interests of A Stars Group	10
Net assets at the date of acquisition	13,772

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	10,000
Plus: Non-controlling interests (30% in A Stars Group)	4,131
Plus: Fair value of previously held interest	4,915
Less: Net assets acquired	(13,772)
Goodwill arising on acquisition	5,274

Non-controlling interests

The non-controlling interests (30%) in A Stars Group recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of A Stars Group and amounted to HK$4,131,000.

With the non-controlling interests of HK$10,000 recognised in A Stars Group, the aggregate amount of non-controlling interests of A Stars Group arising on the acquisition was HK$4,121,000.

Net cash inflows arising on acquisition

	HK$'000
Consideration transferred	10,000
Less: netting off other receivable from a joint venture	(10,000)
Plus: bank balances and cash acquired	2
	2

36. ACQUISITIONS AND DISPOSALS *(Continued)*

(a) Acquisitions of subsidiaries and disposals of associates *(Continued)*

In March 2014, A Stars obtained control over its two existing associates, namely A Stars World Entertainment Group Limited ("A Stars World") and App Stars World Group Limited ("App Stars") by appointing certain individuals representing the Group to control the board of directors of A Stars World and App Stars and manage and make decision of the operational and financial activities of the two companies. The directors of the Company consider the Group has the practical ability to direct the relevant activities of A Stars World and App Stars unilaterally. Such change in control over A Stars World and App Stars has been considered as deemed acquisition and accounted for as business combination using the acquisition method.

Assets and liabilities recognised at the date of deemed acquisitions are as follows:

	HK$'000
Property, plant and equipment	2,249
Intangible assets	5,784
Inventories	2,244
Trade and other receivables and deposits paid	1,236
Bank balances and cash	410
Amounts due from related companies	20,444
Other payables	(3,175)
Amounts due to a shareholder of the ultimate holding company	(35,800)
Amounts due to a related company	(20,401)
Non-controlling interests of A Stars World	2,366
Net liabilities at the date of acquisition	(24,643)
Provision on amount due from App Stars previously made	9,000
	(15,643)
	HK$'000

Goodwill arising on deemed acquisitions:

	HK$'000
Consideration transferred	–
Plus: Non-controlling interest (50% in A Stars World and 40% in Apps Stars)	(10,922)
Less: Net liabilities acquired	15,643
Goodwill arising on acquisition	4,721

Non-controlling interests

The non-controlling interests in A Stars World (50%) and Apps Stars (40%) recognised at the date of deemed acquisitions change in control were measured by reference to the proportionate share of recognised amount of net liabilities of A Stars World and Apps Stars and amounted to HK$10,922,000.

With the non-controlling interests of HK$2,366,000 recognised in A Stars World, the aggregate amount of non-controlling interests of A Stars World and Apps Stars arising on the deemed acquisitions was HK$13,288,000.

36. ACQUISITIONS AND DISPOSALS *(Continued)*

(a) Acquisitions of subsidiaries and disposals of associates *(Continued)*

Net cash inflows arising on deemed acquisitions

	HK$'000
Consideration transferred	–
Plus: bank balances and cash acquired	410
	410

From the date of acquisition to 30 June 2014, A Stars Group did not have material contribution to the revenue and loss of the Group.

Aggregate goodwill amounting to HK$9,995,000 has been arisen from above transactions.

The following is the movement in the goodwill during the current and prior year.

	HK$'000
At 1 July 2013	–
Arisen from deemed acquisition	9,995
At 30 June 2014	9,995
Impairment loss on goodwill recognised (Note)	(9,995)
At 30 June 2015	–

Note: During the year, management of the Group conducted a review of such goodwill and determined that such goodwill of HK$9,995,000 is impaired in the current year based on the revised estimated cash flow projections generated from the operations in television programmes and content production. The calculation of cash flow projections is based on the financial budgets approved by management covering a five-year period, and at a discount rate of 13%. The cash flows beyond the five-year period are extrapolated using a zero growth rate.

(b) Disposal of partial interest in a subsidiary

On 28 January 2014, the Company, the Purchaser and CGS, entered into an agreement ("CGS Agreement") pursuant to which, among other things, the Company agreed to sell 1,667 ordinary shares of US$1 each in the issued share capital of CGS (which represent 50% of the issued share capital of CGS as at 28 January 2014), to the Purchaser, upon and subject to the terms and conditions thereof.

Pursuant to CGS Agreement, at completion of the disposal of 50% interest in CGS, the Company issued, and the Purchaser subscribed for, the convertible bonds in the principal amount of HK$57,080,000 convertible into the Company's shares at the conversion price of HK$0.18 per share (subject to adjustments), upon and subject to the terms and conditions of the CGS Agreement. Upon full conversion of the convertible bonds, a total of 317,111,111 shares in the Company ("HKRH Conversion Shares") will be issued to the Purchaser, representing approximately 9.99% of the existing issued share capital of the Company as at 28 January 2014, and approximately 9.09% of the issued share capital of the Company as enlarged by the issue of HKRH Conversion Shares.

36. ACQUISITIONS AND DISPOSALS *(Continued)*

(b) Disposal of partial interest in a subsidiary *(Continued)*

In addition, pursuant to CGS Agreement, among other things, at completion of the disposal of 50% interest in CGS, CGS issued CGS Share Option to the Purchaser at a cash consideration of US$1, upon and subject to the terms and conditions of the CGS Agreement. Upon exercise of the CGS Share Option, the Purchaser shall be entitled to subscribe for such number of new CGS shares, free from all encumbrances and ranking pari passu with other CGS shares then existing, that may result from dividing US$5,000,000 by the exercise price of CGS Share Option of US$24,390.24.

All the conditions precedent under the CGS Agreement have been fulfilled, and completion of the share transaction took place on 6 June 2014 (the "Completion Date"). Immediately following the completion of the share transaction, the Company holds 50% interest in CGS, and CGS continue to be accounted for as a subsidiary of the Company.

The proceeds on disposal of HK$240,810,000 (net of transaction cost of HK$4,000,000) were received in cash. An amount of HK$247,460,000 (being the proportionate share of the carrying amount of the net assets of CGS) has been transferred to non-controlling interests.

An amount of HK$38,803,000 represents the difference between the fair value of the consideration (net of transaction cost) and proceeds received and the aggregate amount of (i) the carrying amount of the net assets attributable to the disposed interest in CGS to the Purchaser, (ii) the fair value of the CGS Share Option issued and (iii) the fair values of the liability component and the embedded derivatives of convertible bonds due 2019 issued to the Purchaser, on 6 June 2014, included in other reserve which is determined as follows:

	HK$'000
Net consideration received	240,810
Plus: Proceeds from issuance of CB 2019 (note 28(a))	57,080
Less: Increase in non-controlling interests	(247,460)
Fair value of liability components of CB 2019 (note 28(a))	(28,666)
Fair value of derivative embedded in CB 2019 (note 28(b)(ii))	(56,036)
Fair value of CGS Share Option issued (note 28(b)(iii))	(4,531)
	(38,803)

For details of CB 2019 issued and CGS Share Option issued, please refer to notes 28(a) and 28(b)(iii).

(c) On 31 December 2013, the Group further acquired the remaining 32% interest in Rise Rich. Upon completion of the acquisition, the Group owns 100% shareholding in Rise Rich. The carrying amount of net liabilities attributable to the additional interest acquired of HK$3,643,000 has been recognised in other reserve.

37. CONTINGENT LIABILITIES

(a) As at 30 June 2014, the Group had an outstanding financial guarantee amounting to HK$3,000,000 issued to a bank in respect of a banking facility granted to a joint venture and it was released upon full settlement of the loan by the joint venture during the year. The directors of the Company considered that the fair value of this financial guarantee contract at their initial recognition is insignificant.

(b) During the financial years ended 30 June 2012 to 2015, the Hong Kong Inland Revenue Department (the "IRD") had issued tax enquiries to a non-wholly owned subsidiary of the Company on the offshore claim of its royalty income received/receivable from certain fellow subsidiaries outside Hong Kong for the years of assessment 2010/11 to 2013/14. The disputed assessable profits after losses set-off in respect of the years of assessment 2010/11, 2011/12 and 2012/13 amounted to HK$3.7 million, HK$31.4 million and HK$97.3 million, respectively, while the adjusted loss in dispute in respect of the year assessment 2013/14 is HK$8.1 million. The subsidiary is defending the offshore claim on its royalty income and the case is still under review by the IRD, accordingly, the directors of the Company considered that no provision of Hong Kong Profits Tax is to be made in the consolidated financial statements on the royalty income under dispute at the present stage.

38. MAJOR NON-CASH TRANSACTION

During the year ended 30 June 2014, the Group acquired an additional 40% interest in A Stars at a consideration of HK$10,000,000 from a joint venture of the Group and settled through current account with the joint venture. Please refer to note 36(a) for details.

39. CAPITAL RISK MANAGEMENT

Management of Group manages capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from prior year.

The capital structure of entities in the Group consists of debts, which include convertible bonds disclosed in note 28, bank and other borrowings disclosed in note 26, gold loans disclosed in note 27, loan from a non-controlling shareholder of a subsidiary disclosed in note 21, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. As at 30 June 2015, the net gearing ratio of the Group is 81% (2014: 57%). The directors closely monitor the net gearing ratio and balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the redemption of existing debts.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investments	**18,230**	–
Financial assets at fair value through profit or loss	**–**	10,949
Share options acquired	**2,309**	–
Loans and receivables (including cash and cash equivalents)	**820,840**	1,026,329
Financial liabilities		
Financial liabilities at fair value through profit or loss	**300,275**	560,738
Amortised costs	**1,086,084**	895,699

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, loans to related parties, amount due from a joint venture, financial assets/liabilities at fair value through profit or loss, derivative financial instruments, pledged bank deposits, bank balances and cash, trade and other payables, franchise guarantee deposits, amounts due to joint ventures, bank and other borrowings, gold loans, loan from a non-controlling shareholder of a subsidiary and convertible bonds. Details of these financial instruments are disclosed in the respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

During the current year, there has been no change to the exposure of entities in the Group to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loans to related parties (note 20), bank and other borrowings (note 26), gold loans (note 27) and fixed-rate convertible bonds (note 28). The Group is also exposed to cash flow interest rate risk in relation to its floating-rate bank balances and bank borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC, HIBOR and LIBOR arising from the Group's RMB denominated borrowings, HK$ denominated borrowings and US$ denominated borrowings, respectively.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of floating-rate bank borrowings only as management consider reasonable possible change in interest rate on floating-rate bank balances would not have material financial impact to the Group. The analysis is prepared assuming the amounts of liabilities outstanding at the end of the reporting period were outstanding for the whole year. Other than that, a 50 basis points (2014: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk sensitivity analysis *(Continued)*

If interest rates had been 50 basis points (2014: 50 basis points) higher and all other variables were held constant, the result of the Group would have been impacted as follows:

	2015	2014
	HK$'000	HK$'000
Increase in loss for the year	**2,685**	2,532

If interest rates had been 50 basis points (2014: 50 basis points) lower and all other variables were held constant, the result of the Group would have been impacted as follows:

	2015	2014
	HK$'000	HK$'000
Decrease in loss for the year	**2,685**	2,532

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange fluctuations arise. Certain of the Group's financial assets and liabilities are denominated in HK$, RMB, MOP, US$ or AUD which are currencies other than the functional currencies of the respective group entities (see respective notes). The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of the monetary assets and liabilities, which are loans to related parties, trade and other receivables, bank balances and cash, bank and other borrowings, loan from a non-controlling shareholder of a subsidiary and convertible bonds, that are denominated in currencies other than the functional currencies of the respective group entities of the Group at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**84,380**	70,311	**174,914**	169,472
RMB	**629**	123,594	**–**	–
MOP	**4,378**	2,127	**–**	–
US$	**9,384**	11,061	**31,791**	175,742
AUD	**19,654**	–	**–**	–

The sensitivity analysis does not include MOP denominated assets held by entity with HK$ as its functional currency as it is expected that there would be no material currency risk exposure.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk sensitivity analysis

The foreign currency risk of the Group is mainly concentrated on the fluctuations of RMB against HK$, US$ and AUD. The sensitivity analysis below includes currency risk related to HK$, US$ and AUD denominated monetary items of group entities whose functional currencies are RMB and also currency risk related to RMB denominated monetary items of group entities whose functional currencies are HK$ and US$.

The following table details the sensitivity of the Group to a 5% increase and decrease in RMB against HK$, US$ and AUD respectively. 5% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external receivables or payables as well as receivables from and payables to foreign operation within the Group where the denomination of the receivable or payable is in a currency other than the functional currency of the respective group entity. A positive number below indicates a decrease in loss where RMB strengthens against HK$, US$ and AUD. For a 5% weakening of RMB against HK$, US$ and AUD, there would be an equal and opposite impact and the balances below would be negative.

	2015 **HK$'000**	2014 HK$'000
Loss for the year		
RMB against HK$	**4,558**	11,138
RMB against US$	**1,120**	8,234
RMB against AUD	**983**	–

Price risk

The Group is exposed to equity price risk arising from changes in the Company's own share price in relation to derivative financial instruments.

The Group is engaged in the sale of jewellery includes gold products. The gold market is influenced by global as well as regional supply and demand conditions. A significant decline in prices of gold could adversely affect the Group's financial performance. In order to reduce the commodity price risk, the Group uses gold loans as well as financial derivatives instruments, such as gold bullion contracts through margin account and bullion forward contracts to reduce its exposure to fluctuations in the gold price on gold inventory.

Price risk sensitivity analysis

If the market price of gold had been higher or lower by 10%, the loss after taxation for the year would increase or decrease approximately by HK$40,563,000 (2014: HK$15,943,000), arising from the changes in fair value of gold loans and financial assets/liabilities at fair value through profit or loss.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 37.

In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that appropriate actions are taken to recover overdue debts. In addition, management of the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a large number of shopping malls and department stores, except for as of 30 June 2014 where the loans to related parties of HK$123,177,000 respectively and trade receivables from a joint venture of HK$4,454,000 respectively.

Liquidity risk

Regarding the liquidity risk, management monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 30 June 2015, the Group has available unutilised revolving banking facilities of HK$493,952,000 (2014: HK$165,818,000). Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on agreed repayment dates. The tables include both interest and principal cash flows.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the market value existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

	Weighted average interest rate %	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 June 2015									
Non-derivative financial liabilities									
Trade and other payables	–	158,319	–	–	–	–	–	158,319	158,319
Franchise guarantee deposits	–	–	–	62,371	–	–	–	62,371	62,371
Amounts due to joint ventures	–	3,642	–	–	–	–	–	3,642	3,642
Bank and other borrowings									
– fixed rate	4.32	120,212	1,000	–	–	28,000	–	149,212	140,178
– variable rate	2.03	1,267	103,857	440,385	–	–	–	545,509	537,000
Obligations under finance leases	2.33	16	31	137	–	–	–	184	180
Loan from a non-controlling shareholder of a subsidiary									
– interest free	–	–	–	–	100,000	–	–	100,000	100,000
– fixed rate	2.00	–	–	20,400	–	–	–	20,400	20,000
Convertible bonds	20.79	282	596	2,784	3,663	112,903	–	120,228	64,574
		283,738	105,484	526,077	103,663	140,903	–	1,159,865	1,086,264
Derivatives									
Gold loans-fixed rate	4.70	–	–	271,881	–	–	–	271,881	256,124
Financial assets at fair value through profit and loss									
– net settlement	–	–	–	1,491	–	–	–	1,491	1,491
		–	–	273,372	–	–	–	273,372	257,615

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table *(Continued)*

	Weighted average interest rate %	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 June 2014									
Non-derivative financial liabilities									
Trade and other payables	–	142,218	–	–	–	–	–	142,218	142,218
Franchise guarantee deposits	–	–	–	63,221	–	–	–	63,221	63,221
Amounts due to joint ventures	–	3,628	–	–	–	–	–	3,628	3,628
Bank and other borrowings									
– fixed rate	4.59	106	30	3,816	1,000	–	29,000	33,952	23,771
– variable rate	3.97	286,769	193,671	28,178	–	–	–	508,618	506,391
Loan from a non-controlling shareholder of a subsidiary	–	–	–	–	100,000	–	–	100,000	100,000
Convertible bonds	20.78	70	211	632	842	122,838	–	124,593	56,470
Obligations under finance leases	4.12	16	31	187	171	–	–	405	390
		432,807	193,943	96,034	102,013	122,838	29,000	976,635	896,089
Financial guarantee contract (note 37)	–	3,000	–	–	–	–	–	3,000	–
Derivatives									
Gold loans-fixed rate	4.95	–	263,201	290,607	–	–	–	553,808	494,329
Financial assets at fair value through profit and loss – net settlement	–	–	(5,325)	(5,624)	–	–	–	(10,949)	(10,949)
		–	257,876	284,983	–	–	–	542,859	483,380

40. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table *(Continued)*

Bank loans with a repayment on demand clause are included in the "on demand or in 30 days" time band in the above maturity analysis. As at 30 June 2015, the aggregate amounts of these bank loans amounted to HK$63,678,000 (2014: HK$138,191,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

For the purpose of managing liquidity risk, management reviews the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as set out in the table below:

	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 June 2015						
Bank borrowings with a repayment on demand clause	–	–	64,724	–	64,724	63,678

	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 June 2014						
Bank borrowings with a repayment on demand clause	12,609	–	131,493	–	144,102	138,191

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

40. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial asset (liabilities) included in the consolidated statement of financial position		Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
		30.6.2015 HK$'000	30.6.2014 HK$'000			
1)	Bullion forward contracts and gold bullion contract through margin account	**(1,491)**	10,949	Level 2	Discounted cash flows Inputs to valuation model are determined from observable forward gold price.	Not applicable
2)	Gold loans	**(256,124)**	(494,329)	Level 2	Quoted bid prices of gold	Not applicable
3)	Conversion option derivatives embedded in convertible bonds	**(40,820)**	(61,878)	Level 3	Trinomial option pricing model The fair value is estimated based on the risk free rate, discount rate, share price, volatility of the share price of the Company and CGS, dividend yield and exercise price.	Volatility of the share price of determined by reference to the historical share price of the Company and CGS (Note)
4)	CGS Share Option	**(1,840)**	(4,531)	Level 3	Trinomial option pricing model The fair value is estimated based on the risk free rate, discount rate, share price, volatility of the share price of the CGS, dividend yield and exercise price.	Volatility of the share price of determined by reference to the historical share price of CGS (Note)

Note: The higher the volatility of the share price of the Company and CGS, the higher the fair value of the conversion option derivative and share option. For the volatility of the share price of the Company and CGS used in the fair value measurement, please refer to note 28 (b).

40. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

There is no transfer between different levels of the fair value hierarchy for the years ended 30 June 2014 and 30 June 2015.

Reconciliation of Level 3 fair value measurements

	CGS Share Option HK$'000	**Conversion option derivatives** HK$'000
At 1 July 2013	–	–
At issue	4,531	69,022
Fair value gain recognised in profit or loss	–	(7,225)
Exchange realignment	–	81
At 30 June 2014	4,531	61,878
Fair value gain recognised in profit or loss	(2,691)	(21,058)
At 30 June 2015	**1,840**	**40,820**

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded as amortised cost in the consolidated financial statements approximate to their fair values.

The fair value of such financial assets and financial liabilities (categories within Level 3 hierarchy) are determined in accordance with general accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

41. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

	2015	2014
	HK$'000	HK$'000
Investments in subsidiaries	**320,147**	320,147
Amounts due from subsidiaries	**238,019**	266,344
Other assets	**85,497**	70,447
Total assets	**643,663**	656,938
Total liabilities	**(111,212)**	(110,949)
Net assets	**532,451**	545,989
Share capital	**31,905**	31,885
Reserves (Note)	**500,546**	514,104
Total equity	**532,451**	545,989

Note: The movements of reserves are as follows:

	Share premium	**Contributed surplus**	**Share option reserve**	**Warrant reserve**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2013	639,845	55,327	19,010	21,830	(105,952)	630,060
Loss for the year and total comprehensive expense for the year	–	–	–	–	(158,631)	(158,631)
Exercise of warrants	32	–	–	(10)	–	22
Exercise of share options	4,738	–	(953)	–	–	3,785
Lapse of share options	–	–	(1,901)	–	1,901	–
Equity-settled share-based payments	–	–	2,606	–	–	2,606
Issue of new shares by way of placing of shares, net of transaction costs	36,262	–	–	–	–	36,262
At 30 June 2014	680,877	55,327	18,762	21,820	(262,682)	514,104
Loss for the year and total comprehensive expense for the year	–	–	–	–	(14,613)	(14,613)
Exercise of warrants	1	–	–	(1)	–	–
Exercise of share options	638	–	(200)	–	–	438
Lapse of share options	–	–	(1,588)	–	1,588	–
Equity-settled share-based payments	–	–	617	–	–	617
At 30 June 2015	**681,516**	**55,327**	**17,591**	**21,819**	**(275,707)**	**500,546**

42. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 30 June 2015 and 30 June 2014 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Group (Note (1))		Attributable equity interest held		Principal activities
				2015	2014	**2015**	2014	
Ace Mind Corporation Limited	Hong Kong	N/A	HK$1	**100%**	–	**100%**	–	Film investment
3D-GOLD Business Development Limited	Hong Kong	HK$ 10,000	HK$ 100	**70%**	70%	**70%**	70%	Investment holding
3D-GOLD Company Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**50%**	50%	Investment holding
金至尊實業發展(深圳)有限公司 (3D-GOLD Enterprises Development (Shenzhen) Co. Ltd.) (Note 2)	PRC	US$60,000,000	US$60,000,000	**100%**	100%	**50%**	50%	Retailing and franchising operations of gold and jewellery products in Mainland China
3D-GOLD International Company Limited	Hong Kong	HK$10,000	HK$2	**100%**	100%	**50%**	50%	Holding of trademark
3D-GOLD Jewellery (HK) Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**50%**	50%	Retailing of gold and jewellery products in Hong Kong
3D-GOLD Jewellery (Taiwan) Limited	Hong Kong	HK$ 10,000	HK$100	**100%**	100%	**50%**	50%	Investment holding
金至尊珠寶股份有限公司 (3D-GOLD Jewellery Co. Ltd.) (Note 3)	PRC	RMB100,000,000	RMB20,000,000	**100%**	100%	**50%**	50%	Sale of jewellery
3D-GOLD Management Services Limited	Hong Kong	HK$5,000,000	HK$1	**100%**	100%	**50%**	50%	Provision of management services
3D-GOLD (PRC Holding) Company Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**50%**	50%	Investment holding
3D-GOLD Properties (HK) Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**100%**	100%	Investment holding
Brand New Management Limited	British Virgin Islands	US$50,000	US$1	**100%**	100%	**100%**	100%	Investment holding
Cheer Creative Limited	Hong Kong	N/A	HK$1	**100%**	–	**100%**	–	Inactive
China Gold Silver Group Company Limited	British Virgin Islands	US$50,000	US$3,334	**50%**	50%	**50%**	50%	Investment holding
CL Media & Entertainment Group Limited	British Virgin Islands	US$50,000	US$1	**100%**	–	**100%**	–	Investment holding
Dawn Chance Limited	British Virgin Islands	US$50,000	US$1	**100%**	–	**100%**	–	Investment holding
Elite Art International Limited	Hong Kong	HK$10,000	HK$1	**100%**	100%	**100%**	100%	Investment holding
Ever Metro Holdings Limited	British Virgin Islands	US$50,000	US$1	**100%**	–	**100%**	–	Investment holding
Goldace Development Limited	British Virgin Islands	US$50,000	US$100	**100%**	100%	**100%**	100%	Investment holding
Great Network Holdings Limited	British Virgin Islands	US$50,000	US$100	**80%**	80%	**80%**	80%	Investment holding
Great Tactic Limited	British Virgin Islands	US$50,000	US$1	**100%**	100%	**50%**	50%	Rental holding

42. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY *(Continued)*

Particulars of the Company's subsidiaries as at 30 June 2015 and 30 June 2014 are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Group (Note (1)) 2015	2014	Attributable equity interest held 2015	2014	Principal activities
Group Creation Investments Limited	British Virgin Islands	US$50,000	US$1	100%	–	100%	–	Investment holding
Gold Ocean Jewellery Company Limited	Macau	MOP500,000	MOP500,000	100%	100%	50%	50%	Retailing of gold and jewellery products in Macau
Golden Zone International Limited	British Virgin Islands	US$50,000	US$1	100%	100%	50%	50%	Investment holding
Joy Right Corporation Limited	Hong Kong	N/A	HK$1	100%	–	100%	–	Inactive
Joyrise Ventures Limited	British Virgin Islands	US$50,000	US$1	100%	–	100%	–	Investment holding
Lead Acme Limited	British Virgin Islands	US$50,000	US$1	100%	–	100%	–	Investment holding
Rise Rich International Limited	Hong Kong	HK$ 10,000	HK$10,000	100%	100%	50%	50%	Trading of jewellery
Special Link Limited	Hong Kong	HK$ 10,000	HK$1	100%	100%	50%	50%	Investment holding
Talent Wonder Limited	British Virgin Islands	US$50,000	US$1	100%	–	100%	–	Investment holding
Trump Power Limited	Hong Kong	HK$10,000	HK$100	100%	100%	100%	100%	Trading of precious metals related products
Zun1 Interactive Technology Limited	Hong Kong	HK$10,000	HK$100	91%	91%	73%	73%	Online marketing and E-commerce
尊一互動科技(深圳)有限公司 (Note 2)	PRC	RMB500,000	RMB500,000	100%	100%	73%	73%	Online marketing and E-commerce
上海金至尊鑽石有限公司(Note 2)	PRC	RMB1,000,000	RMB1,000,000	100%	100%	50%	50%	Sales of jewellery
金至尊珠寶股份有限公司	Taiwan	NTD10,000,000	NTD5,000,000	100%	100%	50%	50%	Inactive
至尊金業(深圳)有限公司	PRC	RMB1,000,000	RMB1,000,000	100%	100%	50%	50%	Investment holding
重慶金至尊珠寶有限公司	PRC	RMB5,000,000	RMB1,000,000	100%	100%	50%	50%	Sale of gold and jewellery
重慶金至尊營銷策劃有限公司	PRC	RMB5,000,000	RMB1,000,000	100%	100%	50%	50%	Strategic planner in jewellery industry
重慶金至尊飾品設計有限公司	PRC	RMB5,000,000	RMB1,000,000	100%	100%	50%	50%	Design of gold and jewellery products
A Stars Entertainment Group Limited (Note 4)	British Virgin Islands	US$50,000	US$6,500	70%	70%	70%	70%	Investment holding
A Stars World Entertainment Group Limited (Note 4)	British Virgin Islands	US$50,000	US$10	50%	50%	35%	35%	Investment holding

42. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY *(Continued)*

Particulars of the Company's subsidiaries as at 30 June 2015 and 30 June 2014 are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Group (Note (1))		Attributable equity interest held		Principal activities
				2015	2014	2015	2014	
App Stars World Group Limited (Note 4)	British Virgin Islands	US$50,000	US$10	70%	70%	42%	42%	Investment holding
A Stars World Resort Group Limited (Note 4)	British Virgin Islands	US$50,000	US$10	80%	80%	56%	56%	Investment holding
A Stars World Entertainment Limited (Note 4)	Hong Kong	HK$10,000	HK$1	100%	100%	35%	35%	Event marketing and talent management
A Stars World Limited (Note 4)	Hong Kong	HK$10,000	HK$1	100%	100%	35%	35%	Inactive
A Stars Production Limited (Note 4)	Hong Kong	HK$10,000	HK$10	80%	80%	28%	28%	Content production and distribution
App Stars World Limited (Note 4)	Hong Kong	HK$10,000	HK$10	100%	100%	42%	42%	Content management and licensing services
A Stars World Resort Limited (Note 4)	Hong Kong	HK$10,000	HK$1	100%	100%	56%	56%	Inactive
上海名星網絡軟件有限公司 (Note 4)	PRC	HK$1,000,000	HK$1,000,000	100%	100%	42%	42%	Inactive

Notes:

(1) The Company directly holds the interest in Brand New Management Limited, China Gold Silver Group Company Limited and Goldace Development Limited. All other interests in subsidiaries shown above are indirectly held by the Company.

(2) These companies established in the PRC are wholly owned foreign enterprises.

(3) 3D-GOLD Jewellery Co. Ltd. established in the PRC is a sino-foreign joint venture company.

(4) As at 30 June 2014, the Company held 30% interest in A Stars Group and accounted for as associate of the Company.

42. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
			2015	2014	**2015**	2014	**2015**	2014
					HK$'000	HK$'000	**HK$'000**	HK$'000
China Gold Silver Group Company Limited ("CGS")	British Virgin Islands	PRC	**50%**	50%	**(55,402)**	(6,246)	**189,241**	241,214
Individually immaterial subsidiaries with non-controlling interests					**(10,705)**	(1,637)	**(21,312)**	(10,607)
					(66,107)	(7,883)	**167,929**	230,607

Summarised consolidated financial information in respect of CGS and its subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

China Gold Silver Group Company Limited and its subsidiaries

	2015	2014
	HK$'000	HK$'000
Current assets	**1,621,327**	1,853,946
Non-current assets	**256,249**	276,308
Current liabilities	**(1,223,391)**	(1,367,455)
Non-current liabilities	**(278,296)**	(280,370)
Equity attributable to owners of CGS	**375,889**	482,429
Revenue	**1,356,313**	1,557,273
Expenses	**(1,470,078)**	(1,692,372)
Loss for the year attributable to owners of CGS	**(113,765)**	(135,099)
Other comprehensive income (expense) for the year attributable to owners of CGS	**7,225**	(3,247)
Total comprehensive expense for the year attributable to owners of CGS	**(106,540)**	(138,346)
Net cash outflow from operating activities	**(59,028)**	(35,890)
Net cash inflow (outflow) from investing activities	**111,159**	(126,301)
Net cash (outflow) inflow from financing activities	**(165,534)**	357,316
Net cash (outflow) inflow	**(113,403)**	195,125

Financial Summary

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 30 June 2015 HK$'000	Year ended 30 June 2014 HK$'000	Year ended 30 June 2013 HK$'000	Year ended 30 June 2012 HK$'000	15 months ended 30 June 2011 HK$'000
Turnover	**1,370,905**	1,561,659	2,886,550	3,840,630	3,223,377
(Loss) Profit before taxation	**(139,248)**	(200,293)	(107,054)	(18,732)	73,907
Taxation	**(20,721)**	8,284	(8,748)	(10,539)	(35,395)
(Loss) Profit for the year/period	**(159,969)**	(192,009)	(115,802)	(29,271)	38,512
Total comprehensive (expense) income for the year/period attributable to owners of the Company	**(86,921)**	(187,558)	(100,554)	(21,230)	63,264

ASSETS AND LIABILITIES

	As at 30 June 2015 HK$'000	As at 30 June 2014 HK$'000	As at 30 June 2013 HK$'000	As at 30 June 2012 HK$'000	As at 30 June 2011 HK$'000
Total assets	**2,017,732**	2,241,611	1,990,940	1,838,358	1,749,600
Total liabilities	**(1,480,004)**	(1,555,359)	(1,353,756)	(1,251,723)	(1,140,015)
Non-controlling interests	**(167,929)**	(230,607)	3,446	–	–
Equity attributable to owners of the Company	**369,799**	455,645	640,630	586,635	609,585