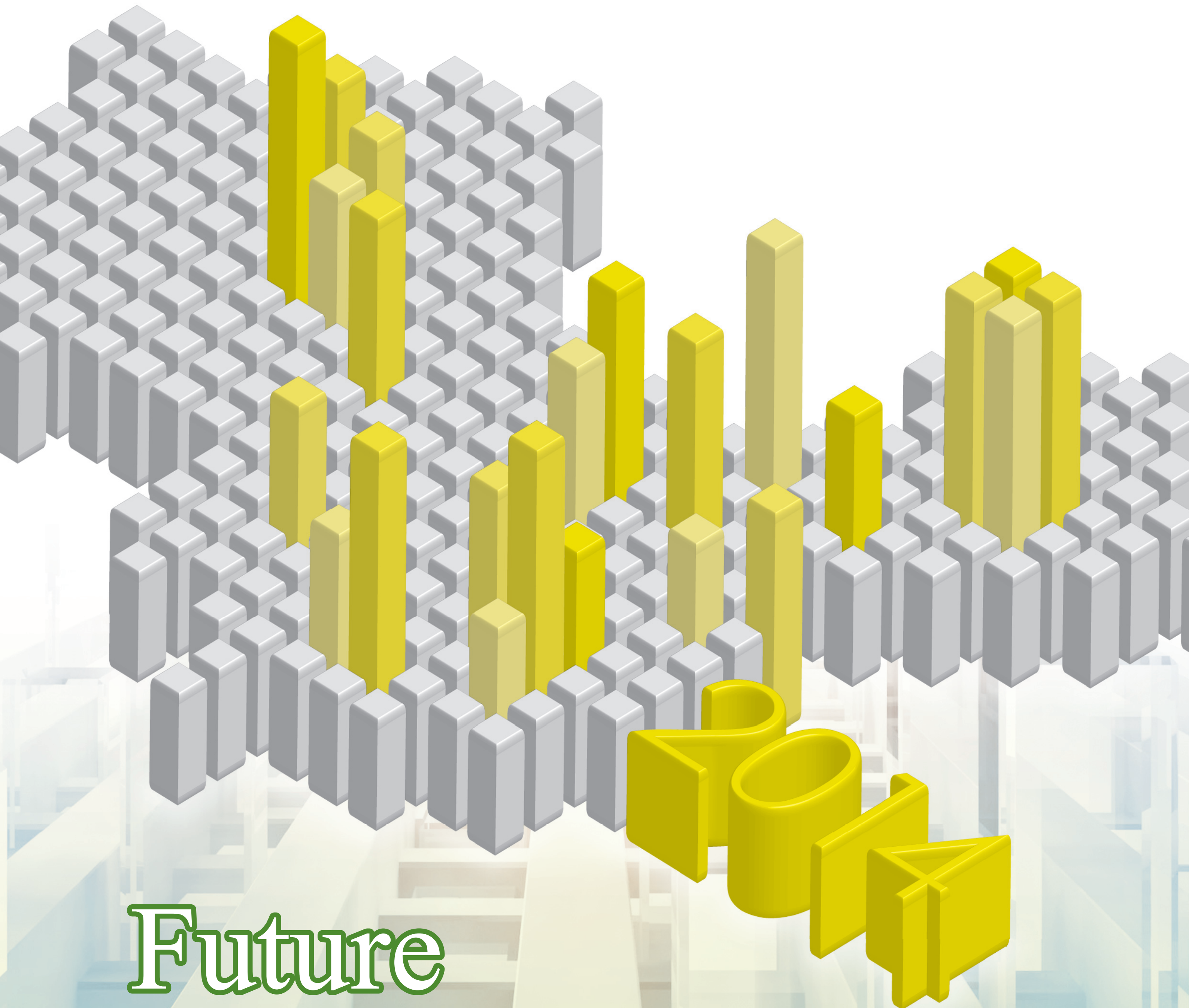
眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8156)



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ANNUAL REPORT 2014

*For identification purposes only

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

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This report, for which the Directors of China Vanguard Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Madam CHEUNG Kwai Lan *(Chairperson)*
Mr. CHAN Ting *(Deputy Chairman and Chief Executive Officer)*

Non-Executive Director

Mr. CHAN Tung Mei

Independent Non-Executive Directors

Mr. ZHANG Xiu Fu
Mr. YANG Qing Cai
Mr. TO Yan Ming Edmond

AUDIT COMMITTEE

Mr. TO Yan Ming Edmond *(Chairperson)*
Mr. ZHANG Xiu Fu
Mr. YANG Qing Cai

REMUNERATION COMMITTEE

Mr. TO Yan Ming Edmond *(Chairperson)*
Mr. CHAN Ting
Mr. ZHANG Xiu Fu
Mr. YANG Qing Cai

NOMINATION COMMITTEE

Madam CHEUNG Kwai Lan *(Chairperson)*
Mr. ZHANG Xiu Fu
Mr. YANG Qing Cai

AUTHORIZED REPRESENTATIVES

Mr. CHAN Ting
Mr. CHOW Chun Hong

COMPLIANCE OFFICER

Mr. CHAN Ting

COMPANY SECRETARY

Mr. CHOW Chun Hong

COMPANY WEBSITE

www.cvg.com.hk

STOCK CODE

08156

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Ltd.
The Bank of East Asia, Limited

AUDITORS

W.H. Tang & Partners CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 307-313, 3/F.,
Wireless Centre,
Hong Kong Science Park Phase One,
Pak Shek Kok, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street, PO Box 1350,
Grand Cayman KY1-1108,
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
22/F., Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

2014

During the period from September 2013 to June 2014, successfully expanded our lottery business coverage into another 5 provinces and regions in China.

On 4 June 2014, Share Transfer Agreement to acquire 100% equity interest in Zhong Li Group Limited to provide innovative lottery technology and lottery distribution services.

On 18 March 2014, completed the acquisition of 100% equity interest in United Power Asia Investment Limited, to further strengthen our lottery distribution capability in China.

On 5 March 2014, completed a placement of 54.4 million existing shares and top-up placement of new shares under general mandate. Through this placement, we successfully bring in an internationally renowned investor, GAM Hong Kong Limited.

On 4 December 2013, to develop mobile lottery market and sales platform, cooperated with Beijing Zhongtoushixun Culture Media Co., Ltd. and Beijing Rejoy Culture Development Co., Ltd.

On 13 November 2013, Cooperation Agreement with a subsidiary of ZTE Corporation to develop paperless self-service welfare lottery sales system for mobile applications usage.

On 4 November 2013, Cooperative Agreement with a subsidiary of Astro Corporation, an internationally renowned gaming technology company, to develop self-service sales system for Bozone's proprietary tablet.

2013

Chairperson's Statement

Dear Shareholders,

On behalf of the board of directors of China Vanguard Group Limited, I herein to present the results of the Company and its subsidiaries for the financial year ended 30 June 2014.

In our lottery business sector, over the years, we have successfully become a dominated innovative player since our listing on the GEM board of Stock Exchange in November 2002. We have established ourselves as much more than a comprehensive services solutions provider in China lottery industry in the past challenging and encouraging year. Benefited from our solid technological and social foundations and with a bandwidth include both welfare and sport lottery, we have further expand our market share by introducing the revolutionary interactive self-service lottery solutions, which have received highly positive market feedback and customer acceptance, and hence developed one-stop shop business model from providing lottery marketing and promotion programs to lottery operations.

At the end of 2012 MOF's official announcement of the recognition of the interactive self-service distribution channel marked an important milestone for the company. The official recognition enabled the company to move the self-service platform from its trial phase to being fully operational and accepted, as well as confirming our management's revolutionary vision in self-service solutions and its enormous market potential. In the meanwhile our traditional equipment sale and solution service has remained solid and will continue the growth trend in the many years to come. Since we commenced feasibility study and prototype production for the 1st generation self-service lottery solution for the entertainment venue we have been focusing our R&D and other resources on the development of the interactive self-service solutions. And after our successful pilot testing in Tianjin, followed by expansion of the solution to strategic channels including via tablets and standalone terminals. Further in 2013, our interactive self-service solution being recognized and we commercialized as well as diversified our sales channels in to strategic locations such as airport, supermarket and restaurant. At present, we have been authorized to operate lottery business and lottery sales for the Lottery Centre in 18 provinces and regions across China, and to provide lottery equipment, software, related services and a comprehensive lottery distribution network for both China Welfare and Sports Lottery authorities. We will continue focusing on the high margin interactive self-service lottery business and comprehensive authorization portfolio with diversified virtual distribution channels to expand the potential of lottery business; and leveraging international cooperation with software and hardware developers to enhance the R&D capability.

We have received warm and highly encouraging market feedback for our revolutionary self-service solutions and we will strive to become a dominant innovative and full-range lottery solutions provider in China in the near future.

We believe there are tremendous opportunities laying ahead us, at the same time it presented challenges in rolling out our operations in the fastest pace as we could in order to sustain our unprecedented leading position in the self-service solution market. Whilst laying the ground work to retain our reputation as an approved supplier and innovative market leader with our next generation self service solutions, we had a solid year in our traditional lottery sale. We're excited to embrace the upcoming new era with our top-notch technology and management team.

Madam CHEUNG Kwai Lan
Chairperson and Executive Director

Hong Kong, 18 September 2014

The Group recorded revenue of HK$96 million for Year 2014, an increase of 145% from Year 2013 of HK$39 million. Profit attributable to equity holders for Year 2014 was a positive profit of HK$15 million, representing a turnaround as compared to Year 2013.

The positive profit and turnaround were mainly attributed by the increase in revenue generated from our ordinary PRC lottery business, property development business and the implementation on various cost control initiatives. By excluding the non-cash equity settled share-based payment in Year 2014 amounting to about HK$9 million, the underlying operating costs of the Group in Year 2014 has achieved savings of 15% as compared to Year 2013.

LOTTERY-RELATED OPERATIONS

The lottery operations of the Group were supplying lottery software, equipment and services to the China lottery authorities. We also conducted the downstream operation of a lottery distribution network in China. Our operations covered, such as Zhejiang, Heilongjiang, Chongqing, Tianjin, Jilin, Anhui, Shandong and others for a total of eighteen provinces and regions as of the date of this report.

The Group successfully initiated the interactive self-service business whilst maintaining its solid sale in traditional lottery business during the year. Also, we have established physical lottery distribution network in the form of self-operated stores and franchise stores through diversified strategic channels and locations. Our scope of services have further extended to include transforming and upgrading the existing POS and the provision of marketing and training services, which broadened our revenue stream.

Interactive self-service lottery solution has been developed for several years. Our touchscreen based interactive solution is aimed to enhance the gaming experience for lottery players and improve the operation efficiency for the POS operators at the same time.

Last year, after MOF issued a notice officially categorized self-service as one of the authorized distribution methods, the market recognized the legitimacy of the self-service solutions and our development direction has been proven. Throughout this reporting period, a number of lottery centers have well accepted our solution and authorized us to roll out interactive self-services lottery solutions in their respective jurisdiction.

We have been authorized by the provincial Sports Lottery Administration Centres in 12 provinces and regions to roll out the interactive self-service solutions as of the date of this report. We have progressively launched self-service lottery stores both self-operated flagship stores and franchised stores in our authorized areas, including Anhui, Chongqing, Shandong and others.

Our strong research and development capability have enabled us to extend our business coverage and captured the opportunities arose in the segment beyond traditional lottery business. To further enhance our research and development capability, we have formed cooperation with a subsidiary of Astro Corporation, an international renowned gaming technology company, for products and games development.

In order to cater to the needs of various potentially profitable channels, we had developed several forms of self-service sales system and cooperated with several enterprises, including the cooperative development of mobile applications for self-service sales with a subsidiary of ZTE Corporation; the cooperative development of the marketing promotion and sales platform for the mobile of lottery market with CNLive and Rejoy Culture. Leveraging such partnership, we could expand our tremendous clientele and advantages in professional techniques in the mobile internet industry to further enhance our distribution capability.

As of the date of this report, we had also respectively established certain strategic cooperative relationships with leading participating enterprises in each area, including cooperation with a leading Smart TV provider, TCL Group, in provision of our interactive self-service lottery solutions in paperless form through its Smart TV platform and assisting them in marketing and promotion of lottery sales on Smart TVs. While for the payment clearance system for lottery purchases, we teamed up with YBDS on equipping all our lottery distribution points with YBDS' non-cash online and offline payment system, such as China Telecom's Bestpay platform（翼支付）, which can be used by mobile payment, payment by cards issued by China Unionpay（中國銀聯）and other financial institutions.

Our technical capability continued to be recognized by the WLA, an international lottery industry association, in certifying to WLA SCS. We once again successfully renewed and maintained the stringent and comprehensive information system security certification audit from, the WLA, regarding WLA SCS certification. We are the only one lottery solution provider in Asia accredited both WLA SCS and ISO27001:2005.

LAND AND PROPERTY DEVELOPMENT OPERATIONS

The Group via its wholly-owned subsidiary, Jovial Sky Limited, engaged in class 1 land development work, the promotion of the sales of land and property management and consultancy services.

During the period, our land and property development team has realized and monetized opportunities utilizing their expertise. As a result, property operation has recorded a revenue of HK$14 million in regards to the provision of property management and consultancy service.

FUTURE OUTLOOK

The past financial year has been a period of hardship and extreme challenge for the Group and me. We carefully leverage on the resources and experience we had accumulated in the past years and steer toward a direction where has not explored before. I am very grateful that the market acceptance has been exceptionally positive, while the stones we laid built a solid path for us to ride on. I am determined to further broaden and deepen lottery distribution; further enhance POS management; and create more value from various distribution channels for the Group, for our customers and for our business partners all as a whole.

Mr. CHAN Ting
CEO and Executive Director

Hong Kong, 18 September 2014

FINANCIAL REVIEW

Results

The Group recorded revenue of HK$96 million for Year 2014, an increase of 145% from Year 2013 of HK$39 million. Profit attributable to equity holders for Year 2014 was HK$15 million, representing a turnaround and a significant improvement as compared to loss of HK$42 million in Year 2013. Profit for the year was mainly contributed by the increased profits generated from the lottery-related business and the property development business.

Net Profit	**Year 2014 HK$'000**	Year 2013 HK$'000	**Improved HK$'000**
Profit (loss) attributable to equity holders	**14,887**	(41,621)	**56,508**

The Group's operating revenue for Year 2014 increased by 145% to HK$96 million, 85% of the Group's revenue was derived from the lottery-related services business which increased by 110% to HK$82 million as compared to Year 2013. Property development business contributed to another 15% of the Group's operating revenue and achieved HK$14 million in Year 2014.

Revenue	**Year 2014 HK$'000**	Year 2013 HK$'000	**Improved HK$'000**
Lottery-related services	**81,961**	38,959	**43,002**
Land and property development and consulting	**13,800**	–	**13,800**
Others	**25**	139	**(114)**
	95,786	39,098	**56,688**

The Group's gross profit increased 160% to HK$90 million in Year 2014. The Group's gross profit ratio was 94%, increased by 7% in Year 2014 as compared with 88% in Year 2013.

The Group's operating costs comprising selling and distribution costs and administrative expenses, decreased by 3% to HK$68 million while the Group's revenue increased by 145% over the year. Various cost control initiatives implemented for Year 2014 have contributed to the saving achieved.

The finance costs for Year 2014 and Year 2013 were stable and amounted to about HK$10 million.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2014, shareholders' fund amounted to HK$337 million (2013: HK$45 million). Current assets amounted to HK$263 million (2013: HK$45 million), mainly comprising of trade and other receivables and prepayments, bank balances and cash. Current liabilities amounted to HK$30 million (2013: HK$72 million) mainly comprising of its trade payables, accrued liabilities and other payables and tax liabilities.

The Group financed its operations primarily with internally generated cash flows, issuance of convertible bonds and placing of new shares. The net asset value per share of the Group was about HK$0.42 (2013: About HK$0.06). The gearing ratio of the Group was 20% (2013: 170%) on the basis of non-current liabilities divided by shareholders' funds.

CONVERTIBLE BONDS

On 17 January 2014, the Group issued unlisted convertible bonds due on 17 January 2017 with a principal amount of HK$89,625,000 which is interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$2.39 per conversion share.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Company and its subsidiaries provided corporate guarantees to the extent of Nil (30-6-2013: approximately HK$30,221,000) to banks to secure general banking facilities and bank loan granted to subsidiaries.

The Group's pledge of assets as at 30 June 2014 was HK$Nil, details for 30 June 2013 please refer to note 41 of the consolidated financial statements.

WARRANTS

As at 30 June 2014, the Group has no warrants in issue (30-6-2013: Nil).

CAPITAL STRUCTURE

During the year ended 30 June 2014, the Company issued (i) 3,548,000 shares under the share option scheme to provide incentives and rewards to eligible participants; and (ii) 48,640,000 shares to GAM Hong Kong Limited and 5,760,000 shares to ICH Group Limited respectively by top-up placing arrangement.

As at 30 June 2014, the Company has repurchased a total of 18,945,000 ordinary shares of HK$0.05 per share through Stock Exchange at an aggregate consideration of approximately HK$69,525,000 (excluding transaction costs) in which 14,180,000 shares were cancelled on 30 May 2014 and the remaining 4,765,000 shares were cancelled on 15 September 2014. As at 30 June 2014, the number to the Company's issued shares was enlarged to 803,101,767 Shares.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in HK$, RMB or US$. The Group's major investment and financing strategies are to invest in domestic projects in China by RMB, HK$ and US$ borrowings. As the exchange rate of RMB against HK$ is relatively stable and the Group's operating income is substantially denominated in RMB, the Group did not perform any foreign currency hedging activities during the year. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB, US$ and HK$ exchange rate movement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND JOINT VENTURE

On 17 January 2014, the Group announced to acquire 100% equity interest of United Power Asia Investment Limited at a consideration for an aggregate sum of RMB39,394,000 (approximately HK$50,046,000) by combining the issue of 10,720,000 consideration shares and the payment of cash consideration. The transaction was completed in March 2014.

On 4 June 2014, the Group announced to acquire the entire issued share capital of Zhong Li Group Limited in consideration for an aggregate sum of HK$40,248,395, to be settled by the issue of 8,000,000 consideration shares and by the payment of cash consideration of RMB6,500,000 (approximately HK$8,168,394). Subsequent to the reporting period, the Group and the vendor have entered into a supplemental agreement that the consideration for the acquisition would be settled all in cash in the total amount of RMB31,950,240 (approximately HK$40,172,000). As of the date of the report, the acquisition has not been completed.

Except for the above, the Group did not make any material acquisition or disposal of subsidiaries and joint venture during the year ended 30 June 2014.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed 35 staff in Hong Kong (2013: 34), and 185 staff in China (2013: 171). Staff costs excluding directors' remuneration amounted to about HK$31 million (2013: approximately HK$25 million). Employee remuneration is determined by reference to market terms and the performance, qualification and experience of individual employees. In addition to basic salaries and provident fund contributions, the Group also offers medical benefits and training programs. Share options may be granted to employees based on performance evaluation in order to provide incentives and rewards.

DIRECTORS

Executive Directors

Madam CHEUNG Kwai Lan ("Madam Cheung"), aged 76, one of the founders of the Group, is the Chairperson and an Executive Director and chairperson of the nomination committee of the Company. She has served the Group for more than 14 years and is the director of various subsidiaries of the Group. Madam Cheung is responsible for business development, strategic planning and marketing for the Group. She is the President of the Zhang Xueliang Foundation（張學良基金會）. She graduated from Shanxi Taiyuan Medical School in 1960 and was a researcher at Shanxi Province Taiyuan (Atomic Energy) Research Institute（山西省太原（原子能）研究所）, which was one of the institutions of the Chinese Academy of Science. She also participated in the research and development of the radioactive material Cobalt 60 for imaging and cancer treatment. She is the mother of Ms. Chan Siu Sarah and Mr. Chan Ting and the spouse of Mr. Chan, being the Group General Counsel, Executive and Non-Executive Directors of the Company respectively.

Mr. CHAN Ting, aged 44, is the Deputy Chairman, Chief Executive Officer, an Executive Director, Compliance Officer and Authorized Representative of the Company. He has served the Group for more than 13 years and is the director of various subsidiaries of the Group. He is responsible for the marketing, business development and operations of the Group. He was awarded a degree in Economics from Macquarie University in Australia in 1993. Mr. Chan has over 20 years of solid working experience in establishing and managing companies in the PRC. He is the son of Madam Cheung and Mr. Chan, being the Chairperson and Executive Director and Non-Executive Director respectively, and the brother of Ms. Chan Siu Sarah being the Group General Counsel. He joined the Group in July 2001.

Non-Executive Director

Mr. CHAN Tung Mei ("Mr. Chan"), aged 78, is one of the founders of the Group and a Non-Executive Director of the Company. He has served the Group for more than 14 years and is the director of various subsidiaries of the Group. He graduated from Shanxi Industrial University (now known as Shanxi Taiyuan University of Technology) in the PRC and received a bachelor degree in Civil Engineering in August 1960. Mr. Chan has over 17 years of experience in establishing and managing companies. He is the father of Ms. Chan Siu Sarah and Mr. Chan Ting and the spouse of Madam Cheung, being the Group General Counsel and Executive Directors of the Company.

Independent Non-Executive Directors

Mr. TO Yan Ming Edmond, aged 42, is an Independent Non-Executive Director of the Company, chairperson of the audit committee and remuneration committee of the Company. Mr. To holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. He is a practicing accountant and presently the director of R.C.W. (HK) CPA Limited, Edmond To CPA Limited and Zhonglei (HK) CPA Company Limited. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. He worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 13 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is an independent non-executive director of Theme International Holdings Limited and Wai Chun Group Holdings Limited (all are Main Board listed companies). Mr. To is as an independent non-executive director, a member of remuneration committee, audit committee and nomination committee of China Household Holdings Limited (formerly known as Bao Yuan Holdings Limited) (a Main Board listed company) since 24 April 2012. Mr. To was appointed as an independent non-executive director and a member of audit committee of Wai Chun Mining Industry Group Company Limited on 22 August 2013. Mr. To joined the Group in January 2006.

Mr. ZHANG Xiu Fu, aged 80, is an Independent Non-Executive Director and a member of each of the audit committee, remuneration and nomination committee of the Company. He devoted himself to the Chinese Revolution in August 1948 and joined in the Communist Party in March 1950. He had served as the Head of the Municipal Police of Hangzhou City, Zhejiang Province, the Chief Officer of the Provincial Police of Zhejiang Province, a member of the Communist Party's Provincial Standing Committee in Zhejiang Province and the Secretary of the Political and Legislative Affairs Committee. He had also served as the Commissar of the Chinese People's Armed Police, the Vice Minister and the Vice Head of the party organization of the Chinese Ministry of Legislation, a representative of the Nine National People's Congress, a member of the Legislation Committee of the National People's Congress and the Vice President of China Law Science Association. He currently serves as the President of the China Legal Aid Foundation. He joined the Group in January 2008.

Mr. YANG Qing Cai, aged 67, is an Independent Non-Executive Director and member of each of the audit committee, remuneration committee and nomination committee of the Company. He was formerly the Vice Governor of Jilin Province. He has also served as the Deputy Director of the Rural Affairs Department of the Jilin Provincial Committee, the Deputy Secretary General of the Government of Jilin Province, and the Vice Director of the Standing Committee of the National People's Congress of Jilin Province. He joined the Group in April 2011.

Senior Management

Mr. CHOW Chun Hong, aged 48, is the Group Regional Chief Financial Officer, Company Secretary and Authorized Representative of the Company with effect from 9 June 2014. Mr. Chow is the former Chief Financial Officer and Company Secretary of the Company. Mr. Chow holds a Bachelor of Science honours degree in Physics and Mathematics from the University of Hong Kong and a Master of Business Administration degree from the Chinese University of Hong Kong. Mr. Chow is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Chow has served various accounting and financial management roles in Hong Kong, China and Southeast Asia for more than two decades. He has extensive knowledge and experience in accounting, financial management, taxation, auditing and financial control relating to Hong Kong and China business. Mr. Chow previously worked for the IT operating business of Jardine Matheson Group for 16 years and held senior financial controller positions of several business operations during the period.

Ms. CHAN Siu Sarah, aged 49, is the General Counsel of the Group and a director of various subsidiaries of the Group. Ms Chan has been in charge of the business activities of Bozone, the Group's main subsidiary for its traditional lottery business since 2011. She obtained her law degree from the London School of Economics and Political Science in 1989 and was qualified to practice law as solicitor in Hong Kong in 1992 and England and Wales in 1993. She did her solicitor's training with the international firm of Baker & McKenzie in Hong Kong and, after qualification, worked for 4 years at the international firm of Linklaters in Hong Kong specializing in projects and project finance with a particular focus on China. She then spent the next 7 years as corporate counsel with the Asia Pacific regional headquarter of Lucent Technologies in Hong Kong attending legal matters in the region. From 2004 to 2007, she was appointed the regional general counsel for the Asia Pacific region of Avon Products Inc., leading its legal, government and regulatory affair teams in the region. Ms. Chan has been an executive director of Avon Products Co., Ltd. which is listed on the JASDAQ Securities Exchange, Inc. for the period from March 2006 to December 2007. Ms. Chan is the daughter of Madam Cheung and Mr. Chan, being the Chairperson and Executive and Non-Executive Director of the Company respectively, and the sister of Mr. Chan Ting, being the Deputy Chairman, Chief Executive Officer and Executive Director of the Company. She joined the Group in May 2008 as Executive Director and General Counsel. Ms. Chan resigned as an Executive Director and authorised representative of the Company on 30 July 2013 and has remained as General Counsel of the Group.

Mr. FUNG King Him Daniel, aged 44, is the Director of Group Corporate Strategy, Investor Relations, Group Property Development and the director of various subsidiaries of the Group. Mr. Fung has been responsible for corporate strategy, investor relations and property development of the Group. He has obtained a bachelor degree from the University of Wisconsin in the United States of America with double majors in Mathematics and Computer Science. He previously worked in Lehman Brothers Asia Limited, HSBC Asset Management Limited and Platinum Securities Company Limited. He joined the Group in February 2002. Mr. Fung was an executive director of Celebrate International Holdings Limited, which was previously known as Aptus Holdings Limited and a non-wholly owned subsidiary of the CVG Group, for the period from 27 August 2004 to 30 December 2010.

Ms. KWOK Shuk Yi, aged 38, is the Group Human Resources and Administration Senior Manager. She holds a bachelor degree of Human Resources Management from The Royal Melbourne Institute of Technology University in Australia and graduated with Distinction. She has over 13 years of experience in human resources and administration management. Prior to joining the Group in July 2008, she worked as human resources and administrative managerial positions with a listed company and a sizeable investment company.

Mr. WU Zi Qiang, aged 52, is currently the Director of Group Sport Lottery (Lottery Business) and Managing Director of various subsidiaries. He is mainly responsible for marketing and overall management of sport lottery business of the Group. Mr. Wu has 10 years of experience in the lottery industry and has served senior management positions in various listed companies in Hong Kong for 14 years. He has over 30 years of experience in the IT software development industry. From 2006 to 2010, he served as the CEO of Greater China Region of the Group and Managing Director of Bozone. In 2000, he served as the Co-CEO and Executive Director of China LotSynergy Holdings Limited (original name: WorldMetal Holdings Limited), Vice President of TradeLink Electronic Commerce Limited and General Manager of UNI-Tech Software Engineering (Shenzhen) Co., Limited etc. Mr. Wu graduated from the National University of Defence Technology with a master degree in computer communication engineering and a bachelor degree in digital transmission engineering. Mr. Wu joined the Group in November 2006.

Mr. HO Wai Keung, aged 41, is the Deputy Director of Group Welfare Lottery (Lottery Business). Mr. Ho is responsible for the business development of Group's lottery-related business. He holds a MBA from the University of Birmingham, UK and the MSc. of E-commerce and Internet Computing from the University of Hong Kong. Prior to joining the Group, he worked for the Hong Kong-listed company, China National Aviation Corporation Group (holding company of Air China) and its affiliated company specializing in formulating the new Joint-ventures with foreign partners and grooming JVs sustainability in Hong Kong and China. In the I.T industry, he worked for 3M/Imation (NYSE-listed, he secured the Top Performance Award in 2000) and Jardine OneSolution engaged in the position of Sales and Project Manager. Mr. Ho joined the Group in August 2010.

Mr. NI Jin Hong, aged 44, is the Director of Group Lottery Technology (Lottery Business), Technical Director of Bozone and two subsidiaries of the China Vanguard. He graduated from the faculty of computer at China University of Geosciences with a bachelor degree. Mr. Ni leads the team and is responsible for software development, testing and maintenance among all subsidiaries of the China Vanguard in China. He has extensive lottery operation and management experience. He joined the Bozone Group in February 2007.

Mr. LYU Jie, aged 37, is the General Manager of SZLFC and the director of a subsidiary. He graduated from Harbin Engineering University (majoring in computer) and completed the EMBA program of Zhejiang University City College. Mr. Lyu has led various teams in the development of software and hardware system and is responsible for the operation of SZLFC. He accumulated extensive lottery operations and management experience. He joined the Bozone Group in March 2002.

Mr. JIA Xi Chun, aged 39, is the General Manager of HLJB. Mr. Jia graduated from the Mudanjiang Normal University with major in Computer Education. He was part the development team of the hotline sales system of "Longjiang Fengcai". He is responsible for the sales, implementation and maintenance of computer network for the sales system. He joined the Bozone Group in March 2002.

Mr. LYU Dong, aged 48, is the Deputy General Manager of Anhui Ao Cai Information Technology Limited. He graduated from Beijing Sport University, majoring in sports training. He was the founder of Beijing Dong Qiang Trading Limited, Beijing Dong Sheng Rui Fa Sport Equipment Limited and Anhui Ao Cai Information Technology Limited. He accumulated extensive management experience and was well connected within the sports and lottery related departments. He joined the Group in April 2014.

The Company is committed to maintain a high standard of corporate governance which serves as a vital element of risk management throughout the growth of the Company. The Directors devotes to best practice on corporate governance and to comply to the extent practicable, with the code on corporate governance practices contained in Appendix 15 of the GEM Listing Rules. The Directors firmly believe that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interest of its shareholders as a whole.

CORPORATE GOVERNANCE PRACTICE

During the year ended 30 June 2014, the Company has complied with the code provisions in the CG Code, except for the deviation described below:

Under code provision A.4.1 of the CG Code, Non-Executive Directors should be appointed for a specific term, subject to re-election. The INEDs of the Company were not appointed for a specific term but are subject to retirement by rotation in annual general meeting of the Company at least once every three years in accordance with the Articles of Association. The reason for the deviation is that the Company does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of INEDs have given the Company's shareholders the right to approve continuation of INEDs' offices.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by the setting up of corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Group.

Board composition

As at the date of this report, the Board consists of six members. Among them, two are Executive Directors, one is Non-Executive Director and three are INEDs. Madam Cheung, the chairperson of the Board, is the mother of Mr. Chan Ting and the spouse of Mr. Chan, being Executive Director and Non-Executive Director of the Company respectively. Save as disclosed above, there is no relationship (including financial, business, family or other material relationship) between any members of the Board. The biographical details of the Directors are set out on pages 11 to 14 of this annual report.

During the year ended 30 June 2014, the Board at all times met the requirements of Rule 5.05 of GEM Listing Rules. The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 5.09 of GEM Listing Rules. On 18 September 2014, the nomination committee of the Company has reviewed and assessed each individual INED's annual confirmation of independence based on the independence criteria as set out in GEM Listing Rules, and affirmed that all INEDs remained independent.

Chairperson and CEO

The role of Chairperson and CEO of the Company has been taken up by different persons since 2009. To ensure a balance of power and authority, the Company has established a clear and defined division of the responsibilities between the Chairperson, Madam Cheung and the CEO, Mr. Chan Ting in accordance with the CG Code.

Directors' Appointment and Re-election

All the Executive Directors and Non-Executive Director have entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than six months' notice in writing served by either party on the other. All INEDs have not entered into any service contracts with the Company but are subject to retirement by rotation and re-election in accordance with the Articles of Association.

Board Meetings

The Company conducts scheduled Board meetings on a quarterly basis to discuss strategies and business issues, including financial performance of the Group. Details of attendance of the Directors at the physical regular meetings are set out on page 19 of this annual report.

Notices of Board meeting are given to each director and draft minutes are circulated to all Directors for review before finalization and the final version of these minutes kept by the Company Secretary and is open for inspection. If a director has an interest in the matter to be considered at a Board meeting, the Board will ensure that an adequate number of independent directors are involved in the consideration of the relevant resolutions, and the relevant interested director(s) will abstain from voting and not counted in the quorum. INEDs are encouraged to take an active role in Board meetings and serve on the board committee. The role of Directors and their functions and responsibilities is available at the Company website at www.cvg.com.hk.

The Company has arranged appropriate insurance cover for the Directors and senior management of the Group in respect of legal action against them in the course of execution of their duties in good faith.

Securities transactions of Directors

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Directors. Having made specific enquiry of all Directors, the Company received confirmation from all Directors that they had complied with the Code of Conduct throughout the year ended 30 June 2014.

Delegation of Directors

As an integral part of good corporate governance and to assist the Board in execution of its duties, the Board is supported by three board committees, namely nomination committee, remuneration committee and audit committees. Each of these committees oversees particular aspect of the Group's affairs under its defined scope of duties and all of these committees are provided with sufficient resources to discharge its duties. The term of reference of these committees have been approved by the Board and are available at the Company's website at www.cvg.com.hk.

Nomination Committee

The nomination committee comprises three members, namely Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Madam Cheung as chairperson of the committee. The principle duties of nomination committee include reviewing the structure, size and composition of the Board, identifying individual suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning for directors.

As adopted by the Board, the Board diversity policy aims to achieve diversity on Board in the broadest sense in order to have a balance of skills, experience and diversity perspective appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, and length of service, professional qualification and experience. The nomination committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board. Following the adoption of board diversity policy on 14 May 2014, the terms of reference of the nomination committee were revised in line with the new CG Code requirements which took effect from 1 September 2013. The revised terms of reference of the nomination committee was published on the Stock Exchange's website at www.hkex.com.hk and on the Company's website at www.cvg.com.hk.

During the year ended 30 June 2014, nomination committee met twice and individual attendance of committee members is set out on page 19 of this annual report

Remuneration committee

The remuneration committee comprises four members, a majority of them being INEDs. The remuneration committee is responsible for establishing formal and transparent procedures for developing remuneration policy and structure of all Directors and senior management to ensure that no directors or any of his/her associate will participate in deciding his/her own remuneration, with reference to the performance of the individual and the Company as well as the market practices and conditions. The remuneration committee met twice regarding the emolument packages of the Directors during the reporting period and individual attendance of committee members is set out on page 19 of this annual report. Details of the emolument of the Directors are set out in note 12 to the consolidated financial statements.

Audit Committee

The audit committee currently comprises of three INEDs. The major duties of audit committee are (i) to oversee the Company's relationship with external auditors; (ii) to review the financial information; and (iii) to oversee the Company's financial reporting system and internal control procedures. During the year ended 30 June 2014, the audit committee held four meetings (i) to discuss the financial reporting and the compliance procedures with the external auditors; (ii) to review the audited annual results for the year ended 30 June 2013 and unaudited quarterly and interim results and (iii) to consider the re-appointment of auditors. Individual attendance of audit committee members are set out on page 19 of this annual report.

Directors' Responsibilities

Accountability and Audit

The Board is accountable to the shareholders of the Company through proper financial reporting, regular internal control review, quarterly and interim reviews and annual reviews. These are the most efficient way in assessing the effectiveness of the Board in managing the business and affairs of the Group. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 June 2014 and is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, inside information announcement and other disclosure required under the GEM Listing Rules and other statutory and regulatory requirements.

Internal controls

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Company's assets and with the support of the audit committee, reviewing the effectiveness of such system on an annual basis. The Board has conducted an annual review of the effectiveness of internal control system of the Group. Such review covered the financial, operational, compliance and risk management aspects of the significant subsidiaries of the Group and included the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Company has not established a corporate governance committee. With the leadership from the Chairperson and assistance from the CEO, the Board commits to promote corporate governance which serves as a vital element of risk management throughout the growth and expansion of the Company.

Professional Development

The Company provides regular updates on the business development of the Group. The Directors are regularly briefed in the latest development regarding the GEM Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the GEM Listing Rules, companies ordinance and corporate governance practices organized by professional bodies or chambers in Hong Kong. All Directors are requested to provide the Company with their respective training records pursuant to the CG Code.

All the Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties.

Supply of and access to information and access to legal and other professional advice

To allow the Directors, in particular, all the INEDs to make informed decisions and properly discharge their duties and responsibilities, the Company Secretary ensures the relevant Board papers are sent to all the Directors in a timely manner. All Board papers and minutes are also made available for inspection by the Directors and the Committees. All Directors, in particular, the INEDs are informed and authorised to seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if they consider necessary to discharge their duties as Directors of the Company.

Auditors and their remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements and the auditors' report to the Shareholders is set out on pages 29 to 30 of this annual report. During the reporting period, the remuneration paid/payable to the Group's auditors (including statutory auditors of the subsidiaries) in relation to audit services and non-audit services are as follows:

Category of Services	**Fee Paid/Payable** HK$'000
Audit Services	950
Non-Audit Services	–
Total	950

Company Secretary

The Company Secretary of the Company is Mr. Chow Chun Hong, who is also the Group Regional Chief Financial Officer and Authorized Representative of the Company and is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Chow has confirmed compliance with Rule 3.29 of the GEM Listing Rules for taking not less than 15 hours of relevant professional training during the year.

Investors Relations and Communications

An effective and on-going communication with shareholders is essential for enhancing investor relations and investors understanding of the Group's business performance and strategies. The Company uses a range of communications channels with shareholders and investors, such as annual general meeting, annual report, various notices, announcements and circulars, to ensure its shareholders are kept well informed of key business imperatives.

The annual general meeting this year will be held at Units 307-313, 3/F., Wireless Centre, Hong Kong Science Park Phase One, Pak Shek Kok, Hong Kong on 7 November 2014. Details please refer to the notice of annual general meeting and the circular sent to shareholders on 29 September 2014. The Board welcomes the views of shareholders on matters affecting the Company and encourages them to attend shareholders' general meeting to communicate directly with the Directors. To facilitate communication further, shareholders may send their enquiries which require the Board's attention to the Company Secretary by post at the Company's principal place of business in Hong Kong or by email through the Company's website at www.cvg.com.hk. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Attendance Record

Attendance Record of Board regular meetings, Board Committees meeting and general meeting held during the reporting period are set out below:

Name of Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
No. of meeting held	4	4	2	2	1
Executive Directors					
Madam Cheung Kwai Lan	4/4	N/A	N/A	2/2	0/1
Mr. Chan Ting	2/4	N/A	1/2	N/A	1/1
Ms. Chan Siu Sarah *(Note)*	0/4	N/A	N/A	N/A	0/1
Non-Executive Director					
Mr. Chan Tung Mei	4/4	N/A	N/A	N/A	0/1
INEDs					
Mr. Zhang Xiu Fu	1/4	1/4	1/2	1/2	0/1
Mr. Yang Qing Cai	3/4	3/4	1/2	1/2	0/1
Mr. To Yan Ming Edmond	4/4	4/4	2/2	N/A	1/1

Note: Ms. Chan Siu Sarah resigned as an Executive Director on 30 July 2013.

The Directors has pleasure in presenting the report and the audited consolidated financial statements for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

An analysis of the Group's performance for Year 2014 by business is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for Year 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 31 and 32.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the year are set out in notes 33 and 34 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated financial statements on page 34.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five financial years is set out on page 114 of this report.

DIRECTORS

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

Executive Directors

Madam Cheung Kwai Lan
Mr. Chan Ting
Ms. Chan Siu Sarah *(resigned on 30 July 2013)*

Non-Executive Director

Mr. Chan Tung Mei

Independent Non-Executive Directors

Mr. Zhang Xiu Fu
Mr. Yang Qing Cai
Mr. To Yan Ming Edmond

In accordance with Article 116 of the Articles of Association, Messrs. Chan Ting and To Yan Ming Edmond will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

All the Executive Directors and Non-Executive Director have entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than six months' notice in writing served by either party on the other.

All the INEDs have not entered into any service contracts with the Company but are subject to retirement by rotation and re-election in accordance with the Articles of Association.

Each of the INEDs has confirmed his independence to the Company pursuant to Rule 5.09 of GEM Listing Rules for the year 2014 and the Company considers the INEDs to be independent.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its 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.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

Details of the significant related party transactions are set out to note 43 to the consolidated financial statements. During the year, the Company has not entered into any transaction with Connected Party.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2014, the Group made 98% of its entire sales to five customers and sales to the largest customer included therein amounted to approximately 77%.

Purchases from the Group's five largest suppliers accounted for approximately 45% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 10%. None of the Directors of the Company, or any of their associates or any other shareholders, which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five customers or five largest suppliers during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the ordinary shares of the Company or any of its associated corporations

		Number of ordinary shares held				
Name of Directors	**Company/ Name of associated corporation**	**Interest in controlled corporation**	**Beneficial owner**	**Family interest**	**Total interest**	**Approximate percentage of shareholding**
Madam Cheung *(Note)*	Company	335,291,464	414,000	40,000	335,745,464	41.81%
Mr. Chan *(Note)*	Company	–	40,000	335,705,464	335,745,464	41.81%
Madam Cheung	Best Frontier	–	909	1 *(Note)*	910	–
Mr. Chan	Best Frontier	–	1	909 *(Note)*	910	—
To Yan Ming Edmond	Company	–	150,000	–	150,000	0.02%

Note: The 335,291,464 Shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung and Mr. Chan respectively. Madam Cheung is the spouse of Mr. Chan and so both of them are deemed to be interested in the shares. In addition, Madam Cheung and Mr. Chan directly hold 414,000 Shares and 40,000 Shares respectively.

(2) Share options of the Company

The Company has adopted the share option scheme under which the Board may, at its discretion, invite eligible persons to take up options to subscribe for the shares in the Company. Eligible persons shall include any employee, directors (including executive, non-executive and independent non-executive directors) and consultants of the Company or of any subsidiary of the Company or such other persons who at the sole determination of the Board have contributed to the Group at the time when an option is granted to such person. The share option scheme will remain valid for a period 10 years commencing from 31 January 2013. Details of the share option scheme adopted by the Company are set out in note 34 to the consolidated financial statements.

For the year ended 30 June 2014, 66,035,000 share options were granted by the Company, a total of 795,000 shares were lapsed, 3,548,000 share options were exercised and there were 61,692,000 share options outstanding as at 30 June 2014. Details of the share options granted, exercised, cancelled and lapsed during the reporting year under the Share Option Scheme are set out as follows:

				Number of share options					
Grantee	Grant date	Exercise price HK$	Exercisable period	Balance as at 1 July 2013	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Balance as at 30 June 2014
Executive Directors									
Madam Cheung Kwai Lan	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000
Mr. Chan Ting	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000
Non-Executive Director									
Mr. Chan Tung Mei	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	(35,000)	–	–	190,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000
Independent Non-Executive Directors									
Mr. To Yan Ming Edmond	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	(150,000)	–	–	–
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000
Mr. Zhang Xiu Fu	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000
Mr. Yang Qing Cai	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000

Grantee	Grant date	Exercise price HK$	Exercisable period	Number of share options: Balance as at 1 July 2013	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Balance as at 30 June 2014
Other Eligible Participants	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	5,062,500	(3,363,000)	–	(49,500)	1,650,000
(Note)	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	5,062,500	–	–	(319,500)	4,743,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	6,750,000	–	–	(426,000)	6,324,000
	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	2,700,000	–	–	–	2,700,000
	10-Dec-13	1.752	1/4/2015 – 31/3/2017	–	2,700,000	–	–	–	2,700,000
	10-Dec-13	1.752	1/7/2014 – 31/3/2017	–	12,250,000	–	–	–	12,250,000
	10-Dec-13	1.752	1/7/2015 – 31/3/2017	–	12,250,000	–	–	–	12,250,000
			Sub-total	–	50,525,000	(3,548,000)	–	(795,000)	46,182,000
	13-Jun-14	3.806	1/7/2015 – 30/6/2018	–	1,413,000	–	–	–	1,413,000
	13-Jun-14	3.806	1/7/2016 – 30/6/2018	–	1,413,000	–	–	–	1,413,000
	13-Jun-14	3.806	1/7/2017 – 30/6/2018	–	1,884,000	–	–	–	1,884,000
	13-Jun-14	3.806	1/7/2015 – 30/6/2018	–	5,400,000	–	–	–	5,400,000
	13-Jun-14	3.806	1/7/2016 – 30/6/2018	–	5,400,000	–	–	–	5,400,000
			Sub-total	–	15,510,000	–	–	–	15,510,000
			Total	–	66,035,000	(3,548,000)	–	(795,000)	61,692,000

Note: Other Eligible Participants include certain employees, business partners and consultants of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2014, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed taken to have, an interest or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

Long positions in the shares

Name of Shareholder	Capacity	Number of shares held		Approximate percentage of shareholding
		Long Position	Short Position	
Best Frontier & its concert parties *(Note 1)*	Beneficial Owner	335,291,464	–	41.75%
Tarascon Asia Absolute Fund (Cayman) Ltd	Beneficial Owner	81,595,000	–	10.16%
Integrated Asset Management (Asia) Limited & its concert parties *(Note 2)*	Beneficial Owner	75,997,000	–	9.46%
GAM Hong Kong Limited	Investment Manager	65,280,000	–	8.13%

Notes:

(1) 335,291,464 shares are held by Best Frontier which is owned as at 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively. Madam Cheung Kwai Lan is the spouse of Mr. Chan Tung Mei and so both of them are deemed to be interested in the shares. In addition, Madam Cheung Kwai Lan and Mr. Chan Tung Mei directly beneficially hold 414,000 shares and 40,000 shares respectively.

(2) 75,997,000 shares are held by Integrated Asset Management (Asia) Limited which is wholly owned by Mr. Yam Tak Cheung. A 2% coupon convertible bond ("CB") in aggregate amount of HK$89,625,000 for a term of three years was issued to Integrated Asset Management (Asia) Limited pursuant to the subscription agreement dated 13 January 2014. A maximum of 37,500,000 new shares will be allotted and issued to Integrated Asset Management (Asia) Limited upon conversion of the CB in full and thereafter the shareholding of Integrated Asset Management (Asia) Limited will be increased to approximately 14.13% of the current issued share capital of the Company and approximately 12.38% of the enlarged issued share capital of the Company. The initial conversion price is HK$2.39 per conversion share subject to adjustments.

Save as disclosed above, as at 30 June 2014, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interest in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DONATIONS

During the year, the Group made donations amounting to HK$25,000 (Year 2013: Nil).

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

Placing of existing shares and top-up subscription for new shares

On 21 February 2014, Best Frontier entered into (i) the Placing Agreement with the Company and DBS Asia Capital Limited and (ii) the Subscription Agreement with the Company.

The Placing took place on 26 February and the subscription completed on 5 March 2014, pursuant to which 48,640,000 Shares were placed to GAM Hong Kong Limited and 5,760,000 Shares were placed to ICH Group Limited at the Placing Price of HK$5.14 per Placing Share, totaling 54,400,000 Shares of the Company.

Under the Subscription Agreement, Best Frontier has subscribed for new shares of the Company in total of 54,400,000 Shares with the Subscription Price equal to the Placing Price. The net proceeds received by the Company from the Subscription after deducting related fees and expenses are approximately HK$270 million.

Issue of shares upon exercise of share options of the Company

During the year ended 30 June 2014, 3,548,000 ordinary shares were issued to eligible participants after they have exercised the share option rights. Net proceed excluding handling fee amounted to approximately HK$6,216,000 was received.

Repurchase of Shares

During the year ended 30 June 2014, the Company has repurchased a total of 18,945,000 ordinary shares of HK$0.05 per share through the Stock Exchange at an aggregate consideration of approximately HK$69,525,000 (excluding transaction costs) in which 14,180,000 shares were cancelled on 30 May 2014 and the remaining 4,765,000 shares were cancelled on 15 September 2014. Details of the share repurchased during the year are set out below:

Month/Year	No. of Shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
	'000	HK$	HK$	HK$'000
March 2014	10,860	3.8600	3.2400	40,270
April 2014	3,320	3.7500	3.5900	12,109
May 2014	1,840	3.8600	3.7100	6,992
June 2014	2,925	3.5900	3.2672	10,154
	18,945			69,525

The Directors believe that repurchases of Shares are in the best interests of the Company and its Shareholders and that such repurchases of Shares would lead to an enhancement of the net asset value per Share and earnings per Share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2014.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance which is set out in the "Corporate Governance Report" on pages 15 to 19 of this report.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of three INEDs, namely Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond. Mr. To Yan Ming Edmond is the chairperson of the audit committee.

The Group's audited results for the year ended 30 June 2014 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made. The audit committee reviewed the Group's audited results for the year ended 30 June 2014 with management and the Company's external auditors and recommended its adoption by the Board.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 June 2014.

LEGAL PROCEEDINGS

In August 2013, the Company announced that the joint venture partner of Excellent Union Communication Group Co., Limited (天合文化集團有限公司) ("Excellent Union"), Shenzhen Hua Rong Sheng Shi Investment Management Company Limited (深圳市華融盛世投資管理有限公司) ("Shenzhen Huarong"), has applied for the court order to implement the arbitration decision that the shareholders corporation agreement and the share transfer agreement entered into between the parties on 15 July 2007 and 30 August 2007 respectively should be cancelled and the relevant 20% equity interest in Excellent Union should be transferred back to Shenzhen Huarong from CCDDT.

By a series of board and shareholders meetings that were convened in contravention to its articles of association and Company Law in the PRC, Excellent Union has changed its legal representative and nominated additional directors to the board of Excellent Union in order for CCDDT to lose control over the board of Excellent Union. CCDDT has applied to the court in Beijing to rectify such record. Hearing was completed in February 2014 and CCDDT's application was not succeeded.

Save as disclosed above, as at 30 June 2014, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

EVENTS AFTER REPORTING PERIOD

Details of the significant events after reporting period of the Group are set out in note 46 to the financial statements.

AUDITORS

A resolution will be submitted to the forthcoming AGM of the Company to re-appoint Messrs. W.H. Tang & Partners CPA Limited.

On behalf of the Board

Madam CHEUNG Kwai Lan
Chairperson and Executive Director

Hong Kong, 18 September 2014

鄧偉雄會計師事務所有限公司

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W.H. TANG
& PARTNERS
CPA LIMITED

TO THE SHAREHOLDERS OF CHINA VANGUARD GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Vanguard Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 113, which comprise the consolidated statement of financial position as at 30 June 2014, 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of the 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 state of affairs of the Group as at 30 June 2014 and of the profits and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

W.H. Tang & Partners CPA Limited
Certified Public Accountants

CHAN Yip Ngar
Practising Certificate Number P06100
Hong Kong, 18 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Revenue	9	**95,786**	39,098
Cost of sales		**(5,980)**	(4,597)
Gross profit		**89,806**	34,501
Other revenue	9	**10,451**	1,090
Selling and distribution costs		**(1,268)**	(690)
Administrative expenses		**(67,171)**	(69,824)
Operating profit (loss)		**31,818**	(34,923)
Finance costs	10	**(9,753)**	(10,123)
Share of result of a joint venture		**(2,881)**	3,250
Profit (loss) before taxation	11	**19,184**	(41,796)
Income tax expenses	14	**(6,038)**	(672)
PROFIT (LOSS) FOR THE YEAR		**13,146**	(42,468)
Other comprehensive income (expenses) for the year, after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas operations		**(2,085)**	4,529
Other comprehensive income (expenses) for the year, net of tax		**(2,085)**	4,529
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR		**11,061**	(37,939)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Profit (loss) attributable to:			
Equity holders of the Company		**14,887**	(41,621)
Non-controlling interests		**(1,741)**	(847)
		13,146	(42,468)
Total comprehensive income (expenses) attributable to:			
Equity holders of the Company		**12,810**	(35,247)
Non-controlling interests		**(1,749)**	(2,692)
		11,061	(37,939)
			(Restated)
Earnings (loss) per share			
Basic	16	**HK1.93 cents**	(HK5.88 cents)
Diluted	16	**HK1.91 cents**	N/A

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)	1-7-2012 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	17	**10,281**	28,811	11,336
Goodwill	18	**145,099**	94,608	94,475
Other intangible assets	19	**776**	–	–
Available-for-sale financial assets	20	**–**	–	–
Prepaid lease payments	21	**–**	4,255	–
Interests in a joint venture	22	**16,974**	19,939	16,517
		173,130	147,613	122,328
Current assets				
Prepaid lease payments	21	**–**	121	–
Inventories	23	**1,081**	1,172	1,071
Trade and other receivables and prepayments	24	**104,948**	35,180	31,602
Pledged bank deposits		**–**	5,262	5,223
Bank balances and cash	25	**151,850**	3,637	20,987
		257,879	45,372	58,883
Assets classified as held for sale	26	**5,469**	–	–
		263,348	45,372	58,883
Current liabilities				
Trade payables, accrued liabilities and other payables	27	**18,947**	10,120	16,913
Tax liabilities		**7,717**	1,837	2,269
Bank and other borrowings	28	**–**	54,265	32,419
Amounts due to directors	29	**1,089**	5,520	584
Convertible bonds	31	**–**	–	7,365
		27,753	71,742	59,550
Liabilities associated with assets classified as held for sale	26	**2,610**	–	–
		30,363	71,742	59,550
Net current assets (liabilities)		**232,985**	(26,370)	(667)
Total assets less current liabilities		**406,115**	121,243	121,661
Non-current liabilities				
Bank and other borrowings	28	**–**	–	74,331
Loan from shareholder	30	**–**	76,352	–
Convertible bonds	31	**64,311**	–	–
Deferred taxation	32	**4,310**	–	–
		68,621	76,352	74,331
Net assets		**337,494**	44,891	47,330
Capital and reserves				
Share capital	33	**40,155**	37,719	32,719
Reserves		**286,709**	2,358	7,105
Equity attributable to equity holders of the Company		**326,864**	40,077	39,824
Non-controlling interests		**10,630**	4,814	7,506
Total equity		**337,494**	44,891	47,330

The consolidated financial statements on pages 31 to 113 were approved and authorized for issue by the Board of Directors on 18 September 2014 and are signed on its behalf by:

CHEUNG KWAI LAN
Director

CHAN TING
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000 *(Note a)*	Share option reserve HK$'000 *(Note b)*	Translation reserve HK$'000 *(Note c)*	Convertible bonds reserve HK$'000 *(Note d)*	Special reserve HK$'000	Capital reserve HK$'000 *(Note e)*	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2012													
As previously reported	32,719	2,165,054	234	35,572	11,092	23,735	–	(1)	10,195	(2,227,934)	50,666	16,205	66,871
Prior years adjustments	–	–	–	–	–	(10,831)	–	–	(11)	–	(10,842)	(8,699)	(19,541)
As restated	32,719	2,165,054	234	35,572	11,092	12,904	–	(1)	10,184	(2,227,934)	39,824	7,506	47,330
Loss for the year (restated)	–	–	–	–	–	–	–	–	–	(41,621)	(41,621)	(847)	(42,468)
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	6,374	–	–	–	–	6,374	(1,845)	4,529
Total comprehensive expenses for the year	–	–	–	–	–	6,374	–	–	–	(41,621)	(35,247)	(2,692)	(37,939)
Shares issued on loan capitalization	5,000	30,500	–	–	–	–	–	–	–	–	35,500	–	35,500
Share options lapsed	–	–	–	–	(11,092)	–	–	–	–	11,092	–	–	–
At 30 June 2013 and at 1 July 2013	37,719	2,195,554	234	35,572	–	19,278	–	(1)	10,184	(2,258,463)	40,077	4,814	44,891
Profit for the year	–	–	–	–	–	–	–	–	–	14,887	14,887	(1,741)	13,146
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	(2,077)	–	–	–	–	(2,077)	(8)	(2,085)
Total comprehensive income for the year	–	–	–	–	–	(2,077)	–	–	–	14,887	12,810	(1,749)	11,061
Equity component of convertible bonds	–	–	–	–	–	–	28,963	–	–	–	28,963	–	28,963
Deferred tax liabilities arising from the issuance of convertible bonds	–	–	–	–	–	–	(4,779)	–	–	–	(4,779)	–	(4,779)
Recognition of equity-settled share-based payments	–	–	–	–	8,794	–	–	–	–	–	8,794	–	8,794
Exercise of share options	–	–	–	–	(2,357)	–	–	–	–	–	(2,357)	–	(2,357)
Share options lapsed	–	–	–	–	(235)	–	–	–	–	235	–	–	–
Acquisition of interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	2,669	2,669
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	4,896	4,896
Shares repurchased	(947)	(68,828)	947	–	–	–	–	–	–	(947)	(69,775)	–	(69,775)
Shares issued upon exercise of share options	177	8,396	–	–	–	–	–	–	–	–	8,573	–	8,573
Shares issued upon placement of shares	2,720	267,506	–	–	–	–	–	–	–	–	270,226	–	270,226
Shares issued on acquisition of a subsidiary	486	33,846	–	–	–	–	–	–	–	–	34,332	–	34,332
At 30 June 2014	40,155	2,436,474	1,181	35,572	6,202	17,201	24,184	(1)	10,184	(2,244,288)	326,864	10,630	337,494

Notes:

(a) The employee share-based compensation reserve comprises the cumulative value of employee services received for the issue of shares under share award scheme.

(b) The share option reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Options Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees and participants.

(c) The translation reserve comprises:

  (i) The foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

  (ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign operations.

(d) On 17 January 2014, the Company issued convertible bonds with a principal amount of HK$89,625,000. Equity component of the convertible bonds of approximately HK$28,963,000 was recognized in the convertible bonds reserve account.

(e) Capital reserve represents gain on acquisition and disposal of interests in subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	**Year ended 30-6-2014 HK$'000**	Year ended 30-6-2013 HK$'000 (Restated)
OPERATING ACTIVITIES			
Profit (loss) before taxation		**19,184**	(41,796)
Adjustment for:			
Interest income		**(257)**	(55)
Interest expenses		**9,753**	10,123
Amortization of prepaid lease payments		**121**	109
Depreciation of property, plant and equipment		**6,120**	5,067
(Gain) loss on disposal of property, plant and equipment		**(8,852)**	715
Written-off of deposits and other receivables		**381**	115
Written-off of amount due from a joint venture		**380**	–
Equity-settled share-based payment		**8,794**	–
Share of result of a joint venture		**2,881**	(3,250)
Operating cash flows before movements in working capital		**38,505**	(28,972)
Decrease (increase) in inventories		**373**	(97)
Increase in trade and other receivables and prepayments		**(42,077)**	(2,930)
Increase (decrease) in trade payables, accrued liabilities and other payables		**3,244**	(3,894)
Cash from (used in) operations		**45**	(35,893)
Tax paid		**(537)**	(1,177)
NET CASH USED IN OPERATING ACTIVITIES		**(492)**	(37,070)

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
INVESTING ACTIVITIES			
Interest received		**257**	55
Purchases of research and development		**(268)**	–
Purchases of property, plant and equipment		**(3,860)**	(22,777)
Decrease (increase) in pledged bank deposits		**5,262**	(39)
Proceeds from disposal of property, plant and equipment		**636**	116
Cash (outflows) inflows on acquisition of a subsidiary	*35(a)*	**(12,442)**	1,457
NET CASH USED IN INVESTING ACTIVITIES		**(10,415)**	(21,188)
FINANCING ACTIVITIES			
Interest paid		**(1,312)**	(1,065)
Issue of shares		**278,799**	–
Exercise of share options		**(2,357)**	–
Cash paid on share repurchase		**(69,525)**	–
Transaction cost on share repurchase		**(250)**	–
Proceeds from issue of convertible bonds		**89,625**	–
Net (repayment) raising of bank and other borrowings		**(44,863)**	22,907
Decrease in bank overdraft, secured		**(12,433)**	–
Capital contribution from non-controlling interests		**4,896**	–
Repayment of convertible bonds		**–**	(4,003)
Amounts due to directors		**(4,431)**	4,936
Loan from shareholder		**(77,308)**	12,730
NET CASH FROM FINANCING ACTIVITIES		**160,841**	35,505
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**149,934**	(22,753)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**3,637**	20,987
Effects of foreign exchange rate changes		**(1,701)**	5,403
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**151,870**	3,637
Represented by:			
Bank balances and cash		**151,850**	3,637
Bank balances and cash under assets classified as held for sale		**20**	–
		151,870	3,637

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Units 307-313, 3/F., Wireless Centre, Hong Kong Science Park Phase One, Pak Shek Kok, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollar which is the Company's functional and presentation currency.

The principal activities of the Company is investment holding. The activities of its principal subsidiaries and joint ventures are set out in notes 44 and 22 respectively.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

HKAS 19 (As revised in 2011)	Employee benefits
HKAS 27 (As revised in 2011)	Separate financial statements
HKAS 28 (As revised in 2011)	Investments in associates and joint ventures
HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle
HKFRS 1 (Amendments)	Government loans
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in the consolidated financial statements.

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements" , HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

The impact of the application of these standards is set out below.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In particular, guidance in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. In assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its investees at 1 July 2013.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangement, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

Impact of the application of HKFRS 11 – continued

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with requirements of HKFRS 11. The directors concluded that the Group's investment in jointly controlled entities, which were classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and accounted for using the equity method. The change in accounting of the Group's investment in jointly controlled entities has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 1 July 2013 for the purpose of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group has previously proportionately consolidated. Also, the directors performed an impairment assessment on the initial investments as at 1 July 2013 and concluded that no impairment loss is required. Comparative amounts for 2013 have been restated to reflect the change in accounting for the Group's investment in joint arrangements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 included extensive disclosure requirements. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

The effect of the change in accounting policy described above on the results for the year ended 30 June 2013 by line items are as follow:

The operating results previously reported by the Group for the year ended 30 June 2013 have been restated to equity accounting method for the Group's JCE as set out below:

	The Group (as previously stated) HK$'000	JCE HK$'000	The Group HK$'000 (Restated)
Revenue	62,409	(23,311)	39,098
Cost of sales	(17,529)	12,932	(4,597)
Other revenue	1,273	(183)	1,090
Selling and distribution costs	(6,554)	5,864	(690)
Administrative expenses	(79,195)	9,371	(69,824)
Gain on disposal of a joint venture	6,640	(6,640)	–
Finance costs	(10,135)	12	(10,123)
Share of result of a joint venture	–	3,250	3,250
Income tax expenses	(749)	77	(672)
Loss for the year	(43,840)	1,372	(42,468)
Loss attributable to:			
Equity holders of the Company	(41,522)	(99)	(41,621)
Non-controlling interests	(2,318)	1,471	(847)
	(43,840)	1,372	(42,468)

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

The financial position previously reported by the Group as at 30 June 2013 have been restated to equity accounting method for the Group's JCE as set out below:

	The Group (as previously stated) HK$'000	JCE HK$'000	The Group HK$'000 (Restated)
Assets			
Property, plant and equipment	31,478	(2,667)	28,811
Prepaid lease payments	4,376	–	4,376
Goodwill	94,608	–	94,608
Inventories	4,170	(2,998)	1,172
Interests in a joint venture	–	19,939	19,939
Available-for-sale financial assets — Excellent Union	18,578	(18,578)	–
Trade and other receivables and prepayments	49,479	(14,299)	35,180
Pledged bank deposits	5,262	–	5,262
Bank balances and cash	3,879	(242)	3,637
Total assets	211,830	(18,845)	192,985
Liabilities			
Trade payables, accrued liabilities and other payables	15,269	(5,149)	10,120
Amounts due to directors	5,520	–	5,520
Tax liabilities	1,837	–	1,837
Loan from shareholder	76,352	–	76,352
Bank and other borrowings	54,265	–	54,265
Total liabilities	153,243	(5,149)	148,094
Net assets	58,587	(13,696)	44,891
Equity attributable to equity holders of the Company	52,135	(12,058)	40,077
Non-controlling interests	6,452	(1,638)	4,814
Total equity	58,587	(13,696)	44,891

2. APPLICATION OF NEW AND REVISED HKFRSs – continued

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

HKFRS 9	*Financial Instruments*[5]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Revised) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised) *Investment Entities*[1]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[4]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 *Property, Plant and Equipment and HKAS 38 Intangible Assets*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC) – INT 21	*Levies*[1]
Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 No mandatory effective date yet determined but is available for adoption

The above standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods. The Group has started considering their potential impact. Based on the preliminary assessment, the Group believes that the adoption of these standards, amendments and interpretations to existing standards, if applicable, will not result in substantial changes to the Group's accounting policies. The Group has not early adopted these standards and interpretations to existing standards, if applicable, in the consolidated financial statements for the year ended 30 June 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or 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.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 accounting periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are shown in note 4.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2014.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from those investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or it the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is no re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Interests in joint ventures

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

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGUs, or groups of CGUs, that is expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill capitalized 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 and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognized when goods are delivered and title has been passed.

Revenue from the provision of lottery-related services is recognized when the services are rendered.

Revenue from land and property development and consulting is recognized when services are rendered.

Revenue from catering services are recognized when services are rendered.

Interest income from a financial asset (other than a financial assets at FVTPL) 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.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment

Property, plant and equipment, comprising leasehold land and buildings, furniture, fixtures and equipment, plant and machinery, leasehold improvement, motor vehicles and computer equipment, are stated at cost less accumulated depreciation and any identified impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalized as an additional cost of that property, plant and equipment.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The principal annual rates are as follows:

Leasehold land and buildings	3%-5% or over the lease term but limited to 15 years
Furniture, fixtures and equipment	7%-31%
Plant and machinery	3%-12%
Leasehold improvement	Over the lease term
Motor vehicles	6%-20%
Computer equipment	20%-25%

An item of property, plant and equipment is derecognized 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted-average method. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment loss on tangible and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

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 lessor

Rental income from operating lease is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expenses on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments for land" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets

Intangible assets acquired separately are capitalized at cost and those acquired from a business combination are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against the profit or loss in the year in which the expenditure is incurred.

Useful lives of acquired intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less any subsequent accumulated impairment losses.

Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets are tested for impairment annually either individually or at the CGU level. Useful lives are also examined on an annual basis and, where applicable, adjustments are made on a prospective basis.

As intangible asset is derecognized on disposal or no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset, is recognized in the consolidated statement of profit or loss and other comprehensive income in the year the intangible asset is derecognized.

Computer software

Costs incurred on the acquisition of computer software are capitalized in the consolidated statement of financial position at cost less amortization and any identified impairment losses.

Research and development expenditures

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

An internally generated intangible asset arising from development expenditure is recognized only if it is anticipated that the development costs incurred on a clearly defined project will be recovered through future commercial activity.

Where no internally generated intangible asset can be recognized, development cost is charged to profit or loss in the year in which it is incurred.

Service contracts

Acquired service contracts are stated at costs less amortization and any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation

Income tax expense 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 profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized 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.

The carrying amount of deferred tax assets is reviewed at each end of the 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 liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, 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 utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realized, based on tax rate (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. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly to equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

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 in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rate prevailing on the dates of the transactions. At each end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies – continued

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. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation on or after 1 July 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in the translation reserve.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Provisions and contingent liabilities

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

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

Employee benefits

(a) *Retirement benefits schemes*

The Group operates a defined contribution MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary that operated in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the pension schemes. The contributions are charged to consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the pension schemes.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Employee benefits – continued

(b) *Share option schemes*

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who, in the sole discretion of the Board, have contributed or may contribute to the Group. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

(c) *Share award scheme*

The Group also grants employees and consultants (but not directors) shares of the Company at nil consideration under its share award scheme. Under the share award scheme, the awarded shares are newly issued at par value. The fair value of the employees' and consultants' services received in exchange for the grant of shares newly issued is recognized as staff costs in the consolidated statement of profit or loss and other comprehensive income with a corresponding increase in an employee share-based compensation reserve under equity.

Dividends

Dividends proposed or declared after the date of the reporting period is not recognized as a liability at the date of the reporting period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

Equity-settled share-based payment transactions

Share options granted to directors, employees or other eligible participants of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity as share option reserve.

At each 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 recognized in profit or loss over the remaining vesting period, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognized in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to retained earnings.

The financial impact of the share options granted and fully vested before 1 July 2005 is not recorded in the Company's or the Group's financial statements until such time as the options are exercised, and no charge is recognized in the consolidated statement of profit or loss and other comprehensive income in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting share issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess or the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Borrowing costs

Borrowing costs are directly attributable to the acquisition, construction or production of qualifying asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the costs of that asset. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the consolidated statement of profit or loss and other comprehensive income in the year in which they are incurred.

Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the Group (or of a parent of the entity).

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

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. 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 and financial liabilities at FVTPL) 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 FVTPL are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset 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 financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments (other than financial assets classified as FVTPL), of which interest income is included in net gains and losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each end of the reporting period subsequent to initial recognition, loans and receivables including trade and other receivables and prepayments, pledged bank deposits and bank balances and cash are carried at amortized cost using the effective interest method, less any identified impairment losses. (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. At each end of the reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognized in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognized in equity is removed from equity and recognized in consolidated statement of profit or loss and other comprehensive income.

For available-for-sale 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, they are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each end of the reporting period. Financial assets are impaired where 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 impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

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

For trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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 recognized in profit or loss. When the 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortized 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 losses was recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognized directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortized cost of 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.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, accrued liabilities and other payables, bank and other borrowings, amounts due to directors, loan from shareholder and convertible bonds are subsequently measured at amortized cost, using the effective interest rate method.

Convertible bonds issued by the Company

Convertible bonds issued by the Company contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments. Conversion option that will be settled 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 classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent period, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The equity component, representing the option to convert the liability component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains un exercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Convertible bonds issued by the Company – continued

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss as they arise.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts (the liability component) and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at FVTPL. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the combined contract is treated as held-for-trading.

Derecognition

Financial assets are derecognized only when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards or ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized directly in equity is recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities are derecognized when and only when, the Group's obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgments that have significant effect on the amounts recognized in the consolidated financial statements. 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, are also discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU 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 CGU and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 30 June 2014, the carrying amount of goodwill is approximately HK$145,099,000 (30-6-2013: approximately HK$94,608,000) with impairment loss of Nil (Year ended 30-6-2013: Nil) was recognized in consolidated statement of profit or loss and other comprehensive income. Details of impairment test for goodwill are set out in note 18.

Income taxes

As at 30 June 2014, no deferred tax asset was recognized in the Group's consolidated statement of financial position in relation to the estimated unused tax losses of approximately HK$86,707,000 (30-6-2013: approximately HK$60,424,000) due to the unpredictability of future profit streams. The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognized in the consolidated statement of profit or loss and other comprehensive income for the period in which such recognition takes place.

Amortization of other intangible assets

Other intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The determination of useful lives and residual values involve management's estimation. The Group assesses annually the useful life of other intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortization in the year and the estimate will be changed in the future period.

Impairment of other intangible assets

The Group assesses the future cash flows expected to arise from the other intangible assets. Where the actual cash flows are less than expected, impairment loss may arise.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Estimated allowances of doubtful receivables

The Group makes allowances of trade and other receivables based on an assessment of the recoverability of receivables. Allowance is applies to doubtful receivables when events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance requires the use of judgement and estimates. Where the expectation on the recoverability of trade and other receivables is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period which such estimate has been changed.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank and other borrowings and convertible bonds disclosed in notes 28 and 31 respectively, and equity attributable to equity holders of the Company, comprising issued share capital disclosed in note 33, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	30-6-2014 **HK$'000**	30-6-2013 HK$'000 (Restated)
Financial assets		
Loans and receivables (including cash and cash equivalents)	**256,798**	44,079
Financial liabilities		
Amortized cost	**84,347**	146,257

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables and prepayments, pledged bank deposits, bank balances and cash, trade payables, accrued liabilities and other payables, bank and other borrowings, convertible bonds, amounts due to directors and loan from shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's and the Company's overall strategy remains unchanged from prior year.

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables and prepayments, pledged bank deposits and bank balances. 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 arising from the carrying amount of the respective recognized financial assets stated in the consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, 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 Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are authorized banks in the Hong Kong and the PRC.

Foreign currency risk

The Group collects most of its revenue in RMB and incurs most of its expenditure including capital expenditure in RMB. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and supply and demand of RMB. The appreciation or devaluation of RMB against foreign currencies may have positive or negative impact on the results of operations of the Group.

At the end of reporting date, the Group has convertible bonds, certain bank balances and bank and other borrowings denominated in HK$ and US$, which are the currencies other than the functional currency of respective group entities. The carrying amounts of the Group's foreign currency denominates monetary assets and liabilities are as follows:

	Assets		Liabilities	
	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)	**30-6-2014 HK$'000**	30-6-2013 HK$'000 (Restated)
HK$	**296,927**	106,158	**77,946**	113,685
US$	**2,340**	2,341	**—**	—

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Foreign currency risk – continued

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. The directors considered that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of the respective group entities.

The Group uses a 5% sensitivity rate to report foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. If RMB had strengthened/weakened by 5%, profit for the year ended 30 June 2014 would have been increased/decreased by approximately HK$2,329,000 as a result of foreign exchange losses/gains on translation of transactions denominated in HK$ (Year ended 30-6-2013: increased/decreased loss by approximately HK$390,000).

Certain financial assets and liabilities of the Group are denominated in US$. However, the exchange rate of US$ against HK$ is relatively stable, accordingly, no sensitivity analysis has been presented on the currency risk.

Interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk arises from bank and other borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's bank and other borrowings are set out in note 28.

Sensitivity analysis

At 30 June 2014, it is estimated that a general increase or decrease of 100 basis points in interest rates on HK$ denominated borrowings, with all other variable held constant, would decrease/increase the Group's profit by approximately HK$896,000 (Year ended 30-6-2013: increase/decrease loss by approximately HK$543,000). The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instrument in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis was performed on the same basis for 2013.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Liquidity risk – continued

The following tables analyse the Group's remaining contractual maturity for its 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:

30-6-2014

	Carrying amounts HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
Trade payables, accrued liabilities and other payables	**18,947**	**18,947**	**18,947**	**–**	**–**	**–**
Amounts due to directors	**1,089**	**1,089**	**1,089**	**–**	**–**	**–**
Convertible bonds	**64,311**	**89,625**	**1,793**	**1,795**	**86,037**	**–**
	84,347	**109,661**	**21,829**	**1,795**	**86,037**	**–**

30-6-2013

	Carrying amounts HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
Trade payables, accrued liabilities and other payables	10,120	10,120	10,120	–	–	–
Bank and other borrowings	54,265	61,236	61,236	–	–	–
Amounts due to directors	5,520	5,520	5,520	–	–	–
Loan from shareholder	76,352	78,515	–	78,515	–	–
	146,257	155,391	76,876	78,515	–	–

Fair value estimation

The fair values of financial assets with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market price.

Unlisted investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of derivatives financial instruments is determined based on the amount that the Group would pay to terminate the contracts with the independent counterparties.

The carrying amounts of financial assets and financial liabilities carried at amortized cost approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

8. SEGMENT INFORMATION

The factors that used to identify the Group's operating segments, including the basis of organization are mainly based on the types of products sold and services provided by the Group's operating divisions as follows:

(a) Provision of lottery-related services

(b) Land and property development and consulting

(c) Others included wineries, distribution of natural supplementary products, catering services and sales of animal feeds.

Information regarding the above segments is reported below.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 30-6-2014

	Lottery-related services HK$'000	Land and property development and consulting HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	**81,961**	**13,800**	**25**	**95,786**
Segment results	**55,701**	**13,295**	**(792)**	**68,204**
Unallocated income				**1,211**
Unallocated expenses				**(37,597)**
Share of result of a joint venture				**(2,881)**
Finance costs				**(9,753)**
Profit before taxation				**19,184**
Income tax expenses				**(6,038)**
Profit for the year				**13,146**

8. SEGMENT INFORMATION – continued

(a) Segment revenue and results – continued

Year ended 30-6-2013 (Restated)

	Lottery-related services HK$'000	Land and property development and consulting HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	38,959	–	139	39,098
Segment results	3,502	(563)	(2,395)	544
Unallocated income				41
Unallocated expenses				(35,508)
Share of result of a joint venture				3,250
Finance costs				(10,123)
Loss before taxation				(41,796)
Income tax expenses				(672)
Loss for the year				(42,468)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

30-6-2014

	Lottery-related services HK$'000	**Land and property development and consulting HK$'000**	**Others HK$'000**	**Total HK$'000**
Assets				
Segment assets	**205,252**	**8,902**	**2,053**	**216,207**
Unallocated assets				**220,271**
Total assets				**436,478**
Liabilities				
Segment liabilities	**16,420**	**115**	**941**	**17,476**
Unallocated liabilities				**17,197**
Convertible bonds				**64,311**
Total liabilities				**98,984**

8. SEGMENT INFORMATION – continued

(b) Segment assets and liabilities – continued

30-6-2013 (Restated)

	Lottery-related services HK$'000	Land and property development and consulting HK$'000	Others HK$'000	Total HK$'000
Assets				
Segment assets	144,653	9,024	8,109	161,786
Unallocated assets				31,199
Total assets				192,985
Liabilities				
Segment liabilities	26,704	9,619	5,272	41,595
Unallocated liabilities				69,877
Bank and other borrowings				36,622
Total liabilities				148,094

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than other corporate assets.

The chief operating decision maker mainly reviews the segment assets for the purposes of resource allocation and performance assessment. An analysis of the Group's liabilities is not regularly reviewed by the chief operating decision maker and hence, the relevant information is not presented accordingly.

8. SEGMENT INFORMATION – continued

(c) Other segment information

Year ended 30-6-2014

	Lottery-related services HK$'000	**Land and property development and consulting HK$'000**	**Others HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property, plant and equipment	**1,667**	**17**	**–**	**1,684**
Gain on disposal of property, plant and equipment	**8,829**	**–**	**12**	**8,841**
Written-off of deposits and other receivables	**317**	**–**	**64**	**381**
Depreciation and amortization	**4,864**	**37**	**365**	**5,266**

Year ended 30-6-2013 (Restated)

	Lottery-related services HK$'000	Land and property development and consulting HK$'000	Others HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property, plant and equipment	20,171	192	622	20,985
Loss on disposal of property, plant and equipment	–	–	(711)	(711)
Written-off of inventories	–	–	306	306
Written-off of deposits and other receivables	–	–	115	115
Depreciation and amortization	4,283	17	385	4,685

8. SEGMENT INFORMATION – continued

(d) Geographical information

The Group's operations are mainly located in PRC. The following table provides an analysis of the Group's sales by geographical markets:

	Revenue from external customers	
	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
PRC	**81,961**	39,044
Hong Kong	**13,825**	54
	95,786	39,098

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analyzed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment Capital expenditure	
	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)	**30-6-2014 HK$'000**	30-6-2013 HK$'000 (Restated)
PRC	**230,860**	172,449	**2,309**	20,701
Hong Kong	**205,618**	20,536	**1,551**	2,076
	436,478	192,985	**3,860**	22,777

Revenue from major products and services

The Group's revenue from its products is as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 *HK$'000* (Restated)
Lottery-related services	**81,961**	38,959
Land and property development and consulting	**13,800**	–
Others	**25**	139
	95,786	39,098

8. SEGMENT INFORMATION – continued

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	The Group	
	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Customer A – Provision of lottery-related services	**73,557**	30,599
Customer B – Provision of lottery-related services	**6,049**	6,982
Customer C – Land and property development and consulting	**6,800**	–
Customer D – Land and property development and consulting	**7,000**	–

9. REVENUE AND OTHER REVENUE

The principal activities of the Group are (i) provision of lottery-related services, (ii) land and property development and consulting and (iii) others.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable. Revenue recognized during the year is as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Revenue		
Provision of lottery-related services	**81,961**	38,959
Land and property development and consulting	**13,800**	–
Sales of goods	**–**	32
Catering services	**–**	53
Distribution of natural supplementary products	**25**	54
	95,786	39,098

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Other revenue		
Interest income	**257**	55
Others	**1,072**	1,035
Gain on disposal of property, plant and equipment	**8,852**	–
Consulting income	**270**	–
	10,451	1,090

9. REVENUE AND OTHER REVENUE – continued

Revenue from lottery-related services business for the year ended 30 June 2014 amounted to about HK$31 million was relating to revenue generated from ordinary lottery-related services business in the previous years. It could not be measured reliably in the past but the amount has been ascertained in Year 2014 due to the signing of a supplemental agreement to the original contract in the year.

10. FINANCE COSTS

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Interest on:		
– Borrowings wholly repayable within five years	**5,299**	9,915
– Convertible bonds	**4,454**	208
	9,753	10,123

11. PROFIT (LOSS) BEFORE TAXATION

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Staff costs (excluding Directors' emoluments *(note 12)*):		
– Wages and salaries	**24,109**	24,497
– Retirement benefits scheme contributions	**234**	316
– Equity-settled share-based payment	**6,451**	–
Total staff costs	**30,794**	24,813
Cost of inventories sold	**1,860**	1,767
Auditors' remuneration:		
– Provide for the year	**998**	1,108
– Over provision in prior year	**(50)**	–
Depreciation of property, plant and equipment	**6,120**	5,067
Donations	**25**	–
Amortization of prepaid lease payments	**121**	109
Equity-settled share-based payment to other eligible participants	**769**	–
(Gain) loss on disposal of property, plant and equipment	**(8,852)**	715
Minimum lease payments under operating leases:		
– Land and buildings	**4,830**	5,885
– Office equipment	**44**	11
Written-off of amount due from a related company	**–**	2,801
Written-off of amount due from a joint venture	**380**	–
Written-off of deposits and other receivables	**381**	115
Written-off of inventories	**–**	306
Exchange (gains) losses, net	**(974)**	5,937

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Emoluments paid or payables to each of the 7 (Year ended 30-6-2013: 10) directors of the Company during the year were as follows:

For the year ended 30 June 2014

	Fees HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefits scheme HK$'000	Equity-settled share-based payment HK$'000	Total HK$'000
Executive Directors					
Cheung Kwai Lan	78	1,944	–	315	2,337
Chan Ting	78	2,261	15	315	2,669
Chan Siu Sarah (resigned on 30 July 2013)	6	150	2	–	158
Non-Executive Director					
Chan Tung Mei	78	60	–	315	453
Independent Non-Executive Directors					
Zhang Xiu Fu	120	–	–	210	330
Yang Qing Cai	120	–	–	210	330
To Yan Ming Edmond	144	–	–	209	353
	624	4,415	17	1,574	6,630

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS – continued

(a) Directors' emoluments – continued

For the year ended 30 June 2013

	Fees HK$'000	Salaries and other emoluments HK$'000	Contribution to retirement benefits scheme HK$'000	Total HK$'000
Executive Directors				
Cheung Kwai Lan	78	696	–	774
Chan Ting	78	1,776	15	1,869
Chan Siu Sarah (resigned on 30 July 2013)	78	1,800	15	1,893
Lau Hin Kun (resigned on 6 November 2012)	27	58	3	88
Wang Yong Chun (resigned on 30 April 2013)	100	–	–	100
Non-Executive Director				
Chan Tung Mei (re-designated on 6 November 2012)	78	–	–	78
Independent Non-Executive Directors				
Zhang Xiu Fu	120	–	–	120
Yang Qing Cai	120	–	–	120
To Yan Ming Edmond	144	–	–	144
Tian He Nian (retired on 6 November 2012)	42	–	–	42
	865	4,330	33	5,228

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS – continued

(b) Senior management's emoluments

The 5 (Year ended 30-6-2013: 5) individuals whose emoluments were the highest in the Group for the year include 2 (Year ended 30-6-2013: 2) directors whose emoluments are set out in the above. The emoluments payable to the remaining 3 (Year ended 30-6-2013: 3) individuals during the year as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Salaries, allowances and other benefits	**4,229**	3,308
Equity-settled share-based payment	**1,214**	—
Contributions to retirement benefits scheme	**45**	36
	5,488	3,344

The emoluments fell with the following bands:

	No. of individuals Year ended 30-6-2014	No. of individuals Year ended 30-6-2013
Emoluments bands:		
HK$1,000,001 – HK$2,000,000	**3**	3

During the year ended 30 June 2014, no emoluments have been paid by the Group to the 2 directors (Year ended 30-6-2013: 2) or the 3 (Year ended 30-6-2013: 3) highest paid individuals as an inducement to join the Group or as compensation for loss of office.

13. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Wages and salaries	**29,148**	29,692
Retirement benefits scheme contributions	**251**	349
Equity-settled share-based payment	**8,025**	–
Total staff costs	**37,424**	30,041

14. INCOME TAX EXPENSES

The amount of tax charged to the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
The charge comprises:		
Current year		
– Hong Kong Profits Tax	**–**	–
– Other jurisdiction	**7,161**	517
	7,161	517
(Over) under provision in prior years		
– Hong Kong Profits Tax	**–**	–
– Other jurisdiction	**(654)**	155
	(654)	155
	6,507	672
Deferred taxation	**(469)**	–
Income tax expenses charged for the year	**6,038**	672

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit derived in Hong Kong for both years. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

14. INCOME TAX EXPENSES – continued

The amount of income tax expenses charged to the consolidated statement of profit or loss and other comprehensive income reconciled to the profit (loss) before taxation per consolidated statement of profit or loss and other comprehensive income is as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Profit (loss) before taxation	**19,184**	(41,796)
Tax at the Hong Kong Profits Tax rate	**3,165**	(6,896)
Tax concession	**(296)**	(395)
Tax effect of expenses that are not deductible for tax purposes	**1,265**	628
Tax effect of income that is not taxable for tax purposes	**(1,563)**	(356)
Tax effect of tax losses not recognized	**4,196**	7,857
Tax effect of utilization of tax losses previously not recognized	**(5,152)**	–
Tax effect on profits or losses attributable to a joint venture	**475**	(536)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**4,236**	(2)
Others	**366**	217
Tax effect of (over) under provision in prior years	**(654)**	155
Income tax expenses	**6,038**	672

Notes:

(a) The applicable tax rate for Hong Kong is 16.5% (Year ended 30-6-2013: 16.5%) and applicable tax rate in the PRC is 25% (Year ended 30-6-2013: 25%).

(b) The share of tax attributable to a joint venture amounting to approximately HK$475,000 (Year ended 30-6-2013: approximately HK$536,000) is included in "share of result of a joint venture" in the consolidated statement of profit or loss and other comprehensive income.

At the end of the reporting period, the Group has unused tax losses of approximately HK$86,707,000 (30-6-2013: approximately HK$60,424,000) available for offset against future profits. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profits streams. Deductible temporary differences have not been recognized in these financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Included in unused estimated tax losses are losses of approximately HK$25,432,000 (30-6-2013: approximately HK$16,941,000) that will expire within 1 to 5 years from the year origination. Other losses may be carried forward indefinitely.

14. INCOME TAX EXPENSES – continued

The components of unrecognized deductible (taxable) temporary differences at the end of the reporting date are as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Deductible temporary differences:		
Unutilized tax losses	**86,707**	60,424
Others	**–**	10,854
Taxable temporary differences:		
Accelerated tax allowances	**(920)**	(370)
Other	**(2,909)**	–
	82,878	70,908

15. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the end of reporting date (Year ended 30-6-2013: Nil).

16. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000 (Restated)
Profit (loss) for the year attributable to the equity holders of the Company	**14,887**	(41,621)
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**771,103**	707,803
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**778,659**	707,803

For year ended 30 June 2014, outstanding convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings per share.

As the Company did not have outstanding share options and convertible bonds as at 30 June 2013, weighted average number of ordinary shares for the purpose of diluted loss per share is the same as basic loss per share. Therefore, calculation of diluted loss per share is not applicable.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
COST							
At 1 July 2012 (Restated)	1,380	6,508	45,822	3,734	5,080	5,429	67,953
Additions	–	516	19,486	2,447	164	164	22,777
Acquisition of a subsidiary	–	–	–	181	103	–	284
Disposal	–	(720)	(38,948)	(2,829)	(107)	(235)	(42,839)
Exchange realignment	48	217	1,620	85	115	168	2,253
At 30 June 2013 and 1 July 2013	1,428	6,521	27,980	3,618	5,355	5,526	50,428
Additions	–	590	–	486	1,777	1,007	3,860
Acquisition of a subsidiary	–	44	–	–	–	85	129
Disposal	–	(29)	(18,791)	(986)	(1,326)	(670)	(21,802)
Reclassified as assets held for sale	–		–	(513)	–	(7)	(520)
Exchange realignment	(16)	(70)	(324)	(19)	(40)	(59)	(528)
At 30 June 2014	**1,412**	**7,056**	**8,865**	**2,586**	**5,766**	**5,882**	**31,567**
ACCUMULATED DEPRECIATION							
At 1 July 2012 (Restated)	247	3,676	41,343	3,145	3,709	4,497	56,617
Charged for the year	44	891	3,028	341	624	139	5,067
Eliminated on disposal	–	(452)	(38,948)	(2,363)	(10)	(235)	(42,008)
Exchange realignment	9	131	1,509	61	89	142	1,941
At 30 June 2013 and 1 July 2013	300	4,246	6,932	1,184	4,412	4,543	21,617
Charged for the year	44	886	3,931	594	435	230	6,120
Eliminated on disposal	–	(29)	(3,758)	(957)	(1,197)	(63)	(6,004)
Reclassified as assets held for sale	–	–	–	(168)	–	(2)	(170)
Exchange realignment	(4)	(54)	(120)	(14)	(35)	(50)	(277)
At 30 June 2014	**340**	**5,049**	**6,985**	**639**	**3,615**	**4,658**	**21,286**
NET BOOK VALUES							
At 30 June 2014	**1,072**	**2,007**	**1,880**	**1,947**	**2,151**	**1,224**	**10,281**
At 30 June 2013 (Restated)	1,128	2,275	21,048	2,434	943	983	28,811

The leasehold land and buildings of the subsidiary is located in the PRC and held under medium lease term.

At 30 June 2014, none of the Group's property, plant and equipment was held under finance lease (30-6-2013: Nil).

The Group has pledged plant and machinery having a net book value of Nil (30-6-2013: approximately HK$17,427,000) to secure a bank loan granted to the Group which has been fully repaid.

18. GOODWILL

	Lottery-related services HK$'000	Wineries HK$'000	Total HK$'000
COST			
At 1 July 2012 (Restated)	94,475	–	94,475
Acquisition of a subsidiary	–	133	133
At 30 June 2013 and 1 July 2013	94,475	133	94,608
Acquisition of a subsidiary	50,624	–	50,624
Reclassified as assets held for sale	–	(133)	(133)
At 30 June 2014	145,099	–	145,099
IMPAIRMENT			
At 1 July 2012	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2013 and 1 July 2013	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2014	–	–	–
CARRYING VALUES			
At 30 June 2014	**145,099**	**–**	**145,099**
At 30 June 2013	94,475	133	94,608

The Group tests goodwill annually for impairment at every financial year end or in which the acquisition takes place or more frequently if there is indications that goodwill might be impaired.

For the year ended 30 June 2014, the Group recognized an impairment loss of Nil (Year ended 30-6-2013: Nil) in relation to goodwill arising on lottery-related services business.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

18. GOODWILL – continued

Lottery-related services

The key assumptions used for cash flow projection for the provision of lottery-related services are as follows:

	Year				
	2015	2016	2017	2018	2019
Growth rate	(46%)	67%	46%	21%	18%
Discount rate	15%	15%	15%	15%	15%

Cash flows beyond the five years period are extrapolated using the estimated growth rate of 18%.

The management estimated the growth rate by reference to the co-operation and business agreements signed and being under negotiation.

The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

19. OTHER INTANGIBLE ASSETS

	Research and development HK$'000	Computer software HK$'000	Service contracts HK$'000	Total HK$'000
COST				
At 1 July 2012 (Restated)	–	5,839	–	5,839
Exchange realignment	–	206	–	206
At 30 June 2013 and 1 July 2013	–	6,045	–	6,045
Acquisition of a subsidiary	–	–	508	508
Additions	268	–	–	268
Exchange realignment	–	(70)	–	(70)
At 30 June 2014	**268**	**5,975**	**508**	**6,751**
AMORTIZATION				
At 1 July 2012 (Restated)	–	5,839	–	5,839
Exchange realignment	–	206	–	206
At 30 June 2013 and 1 July 2013	–	6,045	–	6,045
Exchange realignment	–	(70)	–	(70)
At 30 June 2014	**–**	**5,975**	**–**	**5,975**
CARRYING VALUES				
At 30 June 2014	**268**	**–**	**508**	**776**
At 30 June 2013	–	–	–	–

No impairment loss was recognized for the year ended 30-6-2014 (Year ended 30-6-2013: Nil).

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Listed investment HK$'000	Unlisted investment HK$'000	Total HK$'000
COST			
At 1 July 2012 (Restated), 30 June 2013, 1 July 2013 and 30 June 2014	3	63,780	63,783
IMPAIRMENT			
At 1 July 2012, 30 July 2013, 1 July 2013 and 30 June 2014	3	63,780	63,783
CARRYING VALUES			
At 30 June 2014	–	–	–
At 30 June 2013	–	–	–
	(Note a)	*(Note b)*	

(a) Listed investment represents investment in an equity securities listed in Hong Kong. By considering that there was a significant decline in the fair value of the listed equity securities below its cost, the change in fair value is considered to be objective evidence of impairment and charged to profit or loss directly.

(b) Unlisted investment represents investment in an unlisted equity securities issued by private entities incorporated in the PRC. In the opinion of directors, the Group is unable to exercise significant influence on the financial and operation of the investee, therefore, the investment is classified as available-for-sale financial assets.

The unlisted investment is measured at cost less impairment at the end of the reporting date because the range of reasonable fair value estimates is so significant that the directors of the Company are in the opinion that its fair value cannot be measured reliably.

21. PREPAID LEASE PAYMENTS

	HK$'000
COST	
At 1 July 2012	–
Acquisition of a subsidiary	4,328
Exchange realignment	159
At 30 June 2013 and 1 July 2013	4,487
Exchange realignment	(52)
Reclassified as assets held for sale	(4,435)
At 30 June 2014	–
AMORTIZATION	
At 1 July 2012	–
Charged for the year	109
Exchange realignment	2
At 30 June 2013 and 1 July 2013	111
Charged for the year	121
Exchange realignment	(2)
Reclassified as assets held for sale	(230)
At 30 June 2014	–
CARRYING VALUES	
At 30 June 2014	**–**
At 30 June 2013	4,376

Analysis for reporting purposes:

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current portion	**–**	4,255
Current portion	**–**	121
	–	4,376

The amount represented land use rights situated in the PRC under operating leases which has expired in year 2049.

22. INTERESTS IN A JOINT VENTURE

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Investment cost	**47,860**	47,860
Share of net assets of a joint venture	**(38,031)**	(35,150)
	9,829	12,710
Amount due from a joint venture	**7,145**	7,229
	16,974	19,939

Amount due from a joint venture is unsecured, interest free and has no fixed repayment term.

(a) Details of the joint venture as at 30 June 2014 were as follows:

Name	Form of business structure	Place of establishment and operations	Class of capital	Proportion of nominal value of registered capital held by the Group	Principal activities
北京中文發數字科技有限公司(China Culture Development Digital Technology Co., Ltd.)	Sino-foreign equity joint venture	PRC	Registered	49%	Research and development of software and information technology products; system integrations; technology consultancy and other services
重慶禮光博軟科技發展有限公司(Chongqing Lightsoft Technology Development Co., Limited) *(Note 1)*	Limited liability company	PRC	Registered	26.95%	Development of software, trading of computer hardware
昆明文中科技有限公司 (Kunming Wen Zhong Technology Co., Ltd.) *(Note 2)*	Limited liability company	PRC	Registered	13.74%	Trading of computer hardware and software

Note 1: Being a non-wholly owned subsidiary of 北京中文發數字科技有限公司.

Note 2: Being a non-wholly owned subsidiary of 重慶禮光博軟科技有限公司.

22. INTERESTS IN A JOINT VENTURE – continued

(b) Summarised consolidated statement of financial position of the joint venture and reconciliation of the carrying amount of the Group's share of net assets of CCDDT.

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Current assets	59,610	67,585
Non-current assets	4,368	6,390
Current liabilities	(17,870)	(19,138)
Translation reserve	(27,245)	(28,707)
Other reserve	1,196	(191)
	20,059	25,939
Reconciled to the Group's interests in the joint venture		
Gross amounts of the joint venture's net assets	20,059	25,939
Group's effective interest	49%	49%
Group's share of the joint venture's net assets	9,829	12,710

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	10,322	48,382
Expenses	(18,201)	(44,550)
Non-controlling interests	1,999	2,800
(Loss) profit for the year	(5,880)	6,632
Group's share of (loss) profit at 49%	(2,881)	3,250

23. INVENTORIES

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Raw materials and consumables	233	237
Finished goods	848	935
	1,081	1,172

All inventories are stated at cost.

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Trade receivables	**43,306**	11,401
Other receivables and prepayments	**61,716**	23,853
	105,022	35,254
Less: Allowances for doubtful receivables	**(74)**	(74)
	104,948	35,180

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 180 days of issuance. The following is an aged analysis of trade receivables at the end of reporting date:

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
0 to 30 days	**9,838**	4,771
31 to 60 days	**1,697**	1,617
61 to 180 days	**26,377**	2,439
181 to 365 days	**5,299**	2,254
Over 1 year	**95**	320
	43,306	11,401

The trade receivables with carrying amount of approximately HK$33,932,000 (30-6-2013: approximately HK$7,777,000) are neither past due nor impaired at the reporting date.

The Group has policies for allowances of doubtful receivables which are based on the evaluation of collectability and age analysis of accounts and on the management's judgement including the credit worthiness, collaterals and the past collection history of each customer.

During the year ended 30 June 2014, the Group made an allowance of Nil (Year ended 30-6-2013: Nil) in respect of trade receivables, which was past due at the reporting date with long age and slow repayments were received from respective customers since the due date.

Movement in the allowances for doubtful receivables:

	30-6-2014 HK$'000	30-6-2013 HK$'000
Balance at the beginning and end of the year	**74**	74

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The trade receivables past due but not provided for were either subsequently settled as at the date of this announcement or no historical default of payments by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

Included in the Group's trade receivables with a carrying amount of approximately HK$9,300,000 (30-6-2013: approximately HK$3,550,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amount are still considered recoverable. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	30-6-2014 HK$'000	30-6-2013 HK$'000
0-30 days	**1,213**	–
31-60 days	**1,159**	1,050
61-180 days	**1,609**	–
181-365 days	**5,299**	2,254
Over 1 year	**20**	246
	9,300	3,550

The fair value of the Group's trade receivables as at 30 June 2014 approximates to the corresponding carrying amount.

Other receivables, deposits and prepayments included the following:

(a) Receivable for disposal of property, plant and equipment of approximately HK$23,642,000 (30-6-2013: Nil).

(b) Deposits for acquisition of a subsidiary of approximately HK$3,706,000 (30-6-2013: Nil).

(c) Amount due from a subsidiary of a joint venture of approximately HK$1,358,000 (30-6-2013: approximately HK$1,264,000). The amount is unsecured, interest free and has no fixed repayment term.

(d) Amount due from a related company of approximately HK$111,000 (30-6-2013: Nil). The amount is unsecured, interest free and has no fixed repayment term.

25. BANK BALANCES AND CASH

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Cash and bank deposits denominated in:		
Hong Kong dollar	**129,523**	2,016
Renminbi	**22,327**	1,620
United States dollar	**–**	1
	151,850	3,637

Included in the bank balances were approximately HK$21,972,000 (30-6-2013: approximately HK$1,220,000), representing bank deposits denominated in RMB placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

26. ASSETS CLASSIFIED AS HELD FOR SALE

	30-6-2014 HK$'000	30-6-2013 HK$'000
Assets classified as held for sale	**5,469**	–
Liabilities associated with assets classified as held for sale	**2,610**	–
Net assets classified as held for sale	**2,859**	–

Note a: At 20 June 2014, a wholly owned subsidiary of the Company entered into a sale and purchase agreement in disposal of 100% equity interest of Huai Lai Sai Shang Wineries Company Limited at a consideration of approximately HK$7,495,000 (RMB6,000,000).

The major classes of assets and liabilities comprising the operations classified as held for sale on 30 June 2014 are as follows:

	HK$'000
Property, plant and equipment	350
Prepaid lease payments	4,205
Goodwill	133
Prepayments, deposits and other receivables	761
Bank balances and cash	20
Assets classified as held for sale	5,469
Accrued liabilities and other payables	2,610
Liabilities associated with assets classified as held for sale	2,610
Net assets classified as held for sale	2,859

27. TRADE PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES

	30-6-2014 HK$'000	30-6-2013 HK$'000 (Restated)
Trade payables	**–**	613
Accrued liabilities and other payables	**18,947**	9,507
	18,947	10,120

An aged analysis of the Group's trade payables at the end of the reporting period, based on the date of goods and services received, is as follows:

	30-6-2014 HK$'000	30-6-2013 HK$'000
0 to 30 days	**–**	55
31 to 120 days	**–**	2
121 to 180 days	**–**	556
181 to 365 days	**–**	–
Over 1 year	**–**	–
	–	613

The fair value of the Group's trade payables, accrued liabilities and other payables as at 30 June 2014 approximates to the corresponding carrying amount.

28. BANK AND OTHER BORROWINGS

	30-6-2014 HK$'000	30-6-2013 HK$'000
Other loan, secured *(Note a)*	**–**	24,174
Other loan, unsecured *(Note b)*	**–**	16
Bank overdraft, secured *(Note c)*	**–**	12,432
Bank loan, secured *(Note d)*	**–**	17,643
	–	54,265

Bank and other borrowings are repayable as follows:

	30-6-2014 HK$'000	30-6-2013 HK$'000
On demand or within one year	**–**	54,265
One to two years	**–**	–
	–	54,265
Less: Amounts shown under current liabilities	**–**	(54,265)
Non-current portion	**–**	–

28. BANK AND OTHER BORROWINGS – continued

Notes:

(a) Other loan of Nil (30-6-2013: approximately HK$24,174,000) is with interest charged at 20-22% per annum (30-6-2013: 20-22% per annum), secured by pledge of shares of a subsidiary.

(b) Other loan of Nil (30-6-2013: approximately HK$16,000) is interest free and unsecured.

(c) Bank overdraft of Nil (30-6-2013: approximately HK$12,432,000) is with interest charged at prime rate and above a limit, 8% over prime rate per annum (30-6-2013: prime rate and above a limit, 8% over prime rate per annum), secured by pledge bank deposit and corporate guarantee by the Company.

(d) Bank loan of Nil (30-6-2013: HK$17,643,000) is with interest charged at 7.5% per annum (30-6-2013: 7.5% per annum), secured by plant and machinery, shares of a subsidiary, corporate guarantee by third party, the Company and its subsidiaries, personal guarantee by directors and repayable in next twelve months.

29. AMOUNTS DUE TO DIRECTORS

	30-6-2014	30-6-2013
	HK$'000	HK$'000
CHEUNG Kwai Lan	**–**	3,702
CHAN Ting	**1,089**	1,818
	1,089	5,520

The amounts are unsecured, interest free and have no fixed repayment terms.

30. LOAN FROM SHAREHOLDER

	30-6-2014	30-6-2013
	HK$'000	HK$'000
Best Frontier Investments Limited	**–**	76,352

The amount is interest charged at 2% per annum, unsecured and fully repaid.

31. CONVERTIBLE BONDS

2% Coupon Bonds Due 2017

On 17 January 2014, the Company issued the Bonds due on 17 January 2017 with a principal amount of HK$89,625,000, which is interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$2.39 per conversion share.

Upon full conversion of the Bonds at the conversion price of HK$2.39 per ordinary share of the Company, a total of 37,500,000 shares would be issued by the Company upon the exercise of the conversion rights attached to the Bonds. The Company shall redeem any convertible bonds which remain outstanding on the maturity date at its principal amount.

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 13.89% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a)	Principal amount:	HK$89,625,000
(b)	Coupon rate:	2% per annum
(c)	Maturity date:	17 January 2017
(d)	Conversion price:	HK$2.39
(e)	Risk-free rate:	0.687%
(f)	Expected volatility:	70.45%
(g)	Expected dividend yield:	0%

The movement of the liability component of the convertible bonds for the year is set out below:

	30-6-2014 HK$'000
Nominal value of convertible bonds issued	**89,625**
Equity component	**(28,963)**
Liability component	**60,662**
Imputed finance costs	**4,454**
Interest paid and payable	**(805)**
Carrying amount	**64,311**

32. DEFERRED TAXATION

The movement on the deferred tax liabilities account is as follows:

	30-6-2014 HK$'000	30-6-2013 HK$'000
Balance at the beginning of the year	**–**	–
Deferred tax arising on issue of convertible bonds	**4,779**	–
Deferred tax credited to consolidated statement of profit or loss and other comprehensive income	**(469)**	–
Balance at the end of the year	**4,310**	–

Deferred tax liabilities are to be recovered and settled after more than 12 months.

33. SHARE CAPITAL

	Number of shares '000	HK$'000
Authorized:		
At 1 July 2012, ordinary shares of HK$0.01 each	20,000,000	200,000
Less: share consolidation *(Note b)*	(16,000,000)	–
At 30 June 2013, 1 July 2013 and 30 June 2014, ordinary shares of HK$0.05 each	4,000,000	200,000
Issued and fully paid:		
At 1 July 2012, ordinary shares of HK$0.01 each	3,271,894	32,719
Shares issued on loan capitalization *(Note a)*	500,000	5,000
Less: share consolidation *(Note b)*	(3,017,515)	–
At 30 June 2013 and 1 July 2013, ordinary shares of HK$0.05 each	754,379	37,719
Shares repurchased *(Note c)*	(18,945)	(947)
Shares issued upon exercise of share options *(Note d)*	3,548	177
Shares issued upon placement of shares *(Note e)*	54,400	2,720
Shares issued upon an acquisition *(Note f)*	9,720	486
At 30 June 2014, ordinary shares of HK$0.05 each	803,102	40,155

33. SHARE CAPITAL – continued

Notes:

(a) On 18 December 2012, 500,000,000 ordinary shares of HK$0.01 each were issued at a subscription price of HK$0.071 by the way of loan capitalization of HK$35,500,000.

(b) At an extraordinary general meeting of the Company held on 31 January 2013, an ordinary resolution was passed for every five authorized and issued shares of HK$0.01 each were consolidated into one consolidated share of HK$0.05 each. As a result, the adjusted share capital of the Company became HK$37,718,938 consisting of 754,378,767 ordinary shares of HK$0.05 each.

(c) During the year, the Company repurchased a total of 18,945,000 of its own shares on the Stock Exchange of Hong Kong Limited through purchases on the open market from March 2014 to June 2014 for an aggregate amount of HK$69,775,414 including of transaction cost. Amongst the 18,945,000 shares repurchased as mentioned above, 14,180,000 shares were cancelled on 30 May 2014 and the remaining 4,765,000 ordinary shares were cancelled after 30 June 2014.

(d) During the year, 3,548,000 ordinary shares were issued upon exercise of share options.

(e) Pursuant to the placing agreement dated 21 February 2014, the Company allotted and issued an aggregate of 54,400,000 new ordinary shares of the Company on 26 February 2014 at a price of HK$5.14 each.

(f) On 3 April 2014 and 24 June 2014, an aggregate of 9,720,000 ordinary shares were issued for acquisition of a subsidiary.

34. SHARE-BASED PAYMENT TRANSACTION

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved by the shareholders of the Company on 18 October 2002 valid for a term of 10 years and expired on 17 October 2012. The maximum number of shares which may be granted under the Pre-IPO Share Option Scheme of the Company must not exceed 40,000,000 shares, being 10% of the issued share capital as at the listing of the Company's shares on GEM on 12 November 2002.

As at 30 June 2013, all options granted under the Pre-IPO Share Option Scheme were exercised.

Share Option Scheme

The Company has adopted a new share option scheme on 31 January 2013 which will remain valid for a period of 10 years commencing from 31 January 2013. The Board may, at its discretion, invite eligible persons to take up options to subscribe for the shares in the Company. Eligible persons shall include any employee, directors (including executive, non-executive and independent non-executive directors) and consultants of the Company or of any subsidiary of the Company or such other persons who at the sole determination of the Board have contributed to the Group at the time when an option is granted to such person.

34. SHARE-BASED PAYMENT TRANSACTION – continued

Share Option Scheme – continued

The exercise price of the share options is determinable by the directors, and may not be less than the highest of:

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share of the Company.

For the year ended 30 June 2014, 66,035,000 share options (Year ended 30-6-2013: Nil) were granted by the Company, a total of 795,000 shares were lapsed, 3,548,000 share options were exercised and there were 61,692,000 share options outstanding as at 30 June 2014 (Year ended 30-6-2013: Nil). Details of the share options granted, exercised, cancelled and lapsed during the reporting period under the Share Option Scheme are set out as follows:

				Number of Share Options					
Grantee	Grant date	Exercise price HK$	Exercisable period	Balance as at 1 July 2013	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Balance as at 30 June 2014
Executive Directors									
Madam Cheung Kwai Lan	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000
Mr. Chan Ting	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000
Non-Executive Director									
Mr. Chan Tung Mei	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	225,000	(35,000)	–	–	190,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	225,000	–	–	–	225,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	300,000	–	–	–	300,000

34. SHARE-BASED PAYMENT TRANSACTION – continued

Share Option Scheme – continued

Grantee	Grant date	Exercise price HK$	Exercisable period	Number of Share Options: Balance as at 1 July 2013	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	Balance as at 30 June 2014
Independent Non-Executive Directors									
Mr. To Yan Ming Edmond	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	(150,000)	–	–	–
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000
Mr. Zhang Xiu Fu	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000
Mr. Yang Qing Cai	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	150,000	–	–	–	150,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	200,000	–	–	–	200,000
	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	5,062,500	(3,363,000)	–	(49,500)	1,650,000
Other Eligible Participants *(Note)*	10-Dec-13	1.752	1/1/2015 – 31/3/2017	–	5,062,500	–	–	(319,500)	4,743,000
	10-Dec-13	1.752	1/1/2016 – 31/3/2017	–	6,750,000	–	–	(426,000)	6,324,000
	10-Dec-13	1.752	1/4/2014 – 31/3/2017	–	2,700,000	–	–	–	2,700,000
	10-Dec-13	1.752	1/4/2015 – 31/3/2017	–	2,700,000	–	–	–	2,700,000
	10-Dec-13	1.752	1/7/2014 – 31/3/2017	–	12,250,000	–	–	–	12,250,000
	10-Dec-13	1.752	1/7/2015 – 31/3/2017	–	12,250,000	–	–	–	12,250,000
			Sub-total	–	50,525,000	(3,548,000)	–	(795,000)	46,182,000
	13-Jun-14	3.806	1/7/2015 – 30/6/2018	–	1,413,000	–	–	–	1,413,000
	13-Jun-14	3.806	1/7/2016 – 30/6/2018	–	1,413,000	–	–	–	1,413,000
	13-Jun-14	3.806	1/7/2017 – 30/6/2018	–	1,884,000	–	–	–	1,884,000
	13-Jun-14	3.806	1/7/2015 – 30/6/2018	–	5,400,000	–	–	–	5,400,000
	13-Jun-14	3.806	1/7/2016 – 30/6/2018	–	5,400,000	–	–	–	5,400,000
			Sub-total	–	15,510,000	–	–	–	15,510,000
			Total	–	66,035,000	(3,548,000)	–	(795,000)	61,692,000

Note: Other Eligible Participants include certain employees, business partners and consultants of the Group.

34. SHARE-BASED PAYMENT TRANSACTION – continued

Share Option Scheme – continued

At 30 June 2014, the number of shares in respect of which options had been granted and remained outstanding under the scheme was 7.76% (30-6-2013: Nil%) of the shares of the Company in issue at that date.

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted to each eligible participant (included both exercised and outstanding options) in any 12 month period must not exceed 1% of the total issued share capital of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The Group recognized the total expenses of approximately HK$8,794,000 for the year ended 30 June 2014 (Year ended 30-6-2013: Nil) in relation to share options granted by the Company.

The maximum number of shares of the Company which may be issued upon exercise of all the outstanding options granted and yet to be issued under the Pre-IPO Share Option Scheme, the Share Option Scheme or any other schemes must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

Year ended 30 June 2014

On 17 January 2014, a wholly owned subsidiary of the Company entered into a sale and purchase agreement to acquire 100% equity interest in United Power Asia Investment Limited ("United Power") at a consideration of approximately HK$53,897,000. The acquisition was completed on 18 March 2014. Details of the acquisition was summarized as follows:

NET ASSETS ACQUIRED

	HK$'000	Fair value adjustment HK$'000	Total HK$'000
Property, plant and equipment	129	—	129
Other receivables, deposits and prepayments	5,571	—	5,571
Bank balances and cash	30	—	30
Accrued charges	(296)	—	(296)
Non-controlling interests	(2,669)	—	(2,669)
Intangible assets *(Note 1)*	—	508	508
	2,765	508	3,273
Goodwill arising on acquisition			50,624
Total consideration			53,897

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(a) Acquisition of a subsidiary – continued

	HK$'000	Fair value adjustment HK$'000	Total HK$'000
Satisfied by:			
Cash consideration *(Note 2)*			**16,216**
Shares consideration — 10,720,000 ordinary shares of the Company *(Note 3)*			**37,681**
			53,897
Net cash (outflow) inflow arising on acquisition:			
Cash consideration			**(12,472)**
Bank balances and cash acquired			**30**
			(12,442)

Note 1: Intangible assets represents lottery service contracts signed by the subsidiary of United Power and valued by an independent professional valuer.

Note 2: Cash consideration of approximately HK$12,472,000 was paid before 30 June 2014 and approximately HK$3,744,000 will be paid on or before 31 October 2014 by fulfillment of performance guarantee.

Note 3: Consideration shares of 1,000,000 will be issued on or before 31 December 2014 by fulfillment of performance guarantee.

35. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – continued

(a) Acquisition of a subsidiary – continued

Year ended 30 June 2013

For the year ended 30 June 2013, the Group acquired 100% equity interest in Huai Lai Sai Shang Wineries Company Limited at a consideration of approximately HK$244,000 (RMB200,000). Details of the acquisition was summarized as follows:

NET ASSETS ACQUIRED

	HK$'000
Property, plant and equipment	284
Prepaid lease payments	4,328
Inventories	3
Trade and other receivables and prepayments	719
Cash and cash equivalents	1,701
Trade payables, accrued liabilities and other payables	(744)
Other loan	(2,438)
Amount due to related companies	(3,742)
Net assets	111
Goodwill arising on acquisition	133
Total consideration	244
Net cash inflows (outflows) arising on acquisition:	
Cash consideration	(244)
Bank balances and cash acquired	1,701
	1,457

(b) Major non-cash transactions

During the year, the Group incurred imputed interest on convertible bonds of approximately HK$4,454,000 (Year ended 30-6-2013: approximately HK$208,000).

During the year, 9,720,000 ordinary shares of the Company were issued as part of the consideration in acquiring 100% equity interest of United Power.

During the year, the Group incurred share-based payment expenses for the share option granted of approximately HK$8,794,000 (Year ended 30-6-2013: Nil).

36. CONTINGENT LIABILITIES

The Company and its subsidiaries provided corporate guarantees to the extent of Nil (30-6-2013: approximately HK$30,221,000) to banks to secure general banking facilities and bank loan granted to subsidiaries.

The total facilities utilized by the Group at 30 June 2014 amounted to Nil (30-6-2013: approximately HK$30,075,000).

37. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 30 June 2014, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	30-6-2014	30-6-2013
	HK$'000	HK$'000 (Restated)
Within one year	**3,198**	3,556
In the second to fifth years inclusive	**2,658**	3,288
	5,856	6,844

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for an average terms of 1 to 5 years.

The Group as lessor

As at 30 June 2014, the Group had commitments for future minimum lease arrangement in respect of rented premises under non-cancellable operating leases which fall due as follows:

	30-6-2014	30-6-2013
	HK$'000	HK$'000
Within one year	**62**	63
In the second to fifth years inclusive	**63**	127
	125	190

38. CAPITAL COMMITMENTS

	30-6-2014 HK$'000	30-6-2013 HK$'000
Capital expenditure in respect of acquisition of equity interest in subsidiaries	**79,886**	46,167
Capital expenditure in respect of acquisition of property, plant and equipment	**–**	47,053
	79,886	93,220

39. RETIREMENT BENEFITS SCHEME

With the introduction of the MPF Scheme in December 2000 in Hong Kong, the Group has arranged its employees in Hong Kong to join the MPF Scheme. The retirement benefits scheme contributions charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

The total costs charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$251,000 (Year ended 30-6-2013: approximately HK$349,000) represent contributions payable to the MPF Scheme in respect of the current accounting period.

The employees of the Group's subsidiaries that operated in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the pension schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

40. PROVISION FOR LONG SERVICES PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

No significant provision for long service payments was made on 30 June 2014 (30-6-2013: Nil).

41. PLEDGE OF ASSETS

(a) As at 30 June 2014, the Group has pledged its bank deposits of Nil (30-6-2013: approximately HK$5,262,000) as securities for the general banking facilities granted to the Group.

(b) As at 30 June 2014, the Group has pledged its plant and machinery with a net book values of Nil (30-6-2013: HK$17,427,000) and all the issued and outstanding shares of Shenzhen Bozone IT Co. Limited and its subsidiaries as securities for a bank loan of Nil (30-6-2013: approximately HK$17,643,000) granted to the Group.

42. SHARE AWARD SCHEME

On 24 January 2005, the Company adopted a share award scheme for employees and consultants, excluding executive directors and chief executive, of the Group for the purpose of recognizing the contributions of certain employees and consultants of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate them and give an incentive to these persons to continue to contribute to the Group's long term success and prosperity. Under the scheme, following the making of an award to employees and consultants, the relevant newly issued shares vest over a period of time provided that the employees and consultants continue to contribute to the Group at the relevant time and satisfies any other conditions specified at the time the award is made. The maximum aggregate number of shares that can be awarded under the scheme is limited to 20% of the issued share capital of the Company and no cash consideration should be paid for the shares allotted under the share award scheme.

No share award was granted during the year ended 30 June 2014 (Year ended 30-6-2013: Nil).

The fair value of shares under the share award scheme is measured by the last 14 days of trading average of the quoted market price of the shares on the Stock Exchange before the date of grant.

43. RELATED PARTY TRANSACTIONS

(a) Transaction with Connected or related parties

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Interest expenses to a shareholder:		
Best Frontier	**956**	864

In the opinion of directors of the Company, the above transactions were undertaken in the normal course of business activities and on normal commercial terms.

(b) Balances with related parties

(a) Loan from shareholder of Nil (30-6-2013: approximately HK$76,352,000) are unsecured, interest bearing at 2% per annum.

(b) Amounts due to directors of approximately HK$1,089,000 (30-6-2013: approximately HK$5,520,000) are unsecured, interest free and have no fixed repayment terms.

(c) Amount due from a related company of approximately HK$111,000 (30-6-2013: Nil). The amount is unsecured, interest free and has no fixed repayment term.

(d) Amount due from a subsidiary of a joint venture of approximately HK$1,358,000 (30-6-2013: approximately HK$1,264,000). The amount is unsecured, interest free and has no fixed repayment term.

43. RELATED PARTY TRANSACTIONS – continued

(c) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Short term benefits	**12,277**	10,990
Post-employment benefits	**117**	126
Equity-settled share-based payment	**3,980**	–
	16,374	11,116

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER

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

Name	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Ace Bingo Group Limited	BVI	Ordinary share US$1	–	100%	Investment holding
安徽奧彩信息科技有限公司# (Anhui Ao Cai Information Technology Limited†)	PRC	Registered capital RMB6,000,000	–	51%	Provision of lottery-related services
B & B Group Holdings Limited	Hong Kong	Ordinary share HK$1	–	100%	Investment holding
B & B International Marketing (HK) Limited	Hong Kong	Ordinary shares HK$2	–	100%	Distribution of natural supplementary products
B & B International Marketing Limited	BVI	Ordinary share US$1	–	100%	Investment holding
B & B Winery Limited	Hong Kong	Ordinary shares HK$1,000	–	100%	Investment holding

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

Particulars of the Company's principal subsidiaries as at 30 June 2014 are as follows: – continued

Name	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Best Delight Group Limited	BVI	Ordinary share US$1	–	100%	Investment holding
Birdview Group Limited	Hong Kong	Ordinary share HK$1	–	100%	Investment holding
Cheerfull Group Holdings Limited	BVI	Ordinary shares US$50,000	–	100%	Investment holding
China Success Enterprises Limited	BVI	Ordinary shares US$2,000	100%	–	Investment holding
China Vanguard Corporate Management Limited	Hong Kong	Ordinary share HK$1	100%	–	Corporate management
China Vanguard (China) Property Development Limited	Hong Kong	Ordinary share HK$1	–	100%	Property development
China Vanguard (Hong Kong) Property Development Limited	Hong Kong	Ordinary share HK$1	–	100%	Property development
重慶渝港眾彩科技有限公司# (Chongqing Yu-Gang Zhong Cai Technology Co. Limited†)	PRC	Registered capital RMB3,000,000	–	51%	Provision of lottery-related services
Grand Promise International Limited	BVI	Ordinary shares US$10,000	–	100%	Investment holding
貴州大龍眾彩科技開發有限責任公司# (Guizhou Dalong China Vanguard Development Company Limited†)	PRC	Registered capital RMB50,000,000	–	34%	Real estate development
黑龍江省博眾信息技術有限公司# (Heilongjiang Bozone IT Co. Limited†)	PRC	Registered capital RMB500,000	–	65%	Provision of lottery-related hardware and software systems

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

Particulars of the Company's principal subsidiaries as at 30 June 2014 are as follows – continued:

Name	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jovial Sky Limited	BVI	Ordinary share US$1	–	100%	Investment holding
Lead Team Investments Limited	Hong Kong	Ordinary share HK$1	–	100%	Investment holding
Loyalion Limited	Hong Kong	Ordinary shares HK$1,000	–	100%	Investment holding
Luck Centre Limited	Hong Kong	Ordinary share HK$1	–	40%	Investment holding
Lucky Villa Investments Limited	Hong Kong	Ordinary share HK$1	–	100%	Investment holding
Natural Lives Company Limited	Hong Kong	Ordinary shares HK$500,000	–	100%	Distribution of natural supplementary products
Next Champion Limited	Hong Kong	Ordinary share HK$1	–	100%	Investment holding
Precise Result Profits Limited	BVI	Ordinary share US$1	–	100%	Investment holding
Qi Wang Limited	BVI	Ordinary shares US$1,000	–	40%	Investment holding
Rain International Company Limited	Hong Kong	Ordinary shares HK$1,000,000	–	100%	Distribution of natural supplementary products
深圳市博眾信息技術有限公司# (Shenzhen Bozone IT Co. Limited†)	PRC	Registered capital RMB10,000,000	–	100%	Provision of lottery-related hardware and software systems

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

Particulars of the Company's principal subsidiaries as at 30 June 2014 are as follows – continued:

Name	Place of incorporation and operations	Nominal value of issued and paid-up share	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
深圳博祿企業管理諮詢有限公司# (Shenzhen Bo-Lu Enterprise Management Consultancy Limited†)	PRC	Registered capital RMB100,000	–	100%	Provision of consultancy services
深圳市龍江風采信息技術有限公司# (Shenzhen Longjiang Fengcai IT Co. Limited†)	PRC	Registered capital RMB1,000,000	–	100%	Provision of lottery-related hardware and software systems
深圳市龍雲企業管理諮詢有限公司# (Shenzhen Longyun Consultancy Company Limited†)	PRC	Registered capital RMB100,000	–	100%	Investment holding
深圳生港餐飲管理有限公司# (Shenzhen Sheng-Gang Catering Investment Limited†)	PRC	Registered capital RMB100,000	–	100%	Food and catering services
深圳生港科技有限公司# (Shenzhen Sheng-Gang Technology Co. Limited†)	PRC	Registered capital US$6,809,751	100%	–	Investment holding
雙遼眾彩秸稈科技有限公司# (Shuangliao City China Vanguard Jiegan Technoogy Co., Ltd.)	PRC	Registered capital HK$3,400,000	–	100%	Sales of animal feeds
Step Gain Limited	BVI	Ordinary shares US$10	–	100%	Investment holding
天津市眾彩科技有限責任公司# (Tianjin China Vanguard Company Limited†)	PRC	Registered capital RMB100,000	–	100%	Provision of lottery-related hardware and software systems
United Power Asia Investment Limited	Hong Kong	Ordinary shares HK$1,500	–	100%	Investment holding

\# The statutory financial year end date of these subsidiaries is 31 December.

† For identification only.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

Information about the composition of the Group at the end of reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries 30-6-2014	Number of non-wholly owned subsidiaries 30-6-2013
Provision of lottery-related services	PRC	**7**	3
Land and property development and consulting	PRC	**1**	1

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries 30-6-2014	Number of wholly owned subsidiaries 30-6-2013
Provision of lottery-related services	PRC	**4**	4
Land and property development and consulting	Hong Kong	**2**	–

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 and principal place of business	Proportion of ownership and voting rights held by non-controlling interests 30-6-2014	Proportion of ownership and voting rights held by non-controlling interests 30-6-2013	Profit (loss) allocated to non-controlling interests 30-6-2014 HK$'000	Profit (loss) allocated to non-controlling interests 30-6-2013 HK$'000	Accumulated non-controlling interests 30-6-2014 HK$'000	Accumulated non-controlling interests 30-6-2013 HK$'000
山東眾彩信息技術有限公司	PRC	**74%**	–	**(412)**	–	**2,653**	–
吉林自彩信息技術有限公司	PRC	**49%**	–	**–**	–	**1,836**	–
Heilongjiang Bozone IT Co. Ltd.	PRC	**35%**	35%	**209**	285	**1,793**	1,604
Anhui Ao Cai Information Technology Limited	PRC	**49%**	–	**(420)**	–	**2,256**	–
China Vanguard Group (Cambodia) Co. Ltd.	Cambodia	**35%**	35%	**–**	–	**2,335**	2,335
Individual immaterial subsidiaries with non-controlling interests				**(1,118)**	562	**(243)**	875
Total				**(1,741)**	847	**10,630**	4,814

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

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

Summarized financial information in respect of each of the Group's subsidiaries that have material non-controlling interests are set out below. The summarized financial information below represents amount before intragroup elimination.

(a) 山東眾彩信息技術有限公司

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current assets	**527**	–
Current assets	**5,169**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Equity attributable to equity holders of the Company	**3,043**	–
Non-controlling interests	**2,653**	–

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	**7**	–
Expenses	**563**	–
Loss for the year	**(556)**	–
Loss attributable to equity holders of the Company	**(144)**	–
Loss attributable to non-controlling interests	**(412)**	–
	(556)	–
Net cash outflows from operating activities	**(1,855)**	–
Net cash outflows from investing activities	**(666)**	–
Net cash inflows from financing activities	**6,246**	–
Net cash inflows	**3,725**	–

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

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

(b) 吉林自彩信息技術有限公司

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current assets	**3,185**	–
Current assets	**562**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Equity attributable to equity holders of the Company	**1,911**	–
Non-controlling interests	**1,836**	–

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	**1**	–
Expenses	**1**	–
Profit for the year	**–**	–
Profit attributable to equity holders of the Company	**–**	–
Profit attributable to non-controlling interests	**–**	–
	–	–
Net cash inflows from operating activities	**–**	–
Net cash outflows from investing activities	**(3,185)**	–
Net cash inflows from financing activities	**3,747**	–
Net cash inflows	**562**	–

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

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

(c) Heilongjiang Bozone IT Co. Ltd.

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current assets	**117**	283
Current assets	**7,459**	7,210
Current liabilities	**(2,549)**	(3,006)
Non-current liabilities	**–**	–
Equity attributable to equity holders of the Company	**3,234**	2,883
Non-controlling interests	**1,793**	1,604

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	**6,619**	6,495
Expenses	**6,021**	5,681
Profit for the year	**598**	814
Profit attributable to equity holders of the Company	**389**	529
Profit attributable to non-controlling interests	**209**	285
	598	814
Net cash inflows from operating activities	**3,159**	71
Net cash outflows from investing activities	**(2)**	(33)
Net cash inflows from financing activities	**–**	–
Net cash inflows	**3,157**	38

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

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

(d) Anhui Ao Cai Information Technology Company Limited

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current assets	1,058	–
Current assets	6,697	–
Current liabilities	(3,152)	–
Non-current liabilities	–	–
Equity attributable to equity holders of the Company	2,347	–
Non-controlling interests	2,256	–

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	88	–
Expenses	946	–
Loss for the year	(858)	–
Loss attributable to equity holders of the Company	(438)	–
Loss attributable to non-controlling interests	(420)	–
	(858)	–
Net cash inflows from operating activities	513	–
Net cash outflows from investing activities	(1,002)	–
Net cash inflows from financing activities	882	–
Net cash inflows	393	–

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY IN ALPHABETICAL ORDER – continued

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

(e) China Vanguard Group (Cambodia) Co. Ltd.

	30-6-2014 HK$'000	30-6-2013 HK$'000
Non-current assets	**–**	–
Current assets	**7,800**	7,800
Current liabilities	**(16)**	(16)
Non-current liabilities	**–**	–
Equity attributable to equity holders of the Company	**5,449**	5,449
Non-controlling interests	**2,335**	2,335

	Year ended 30-6-2014 HK$'000	Year ended 30-6-2013 HK$'000
Revenue	**–**	–
Expenses	**–**	–
Profit for the year	**–**	–
Profit attributable to equity holders of the Company	**–**	–
Profit attributable to non-controlling interests	**–**	–
	–	–
Net cash inflows from operating activities	**–**	–
Net cash inflows from investing activities	**–**	–
Net cash inflows from financing activities	**–**	–
Net cash inflows	**–**	–

45. SUMMARIZED STATEMENTS OF FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of Financial Position

	Notes	30-6-2014 HK$'000	30-6-2013 HK$'000
Property, plant and equipment	(i)	**3,130**	2,413
Interests in subsidiaries	(ii)	**(88,746)**	131,015
Trade and other receivables and prepayments	(iii)	**15,787**	1,675
Bank balances and cash	(iv)	**124,187**	2,023
Trade and other payables	(v)	**(2,861)**	(2,869)
Borrowings	(vi)	**–**	(24,190)
Loan from shareholder	(vii)	**–**	(76,352)
Convertible bonds	(viii)	**(64,311)**	–
Deferred taxation	(ix)	**(4,310)**	–
Net (liabilities) assets		**(17,124)**	33,715
Share capital	(x)	**40,155**	37,719
Reserves		**(57,279)**	(4,004)
Total equity		**(17,124)**	33,715

(i) Property, plant and equipment

	Leasehold improvement HK$'000	Motor vehicles HK$'000	Furniture, fixture & fittings HK$'000	Computer HK$'000	Total HK$'000
COST					
At 1 July 2012	–	887	18	237	1,142
Additions	1,964	–	68	44	2,076
Disposal	(15)	–	–	–	(15)
At 30 June 2013 and 1 July 2013	1,949	887	86	281	3,203
Additions	–	1,370	28	154	1,552
Disposal	–	(276)	–	–	(276)
At 30 June 2014	1,949	1,981	114	435	4,479
ACCUMULATED DEPRECIATION					
At 1 July 2012	–	332	11	94	437
Charged for the year	114	177	7	55	353
At 30 June 2013 and 1 July 2013	114	509	18	149	790
Charged for the year	391	233	16	66	706
Eliminated on disposal	–	(147)	–	–	(147)
At 30 June 2014	505	595	34	215	1,349
NET BOOK VALUES					
At 30 June 2014	1,444	1,386	80	220	3,130
At 30 June 2013	1,835	378	68	132	2,413

45. SUMMARIZED STATEMENTS OF FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of Financial Position – continued

(ii) Interests in subsidiaries

	30-6-2014 HK$'000	30-6-2013 HK$'000
Investment in subsidiaries	**58,763**	55,534
Amount due from (to) subsidiaries	**(147,509)**	75,481
	(88,746)	131,015

Amount due from (to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

(iii) Trade and other receivables and prepayments

	30-6-2014 HK$'000	30-6-2013 HK$'000
Trade receivables	**10,800**	–
Other receivables and prepayments	**4,987**	1,675
	15,787	1,675

Aged analysis of trade receivables at the end of reporting date:

	30-6-2014 HK$'000	30-6-2013 HK$'000
0 to 30 days	**7,000**	–
31 to 60 days	**–**	–
61 to 180 days	**–**	–
181 to 365 days	**3,800**	–
Over 1 year	**–**	–
	10,800	–

(iv) Bank balances and cash

	30-6-2014 HK$'000	30-6-2013 HK$'000
Cash and bank deposits denominate in:		
Hong Kong dollar	**124,156**	1,987
Renminbi	**30**	35
United States dollar	**1**	1
	124,187	2,023

45. SUMMARIZED STATEMENTS OF FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of Financial Position – continued

(v) Trade and other payables

	30-6-2014 HK$'000	30-6-2013 HK$'000
Trade payables	**–**	–
Other payables	**2,861**	2,869
	2,861	2,869

(vi) Borrowings

	30-6-2014 HK$'000	30-6-2013 HK$'000
Other loan, secured	**–**	24,174
Other loan, unsecured	**–**	16
	–	24,190

Other loan, secured of Nil (30-6-2013: approximately HK$24,174,000) is with interest charged at 20-22% per annum (30-6-2013: 20-22% per annum), secured by pledge of shares of a subsidiary.

Other loan, unsecured of Nil (30-6-2013: approximately HK$16,000) is interest free and unsecured.

(vii) Loan from shareholder

	30-6-2014 HK$'000	30-6-2013 HK$'000
Best Frontier Investments Limited	**–**	76,352

The amount is interest charged at 2% per annum, unsecured and fully repaid.

(viii) Convertible bonds
Details of movement in convertible bonds of the Company, please refer to note 31 to the consolidated financial statements.

(ix) Deferred taxation
Details of movement in deferred taxation of the Company, please refer to note 32 to the consolidated financial statements.

(x) Share capital
Details of movement in share capital of the Company, please refer to note 33 to the consolidated financial statements.

45. SUMMARIZED STATEMENTS OF FINANCIAL INFORMATION OF THE COMPANY – continued

(b) Reserves of the Company

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Share option reserve HK$'000	Convertible bonds reserve HK$'000	Special reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 July 2012	32,719	2,165,054	234	35,572	11,092	–	2,569	(279,989)	1,967,251
Shares issued on loan capitalization	5,000	30,500	–	–	–	–	–	–	35,500
Share options lapsed	–	–	–	–	(11,092)	–	–	11,092	–
Total comprehensive expenses for the year	–	–	–	–	–	–	–	(1,969,036)	(1,969,036)
At 30 June 2013 and at 1 July 2013	37,719	2,195,554	234	35,572	–	–	2,569	(2,237,933)	33,715
Equity component of convertible bonds	–	–	–	–	–	28,962	–	–	28,962
Deferred tax liabilities arising from the issuance of convertible bonds	–	–	–	–	–	(4,779)	–	–	(4,779)
Recognition of equity-settled share-based payments	–	–	–	–	8,794	–	–	–	8,794
Exercise of share options	–	–	–	–	(2,357)	–	–	–	(2,357)
Share options lapsed	–	–	–	–	(235)	–	–	235	–
Shares repurchased	(947)	(68,828)	947	–	–	–	–	(947)	(69,775)
Shares issued upon exercise of share options	177	8,396	–	–	–	–	–	–	8,573
Shares issued upon placement of shares	2,720	267,506	–	–	–	–	–	–	270,226
Shares issued on acquisition of a subsidiary	486	33,846	–	–	–	–	–	–	34,332
Total comprehensive expenses for the year	–	–	–	–	–	–	–	(324,815)	(324,815)
At 30 June 2014	40,155	2,436,474	1,181	35,572	6,202	24,183	2,569	(2,563,460)	(17,124)

46. EVENTS AFTER REPORTING PERIOD

On 5 August 2014, a wholly owned subsidiary of the Company entered into a sale and purchase agreement in acquiring 100% equity interest of Trans Pacific Associates Limited and its subsidiary at a consideration approximately HK$21,971,000.

47. COMPARATIVE FIGURES

Depreciation of approximately HK$2,830,000 for year ended 30 June 2013 was reclassified from administrative expenses to cost of sales to conform with current year's presentation.

Five Years Financial Summary

For the year ended 30 June 2014

RESULTS

	For the year ended 30 June				
	2014	2013	2012	2011*	2010*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)		
Revenue	**95,786**	39,098	60,385	118,351	119,613
Cost of sales	**(5,980)**	(4,597)	(9,913)	(40,222)	(53,609)
Gross profit	**89,806**	34,501	50,472	78,129	66,004
Other revenue	**10,451**	1,090	428	18,142	15,064
Gain (loss) on changes in fair value for derivative financial instruments	**–**	–	116	1,666	(37,150)
Selling and distribution costs	**(1,268)**	(690)	(201)	(15,350)	(11,093)
Administrative expenses	**(67,171)**	(69,824)	(1,136,814)	(191,905)	(983,919)
(Loss) gain on disposal of subsidiaries and associates	**–**	–	(2,606)	5,810	–
Gain on deconsolidation of a subsidiary	**–**	–	–	183,339	–
Finance costs	**(9,753)**	(10,123)	(10,303)	(7,340)	(37,165)
Share of result of a joint venture	**(2,881)**	3,250	(5,940)	–	–
Profit (loss) before taxation	**19,184**	(41,796)	(1,104,848)	72,491	(988,259)
Income tax expenses	**(6,038)**	(672)	(2,858)	(4,327)	(20,026)
Profit (loss) for the year	**13,146**	(42,468)	(1,107,706)	68,164	(1,008,285)

ASSETS AND LIABILITIES

	30-6-2014	30-6-2013	30-6-2012	30-6-2011*	30-6-2010*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)		
Total assets	**436,478**	192,985	181,211	1,292,537	2,482,042
Total liabilities	**(98,984)**	(148,094)	(133,881)	(101,384)	(506,449)
Net assets	**337,494**	44,891	47,330	1,191,153	1,975,593
Equity attributable to equity holders of the Company	**326,864**	40,077	39,824	1,136,563	1,506,573
Non-controlling interests	**10,630**	4,814	7,506	54,590	469,020
Total equity	**337,494**	44,891	47,330	1,191,153	1,975,593

* The result for each of the year ended 30 June 2010 and 2011 have not been restated with the investments in JCEs.

"Articles of Association"	Articles of Association of the Company
"Best Frontier"	Best Frontier Investments Limited, a company incorporated in British Virgin Islands
"Board"	the Board of Directors
"CCDDT"	China Culture Development Digital Technology Co., Ltd.
"CG Code"	"Code on Corporate Governance and Corporate Governance Report", Appendix 15 of GEM Listing Rules
"CGU(s)"	Cash generating unit(s)
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
"Code of Conduct"	Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Directors
"Company" or "China Vanguard" or "CVG"	China Vanguard Group Limited
"Connected"	has the meaning ascribed to this term under GEM Listing Rules
"Directors"	the Directors of the Company from time to time
"Excellent Union"	Excellent Union Communication Group Co., Limited
"GEM"	The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"INEDs"	Independent Non-Executive Directors
"JCE"	Jointly controlled entity

Glossary

"MOF"	Ministry of Finance of the People's Republic of China
"New and revised HKFRSs"	new and revised standards, amendments and interpretations
"POS"	Point of sales
"RMB"	Renminbi, the lawful currency of The People's Republic of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	Ordinary share(s) of HK$0.05 each in the share capital of the Company
"Sports Lottery"	Selected Sport lottery products in China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States Dollar, the lawful currency of United States of America
"WLA"	World Lottery Association
"WLA SCS"	WLA Security Control Standard
"YBDS"	Yunbo Digital Synergy Group Limited
"Year 2013"	financial year ended 30 June 2013
"Year 2014"	financial year ended 30 June 2014