INNO-TECH HOLDINGS LIMITED
匯創控股有限公司

Annual Report 13/14

(Incorporated in Bermuda with Limited Liability)
(Stock code：8202)

INNO-TECH HOLDINGS LIMITED
匯創控股有限公司

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

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

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

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This report, for which the directors of Inno-Tech Holdings Limited ("Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Inno-Tech Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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 in this report misleading.

Contents

BOARD OF DIRECTORS

Mr. Chen Chuan *(Chairman)*
Mr. Ang Wing Fung
Mr. Shih Yau Ting, Jackson
Mr. Lee Ho Yiu, Thomas*
Ms. Lu Di*
Mrs. Kwan Leung, Anna*

* *Independent non-executive Directors*

COMPLIANCE OFFICER

Mr. Chen Chuan

AUTHORISED REPRESENTATIVES

Mr. Chen Chuan
Mr. Ang Wing Fung

COMPANY SECRETARY

Mr. Chiang Chi Kin *(appointed on 14 August 2014)*
Mr. Cheng Wai Hei *(resigned on 14 August 2014)*

AUDIT COMMITTEE MEMBERS

Mr. Lee Ho Yiu, Thomas *(Chairman)*
Ms. Lu Di
Mrs. Kwan Leung, Anna

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 606, 6th Floor
MassMutual Tower
38 Gloucester Road
Wanchai, Hong Kong

REMUNERATION COMMITTEE MEMBERS

Mr. Ang Wing Fung *(Chairman)*
Mr. Lee Ho Yiu, Thomas
Ms. Lu Di

NOMINATION COMMITTEE MEMBERS

Mr. Chen Chuan *(Chairman)*
Mr. Lee Ho Yiu, Thomas
Mrs. Kwan Leung, Anna

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER TO THE COMPANY

Troutman Sanders (as to Hong Kong Laws)
Tang, Tso & Lau Solicitors (as to Hong Kong Laws)

PRINCIPAL BANKER

SHANGHAI COMMERCIAL BANK LIMITED

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEBSITE

http://www.it-holdings.com.hk

Note: Information contained in this website does not form part of this annual report.

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

GEM STOCK CODE

8202

Five-year Financial Summary

	Year ended 30 June 2014 HK$'000	Year ended 30 June 2013 HK$'000 (restated)	Year ended 30 June 2012 HK$'000	Year ended 30 June 2011 HK$'000	Year ended 30 June 2010 HK$'000 (restated)
Turnover	**51,375**	55,847	48,283	30,140	9,345
Cost of sales	**(76,151)**	(90,602)	(53,980)	(48,768)	(19,889)
Gross loss	**(24,776)**	(34,755)	(5,697)	(18,628)	(10,544)
Other revenue and other net income	**3,513**	517	1,050	7,530	14,634
Marketing and promotion expenses	**(1,783)**	(1,635)	(2,052)	(2,849)	(4,691)
Administrative expenses and others	**(346,204)**	(328,540)	(47,529)	(75,707)	(51,418)
Loss before income tax	**(369,250)**	(364,413)	(54,228)	(89,654)	(52,019)
Income tax	**13,041**	19,195	2,634	3,902	9,056
Loss from continuing operations	**(356,209)**	(345,218)	(51,594)	(85,752)	(42,963)
(Loss)/profit for the year from discounted operations	**(21,428)**	(1,227,545)	–	721	(184,429)
Loss for the year	**(377,637)**	(1,572,763)	(51,594)	(85,031)	(227,392)
Loss attributable to:–					
Owners of the Company	**(371,458)**	(1,563,182)	(47,160)	(82,478)	(140,706)
Non-controlling interests	**(6,179)**	(9,581)	(4,434)	(2,553)	(86,686)
	(377,637)	(1,572,763)	(51,594)	(85,031)	(227,392)

Note: The figures for the year ended 30 June 2010 have been re-presented as if the gold mining segment has been discontinued at the beginning of the year ended 30 June 2010, the earliest period presented.

The figures for the year ended 30 June 2013 have been re-represented as if the outdoor advertising on billboards and outdoor display spaces segment has been discontinued at the beginning of the year ended 30 June 2013, the earliest period presented.

	As at 30 June				
	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Total assets	**330,821**	655,713	271,900	311,365	156,725
Total liabilities	**(1,345,193)**	(1,561,742)	(59,915)	(54,253)	(101,481)
Shareholders' funds	**(1,003,814)**	(902,102)	206,756	247,449	45,795
Non-current assets	**210,483**	520,765	173,376	136,422	96,138
Current assets	**120,338**	134,948	98,524	174,943	60,587
Current liabilities	**(596,144)**	(389,315)	(48,798)	(33,046)	(47,402)
Non-current liabilities	**(749,049)**	(1,172,427)	(11,117)	(21,207)	(54,079)

On behalf of the Board of Directors, I am pleased to report the Group's results for the year ended 30 June 2014.

While the global economy recovered to a certain degree in the past year, the economic situation is, in general, still in weak condition. The gross national product of China increased by approximately 7.7% in 2013, which was slightly lower and the lowest among the past 14 years. Due to the decrease in speed of economic growth resulting from the restructure of development pace in China, customers became relatively conservative in advertisement placements. The advertising market of media is still facing a tough and competitive business environment.

With rich market experience on advertising, the Group has strived to capture every business opportunity and to maintain enduring and stable relationships with various customers, in order that a solid foundation is established for long term development.

The Group has allocated more resources on development of buses and bus stations advertising business in China, the segment has performed well with 16% increase in revenue to HK$48,411,000. The overall revenue with decrease of 8% to HK$51,375,000 was reported as a result of the scale down of investment in television advertisement business.

During the year under review, the Group has proposed to implement various transactions in order to improve the working capital and reduce the liabilities of the Group. The Group has also entered into the sale and purchase agreement pursuant to which the Group conditionally agreed to sell the sale shares of Redgate Ventures Limited ("Redgate Ventures") after the reorganisation. Upon the completion of these transactions, the Group will have sufficient working capitals and higher flexibility to seek new business opportunities for future growth and development.

On behalf of the Board of Directors, I would like to thank all of our directors, management, and staff for their support and continued dedication in the past year. I would also like to express my most sincere appreciation to the shareholders of the company (the "Shareholders") and business partners for their unrelenting trust and support to the Group.

Chen Chuan
Chairman

Hong Kong, 26 September 2014

Management Discussion and Analysis

FINANCIAL PERFORMANCE

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

The Group's loss before income tax as at 30 June 2014 was approximately HK$369,250,000 (2013: HK$364,413,000 (restated)). The loss was mainly resulted from impairment loss on goodwill, amortisation of intangible assets and finance costs on the promissory notes and convertible notes.

Basic loss per share from continuing operations as at 30 June 2014 was HK$1.59 (2013: HK$3.32 (restated)).

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

BUSINESS REVIEW

Buses and bus stations advertising business in PRC

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

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

Television advertisement business in PRC

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

PROSPECTS

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

CAPITAL STRUCTURE

During the year ended 30 June 2014, the convertible notes amounted to HK$176,052,450 were converted into 47,761,282 ordinary shares of the company.

On 24 September 2013, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 30,000,000 placing shares on a fully underwritten basis to the placee who is an independent third party at the placing price of HK$0.20 per placing share. The placing was completed on 9 October 2013.

On 3 December 2013, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 38,383,688 placing shares on a fully underwritten basis to the placees who are an independent third parties at the placing price of HK$0.18 per placing share. The placing was completed on 11 December 2013.

As at 30 June 2014, the Company's issued share capital was HK$2,701,067.85 and the number of its issued ordinary shares was 270,106,785 shares of HK$0.01 each ("Shares").

Conversion of convertible instruments

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

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$1,160,000,000 as consideration for acquisition 100% of Redgate Ventures ("Redgate CN1 & CN2"). The Redgate CN1 & CN2, with maturity date of 30 August 2015, is convertible into Shares at the conversion price of HK$3.80 per Share during the conversion period. As at 30 June 2014, the Redgate CN1 & CN2 with the principal amount of HK$470,354,044 have been converted into Shares of the Company.

CAPITAL STRUCTURE (continued)

Conversion of convertible instruments (continued)

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$140,704,206 as consideration for acquisition 100% of Redgate Ventures ("Redgate CN3"). The Redgate CN3, with maturity date of 30 August 2015, is convertible into Shares at the conversion price of HK$2.35 per Share during the conversion period. As at 30 June 2014, the Redgate CN3 with the principal amount of HK$8,952,158 have been converted into Shares of the Company.

FOREIGN CURRENCY EXCHANGE RISK

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

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

As at 30 June 2014, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB, used by the Group entities or in the HKD functional currency Group entities.

As at 30 June 2014, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

PLEDGE OF ASSETS

There were no assets pledged to third parties as at 30 June 2014 and 2013.

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS DURING THE YEAR AND FUTURE PLANS FOR MATERIAL INVESTMENTS (continued)

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

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

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

HUMAN RESOURCES

The average number of employees (including Directors) was 49 as at 30 June 2014 (2013: 56 (restated)), and the total remuneration for the year ended 30 June 2014 was approximately HK$9,276,000 (2013: HK$8,108,000 (restated)). The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: Nil) and no interim dividend was paid during the year (2013: Nil).

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period of the Group are set out in Note 45 to the financial statements.

Directors and Senior Management Profile

DIRECTORS

Mr. Chen Chuan, *aged 54*

Chairman and Executive Director

Mr. Chen Chuan ("Mr. Chen") is an executive Director and chairman of the Board of the Group. Mr. Chen is the general manager of Shanghai Zhou Jun Construction Engineering Accessories Co. Ltd.*(上海卓駿建築工程配套有限公司). Mr. Chen is an engineer and holds a Bachelor degree in Biological Engineering from School of Biotechnology of Jiangnan University. Mr. Chen currently does not hold any directorship in any other listed company in last three years.

Mr. Ang Wing Fung, *aged 41*

Executive Director

Mr. Ang Wing Fung ("Mr. Ang") is an executive director of the Group. Mr. Ang is responsible for the Group's financial operation and management. Mr. Ang is the Company Secretary and Chief Financial Officer of China Fortune Investments (Holdings) Limited (stock code: 8116) and the independent non-executive director of UKF (Holdings) Limited (stock code: 8168). All the aforesaid companies are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Save as disclosed above, Mr. Ang did not hold any directorship in any other listed companies in the past three years. Mr. Ang holds a degree of Master of Business Administration (Executive) from the City University of Hong Kong and a Bachelor degree in Accounting and Finance from the University of New South Wales, Australia. Mr. Ang is an associate member of Hong Kong Institute of Certified Public Accountants, a qualified member of CPA Australia and an associated member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Ang has over 10 years of experience in financial management, auditing and accounting in an international accounting firm and a listed company on the Stock Exchange.

Mr. Shih Yau Ting, Jackson, *aged 27*

Executive Director

Mr. Shih Yau Ting ("Mr. Shih") is an executive director of the Group. Mr. Shih is responsible for the Investors' relationship of the Group. Mr. Shih holds a Bachelor of Science Degree (Management) from the Krannert School of Management at Purdue University, the United States of America. Since his graduation in 2009, he is engaged in the e-commerce industry and business investment works in both Hong Kong and Mainland China and gains extensive experience in online trading and investment field. Apart from his directorship with the Group, Mr. Shih currently does not hold any directorship in any other listed company in last three years.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lee Ho Yiu, Thomas, *aged 36*

Independent Non-Executive Director and Chairman of Audit Committee

Lee Ho Yiu, Thomas ("Mr. Lee") is an independent non-executive director and the chairman of audit committee of the Group. Mr. Lee has extensive experience in auditing, accounting and financial management. Mr. Lee is currently a partner of Messrs. Lee, Au & Co., Certified Public Accountants. Mr. Lee previously worked as an assistant financial controller in a multinational luxury brands group and also worked at one of the big four international accounting firms. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants, a practicing member of the Hong Kong Institute of Certified Public Accountants, a certified tax advisor and member of the Hong Kong Taxation Institute, a certified internal auditor of the Institute of Internal Auditors and a certified information systems auditor of the ISACA. Mr. Lee holds a bachelor's degree in science from the University of Warwick and a second bachelor's degree in Chinese law from Tsinghua University（清華大學）in Beijing. Mr. Lee has served as an independent non-executive director of ABC Communications (Holdings) Limited (stock code: 00030) from January 2011 to February 2013. Mr. Lee is currently an independent non-executive director of Suncorp Technologies Limited (stock code: 01063), Active Group Holdings Limited (stock code: 01096) and Dongwu Cement International Limited (stock code: 0695). All the aforesaid companies are listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lee did not hold any directorship in any other listed companies in the past three years.

Ms. Lu Di, *aged 31*

Independent Non-Executive Director and Audit Committee Member

Ms. Lu Di ("Ms. Lu") is an independent non-executive director and a member of audit committee of the Group. Ms. Lu graduated from the University of Toronto, Canada with a Honours Bachelor of Commerce. Ms. Lu is currently the Brand Promotion Manager of one of the PRC online media company and she has worked in marketing field for five years. Apart from her directorship with the Group, Ms. Lu currently does not hold any directorship in any other listed company in last three years.

Mrs. Kwan Leung, Anna, *aged 52*

Independent Non-Executive Director and Audit Committee Member

Mrs. Kwan Leung, Anna ("Mrs. Kwan") is an independent non-executive Director and a member of audit committee of the Group. Mrs. Kwan has over 20 years of experience in the entertainment industry as an image and general consultant for artists in the television and film sectors. Apart from her directorship with the Group, Mrs. Kwan currently does not hold any directorship in any other listed company in last three years.

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, *aged 45*

Company Secretary

Mr. Chiang Chi Kin, Stephen ("Mr. Chiang") was appointed as the Company Secretary with effect from 14 August 2014. Mr. Chiang graduated from the University of Wolverhampton with a bachelor's degree in laws, and qualified as a solicitor of the High Court of Hong Kong in 1998. Mr. Chiang has over 16 years of experience in corporate and commercial law, company secretarial and compliance matters.

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and its subsidiaries ("Group") for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

There were no significant changes in the nature of the Company's principal activities during the year.

SEGMENT INFORMATION

An analysis of the performance of the Group for the year by operating segment is set out in note 14 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's consolidated loss for the year ended 30 June 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 36 to 146.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in Note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 34 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company are set out in Note 36 to the financial statements.

DONATIONS

No charitable donations was made by the Group during the year (2013: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the Bye-laws of Bermuda which would oblige the Company to offer new shares on a pro rate basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 24.1% and 35.9% of the total sales and purchases for the year, respectively.

MAJOR CUSTOMERS AND SUPPLIERS (continued)

The Group's largest customer and supplier accounted for approximately 6.8% and 32.0% of the total sales and purchases for the year, respectively.

None of the Directors, their associates or Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has a beneficial interest in these major customers or suppliers.

CONNECTED TRANSACTIONS

Related party transactions entered by the Group during the year ended 30 June 2014, which do not constitute connected transactions under the GEM Listing Rules are disclosed in Note 42 to the financial statements.

DIRECTORS

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

Executive Directors:

Mr. Chen Chuan
Mr. Ang Wing Fung
Mr. Shih Yau Ting, Jackson

Independent non-executive Directors:

Mr. Lee Ho Yiu, Thomas
Ms. Lu Di
Mrs. Kwan Leung, Anna

In accordance with Bye-law 86 and 87 of the Company's Bye-laws, Mr. Chen Chuan and Mr. Ang Wing Fung will hold office until the forthcoming annual general meeting; Mr. Chen Chuan and Mr. Ang Wing Fung will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Chen Chuan who is chairman and executive Director, entered into the renewal services contract with the Company for a term of two years commencing from 19 January 2013 and shall continue thereafter until terminated by either party giving to the other not less than three month notice in writing. As at 30 June 2014, none of these service contracts have been terminated by either party.

Mr. Ang Wing Fung who is executive Director, entered into the renewal services contract with the Company for a term of two years commencing from 19 February 2014 and shall continue thereafter until terminated by either party giving to the other not less than three month notice in writing. As at 30 June 2014, none of these service contracts have been terminated by either party.

DIRECTORS' SERVICE CONTRACTS (continued)

Mr. Shih Yau Ting, Jackson who is executive Director, entered into the services contract with the Company for a term of two year commencing from 18 February 2013 and shall continue thereafter until terminated by either party giving to the other not less than three month notice in writing. As at 30 June 2014, none of these service contracts have been terminated by either party.

No service contract has been entered into between the Company and the independent non-executive Directors. However, the Board has approved the statutory compensation of the independent non-executive directors on 1 July 2013 and payable on or before 30 June 2014.

Save as disclosed, none of the Directors has entered into any service agreements with any member of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and senior management of the Group are set out on pages 10 and 11 of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in Note 11 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the year or at any time during the year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna an annual confirmation of her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the independent non-executive Directors to be independent.

SHARE OPTION

The Company adopted a share option scheme on 23 November 2012 ("New Scheme") to replace the share option scheme adopted on 5 July 2012 ("Old Scheme") which has been expired on 5 July 2012. Up to 30 June 2014 there were 169,954 share options granted to the grantees and there were 107,809 shares options under the Old Scheme exercised and 2 share options has been lapsed. The remaining 62,143 share options under the Old Scheme will lapse from 20 September 2015 to 14 January 2020. Details of which were as follows:

		Number of share options						
	Date of grant	Outstanding as at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30 June 2014	Option period	Exercise price per share
Other employees and consultants	6 January 2004	2	–	–	(2)	–	6 January 2004 to 5 January 2014	HK$837.20
	20 September 2005	263	–	–	–	263	20 September 2005 to 19 September 2015	HK$433.80
	23 August 2007	18,338	–	–	–	18,338	23 August 2007 to 22 August 2017	HK$2,397.40
	9 September 2008	8,107	–	–	–	8,107	9 September 2008 to 8 September 2018	HK$662.20
	11 September 2008	5,781	–	–	–	5,781	11 September 2008 to 10 September 2018	HK$742.00
	16 December 2008	5,781	–	–	–	5,781	16 December 2008 to 15 December 2018	HK$290.00
	17 February 2009	3,154	–	–	–	3,154	17 February 2009 to 16 February 2019	HK$376.80
	29 May 2009	3,154	–	–	–	3,154	29 May 2009 to 28 May 2019	HK$334.80
	31 December 2009	1,798	–	–	–	1,798	31 December 2009 to 30 December 2019	HK$171.20
	15 January 2010	15,767	–	–	–	15,767	15 January 2010 to 14 January 2020	HK$277.80
Total		62,145	–	–	(2)	62,143		

INTERESTS OF THE DIRECTORS OR CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Directors' and chief executives' interest in the Company

As at 30 June 2014, none of the Directors nor the chief executives of the Company had any other interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURE ORDINANCE OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares 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 is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Number of Shares interested	Number of underlying Shares interested	Total number of Shares and underlying Shares interested	Approximately percentage of shareholding
Media Chief Limited	Beneficial owner	–	14,238,220		
	Interested of controlled corporation (Note 1)	28,178,946	49,210,526	91,627,692	33.92%
Carraway Holdings Limited	Beneficial owner	28,178,946	49,210,526	77,389,472	28.65%
Kuwait China Investment Company K.S.C.	Beneficial owner	–	29,285,422	29,285,422	10.84%
United Industrial Services Limited	Beneficial owner	8,368,550	19,340,012	27,708,562	10.26%
Uni-Asia Limited	Beneficial owner	–	20,114,942	20,114,942	7.45%
Universal Portfolio Holdings Limited	Interested of controlled corporation (Note 2)	–	20,114,942	20,114,942	7.45%
Yasmine Holdings Limited	Interested of controlled corporation (Note 3)	–	20,114,942	20,114,942	7.45%

Name of shareholders	Capacity	Number of Shares interested	Number of underlying Shares interested	Total number of Shares and underlying Shares interested	Approximately percentage of shareholding
Hamilton Trust and Management Company Limited	Interested of controlled corporation (Note 4)	–	20,114,942	20,114,942	7.45%
Al-Saleh Fawzi M	Interested of controlled corporation (Note 5)	–	20,114,942	20,114,942	7.45%
AsiaStar IT Fund LP	Beneficial owner	5,903,359	12,856,060	18,759,419	6.95%
Peter Bush Brack	Beneficial owner	4,715,838	9,126,266	13,842,104	5.12%

Notes:

1. Carraway Holdings Limited is beneficially owned as to 51% by Media Chief Limited. Therefore Media Chief Limited is deemed to be interested in the shares of Carraway Holdings Limited.

2. Uni-Asia Limited is beneficially owned as to 100% by Universal Portfolio Holdings Limited. Therefore Universal Portfolio Holdings Limited is deemed to be interested in the shares of Uni-Asia Limited.

3. Universal Portfolio Holdings Limited is beneficially owned as to 90% by Yasmine Holdings Limited. Therefore Yasmine Holdings Limited is deemed to be interested in the shares of Universal Portfolio Holdings Limited.

4. Yasmine Holdings Limited is beneficially owned as to 100% by Hamilton Trust and Management Company Limited. Therefore Hamilton Trust and Management Company Limited is deemed to be interested in the shares of Yasmine Holdings Limited.

5. Hamilton Trust and Management Company Limited is beneficially owned as to 100% by Al-Saleh Fawzi M. Therefore Al-Saleh Fawzi M is deemed to be interested in the shares of Hamilton Trust and Management Company Limited.

Save as disclosed above, as at 30 June 2014, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares 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 is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2014 are set out in Note 18 to the financial statements.

CONVERTIBLE SECURITIES

Details of convertible securities of the Group are set out in Note 31 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2014, no director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 30 June 2014, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

MANAGEMENT CONTRACTS

As at 30 June 2014, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

COMPETING AND CONFLICT OF INTERESTS

As at 30 June 2014, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) have engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

CODE ON CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 ("Securities Code") of the GEM Listing Rules. During the year ended 30 June 2014, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Securities Code.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 23 to 29.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 June 2014, the Group employed a total of 49 employees (2013: 56 (restated)). Staff costs, excluding Directors' remuneration, decreased by approximately 9.5% to approximately HK$5,195,000 (2013: approximately HK$5,739,000 (restated)). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees.

The Company adopted the New Scheme where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. No share options have been granted to the eligible participants under the New Scheme during the Year.

RETIREMENT BENEFIT PLANS

Other than operating the statutory mandatory provident fund scheme for Hong Kong employees and participating in social insurance for its employees in the PRC in accordance with the relevant PRC regulations, the Group has not operated any other retirement benefits schemes for the Group's employees.

LITIGATION

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

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

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

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

LITIGATION (continued)

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

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

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

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

Save as discussed above, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee was set up on 5 July 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee ("AC") are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this annual report, the AC comprises of three members, Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna, all being independent non-executive Directors. The AC held four meetings during the year. The Group's audited results for the year ended 30 June 2014 have been reviewed by the AC, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. The AC is chaired by Mr. Lee Ho Yiu, Thomas.

REMUNERATION COMMITTEE

A remuneration committee ("RC") was set up in July 2008 with written terms of reference to oversee the RC policy and structure for all Directors and senior management. As of the date of this annual report, the RC comprised three members, namely Mr. Ang Wing Fung, being an executive Director, Mr. Lee Ho Yiu, Thomas and Ms. Lu Di, all being independent non-executive Directors. The role and function of the RC include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors. The RC is chaired by Mr. Ang Wing Fung.

NOMINATION COMMITTEE

The nomination committee ("NC") was set up on 18 January 2012 with written terms of references to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. As at the date of this annual report, the NC comprised of three members, namely Mr. Chen Chuan, being an executive Director, Mr. Lee Ho Yiu, Thomas and Mrs. Kwan Leung, Anna, all being independent non-executive Directors. The role and function of the NC include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive. The NC is chaired by Mr. Chen Chuan.

AUDITORS

The consolidated financial statements for the year ended 30 June 2014 have been audited by HLB Hodgson Impey Cheng Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.it-holdings.com.hk.

On behalf of the Board
INNO-TECH HOLDINGS LIMITED
Chen Chuan
Chairman

Hong Kong, 26 September 2014

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 ("Securities Code") of the GEM Listing Rules. During the year ended 30 June 2014, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Securities Code.

BOARD OF DIRECTORS

At present, the Board of the Company comprises ten members are as follows:

Executive Directors:

Mr. Chen Chuan
Mr. Ang Wing Fung
Mr. Shih Yau Ting, Jackson

Independent non-executive Directors:

Mr. Lee Ho Yiu, Thomas
Ms. Lu Di
Mrs. Kwan Leung, Anna

Biographical details of each Director is set out in the section headed "Directors and Senior Management" on pages 10 to 11 of this annual report.

There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

The Company believes that it is headed by an effective Board, lead by Mr. Chen Chuan, which assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

BOARD OF DIRECTORS (continued)

The Board meets regularly on a quarterly basis. Apart from the regular Board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Communication with key stakeholders, including Shareholders and regulatory bodies; and
- Recommendation to Shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

Decisions regarding the daily operation and administration of the Company are delegated to the management, led by the chief executive officer, Mr. Ang Wing Fung.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates Shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

BOARD OF DIRECTORS (continued)

The Board has normally scheduled four regular meetings a year each at quarterly interval and meets as and when required. During the year ended 30 June 2014, the Board held 7 full board meetings and the attendance of each director is set out as follows:

Directors	Number of attendance
Mr. Chen Chuan	7/7
Mr. Ang Wing Fung	7/7
Mr. Shih Yau Ting, Jackson	7/7
Mr. Lee Ho Yiu, Thomas	7/7
Ms. Lu Di	5/7
Mrs. Kwan Leung, Anna	5/7

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

To ensure the compliance with the new CG Code, the role of the Chairman and Chief Executive Officer of the Company has been segregated. Currently, the Chairman and Chief Executive Officer of the Company are Mr. Chen Chuan and Mr. Ang Wing Fung respectively.

The Chairman's and the Chief Executive Officer's responsibility is to manage the Board and the Group's day-to-day business, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent non-executive Directors, namely Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna respectively.

The three independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in the Bye-laws of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Each of the independent non-executive Director has made written annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non– executive Directors meet the independence guidelines as set out in the Rule 5.09 of the GEM Listing Rules that could materially interfere with the exercise of their judgment.

APPOINTMENT, RE-ELECTION AND REMOVAL

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of two years subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company. In the case of Mr. Chen Chuan, his service term commenced on 19 January 2011 and renew on 19 January 2013; in the case of Mr. Ang Wing Fung, his service term commenced on 19 February 2012 and renew on 19 February 2014; and in the case of Mr. Shih Yau Ting, Jackson, his service term commenced on 18 February 2013.

APPOINTMENT, RE-ELECTION AND REMOVAL (continued)

Each of the independent non-executive Directors was appointed for a specific term of two years, subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company. In the case of Mr. Lee Ho Yiu, Thomas, his appointment term commenced on 21 January 2013; in the case of Ms. Lu Di, her appointment term commenced on 15 December 2010 and renew on 15 December 2012; and in the case of Mrs. Kwan Leung, Anna, her appointment term commenced on 2 April 2012 and renew on 2 April 2014.

In accordance with the articles of association of the Company, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

None of the Directors has a service contract with any member of the Group which is not determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

BOARD COMMITTEE

The Board has established three committees, namely audit committee, nomination committee and remuneration committee, to oversee particular aspects of the Company's affairs. Their respective terms of reference are set out in the Company's website.

AUDIT COMMITTEE

The audit committee ("AC") of the Company comprises all independent non-executive Directors and headed by Mr. Lee Ho Yiu, Thomas. The AC performs, amongst others, the following functions:

- ensure that co-operation is given by the Company's management to the external auditors where applicable;
- review the Group's quarterly, half-yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;
- review the Group's financial reporting process and internal control system; and
- review of transactions with connected persons (as if any).

AUDIT COMMITTEE (continued)

Details of the attendance of the AC meetings are as follows during the current year ended under reviewed:

Name of members	Number of attendance
Mr. Lee Ho Yiu, Thomas	4/4
Ms. Lu Di	4/4
Mrs. Kwan Leung, Anna	3/4

NOMINATION COMMITTEE

The nomination committee ("NC") was set up on 18 January 2012 with written terms of references to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC is chaired by Mr. Chen Chuan, being Chairman of the Board, and two other members, Mr. Lee Ho Yiu, Thomas and Mrs. Kwan Leung, Anna, all being independent non-executive Directors. The role and function of the NC include identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors.

Details of the attendance of the NC meetings are as follows during the current year ended under reviewed:

Name of members	Number of attendance
Mr. Chen Chuan	1/1
Mr. Lee Ho Yiu, Thomas	1/1
Mrs. Kwan Leung, Anna	1/1

REMUNERATION COMMITTEE

The remuneration committee ("RC") was established in July 2008 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is chaired by Mr. Ang Wing Fung, being executive Director, and two other members, namely, Mr. Lee Ho Yiu, Thomas and Ms. Lu Di, all being independent non-executive Directors. The role of the RC is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

The remuneration package for executive Directors comprises a basic salary and a performance related bonus for their contributions in according to the CG Code B.1.2(c)(ii). All revision to the remuneration packages of the Directors are subject to the review and approval of the Board. Details of Directors' remuneration are set out in note 11 to the financial statements in this annual report.

The Company has conditionally adopted the New Scheme on 23 November 2012. The purpose of the New Scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

REMUNERATION COMMITTEE (continued)

Details of the attendance of the RC meetings are as follows during the current year ended under reviewed:

Name of members	Number of attendance
Mr. Ang Wing Fung	1/1
Mr. Lee Ho Yiu, Thomas	1/1
Ms. Lu Di	1/1

AUDITORS' REMUNERATION

During the year ended 30 June 2014, the fees paid to the auditors in respect of audit and non-audit services provided by the auditors of the Group were as follows:

	2014	2013
	HK$'000	HK$'000
Audit services	**1,000**	1,000
Non-audit services	–	297

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, half-yearly and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The above statement, which should be read in conjunction with the independent auditors' report, is made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

INTERNAL CONTROL

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

COMPANY SECRETARY

The company secretary of the Company ("Company Secretary") is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. And all Directors have access to the advice and services of the Company Secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations, are followed. During the year, the Company fully complied with Rules 5.14 of the GEM Listing Rules.

As at 30 June 2014, the Company Secretary is Mr. Cheng Wai Hei ("Mr. Cheng"), who resigned on 14 August 2014, and a written confirmation had been received by the Company from Mr. Cheng to confirm he took not less than 15 hours of relevant professional training during the current year ended under reviewed. The Company is on the view that Mr. Cheng comply with the GEM Listing Rule of 5.15.

SHAREHOLDERS' RIGHT

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

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room 606, 6th Floor MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

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

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF INNO-TECH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Inno-Tech Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 146, which comprises the consolidated and Company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss, 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 and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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 as to whether the consolidated financial statements are free from material misstatement. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

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

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

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

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

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

BASIS FOR DISCLAIMER OF OPINION (continued)

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

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

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

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

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

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

BASIS FOR DISCLAIMER OF OPINION (continued)

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

Included in the consolidated statement of financial position as at 30 June 2014 was the goodwill and intangible assets of the Group with net carrying amounts of approximately HK$3,527,000 and HK$198,932,000 in relation to subsidiaries engaged in the television advertisements business. In view of continuous loss making from the television advertisements business, the directors are of the opinion that the carrying amounts of the goodwill and intangible assets in the consolidated statement of financial position exceeded their recoverable amounts, and therefore, based on business valuations as at the end of the reporting period, an impairment loss on goodwill of approximately HK$274,902,000 was made. However, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the reasonableness of the bases and assumptions used by the directors in arriving at the business valuations performed as at the end of the reporting period, and therefore as to whether the carrying amounts of the goodwill and intangible assets as at 30 June 2014 of approximately HK$3,527,000 and HK$198,932,000 and the impairment loss on goodwill provided during the year then ended of approximately HK$274,902,000, including any related tax impact, are fairly stated. Any adjustment to the goodwill and intangible assets and impairment losses would have a consequential impact on the Group's net liabilities as at 30 June 2014 and its loss and cash flows for the year then ended, the amount of the interests in subsidiaries in the Company's statement of financial position as at 30 June 2014 and the results of the Company for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(c) Material uncertainty relating to the going concern basis

As disclosed in note 3(c) to the consolidated financial statements, the Group incurred a gross loss of approximately HK$24,776,000 and a loss attributable to owners of the Company of approximately HK$371,458,000 for the year ended 30 June 2014 and had net liabilities and net current liabilities of approximately HK$1,014,372,000 and HK$475,806,000 as at 30 June 2014 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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

BASIS FOR DISCLAIMER OF OPINION (continued)

(c) Material uncertainty relating to the going concern basis (continued)

In the absence of sufficient documentary evidence, we were unable to ascertain whether the assumptions made by the directors of the Company in the preparation of the consolidated financial statements on a going concern basis were fair and reasonable. Accordingly, we were unable to satisfy ourselves that the use of the going concern assumption was appropriate. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the appropriateness of the use of the going concern assumption, which might have a consequential significant effect on the net liabilities of the Group and the Company as at 30 June 2014 and the loss of the Group for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(d) Scope limitation – Opening balances and corresponding figures

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

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

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

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

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

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai Alex
Practising Certificate Number: P05029

Hong Kong, 26 September 2014

Consolidated Statement of Profit or Loss

For the year ended 30 June 2014

	Notes	**2014 HK$'000**	2013 HK$'000 (Restated)
Continuing operations			
Turnover	5	**51,375**	55,847
Cost of sales		**(76,151)**	(90,602)
Gross loss		**(24,776)**	(34,755)
Other revenue	6	**3,511**	18
Other net income	6	**2**	499
Marketing and promotion expenses		**(1,783)**	(1,635)
Administrative expenses		**(28,363)**	(21,041)
Finance costs	7	**(44,007)**	(41,941)
Changes in fair value of financial assets at fair value through profit or loss		**18**	(15)
Changes in fair value of derivative financial instruments		**1,284**	510
Change in fair value of purchase consideration payable		**–**	4,258
Impairment loss on intangible assets		**–**	(13,232)
Impairment loss on goodwill		**(274,902)**	(179,313)
Impairment loss on available-for-sale financial assets	19	**(234)**	(77,766)
Loss before income tax	8	**(369,250)**	(364,413)
Income tax	9	**13,041**	19,195
Loss for the year from continuing operations		**(356,209)**	(345,218)
Discontinued operations			
Loss for the year from discontinued operations	10	**(21,428)**	(1,227,545)
Loss for the year		**(377,637)**	(1,572,763)
Loss for the year attributable to:			
Owners of the Company		**(371,458)**	(1,563,182)
Non-controlling interests		**(6,179)**	(9,581)
		(377,637)	(1,572,763)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic (HK$ per share)	13	**(1.66)**	(15.23)
– Diluted (HK$ per share)	13	**(1.66)**	(15.23)
From continuing operations			
– Basic (HK$ per share)	13	**(1.59)**	(3.32)
– Diluted (HK$ per share)	13	**(1.59)**	(3.32)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

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

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	**2014 HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	15	**1,167**	870
Intangible assets	16	**205,789**	241,231
Goodwill	17	**3,527**	278,429
Available-for-sale financial assets	19	**–**	235
		210,483	520,765
Current assets			
Financial assets at fair value through profit or loss	21	**42**	24
Accounts receivable	22	**3,130**	31,944
Prepayments, deposits and other receivables	23	**7,874**	57,651
Prepaid advertising placement service costs	24	**–**	18,699
Derivative financial assets	31	**–**	126
Tax recoverable	32	**220**	1,371
Cash and cash equivalents	25	**1,704**	25,133
		12,970	134,948
Assets classified as held for sale	26	**107,368**	–
		120,338	134,948
Current liabilities			
Trade payables, accrued expenses and other payables	27	**42,647**	334,148
Purchase consideration payable		**196**	196
Borrowings	29	**20,400**	20,400
Promissory notes	30	**158,913**	–
Convertible notes	31	**36,296**	–
Derivative financial liabilities	31	**5**	1,510
Tax payable	32	**16,888**	33,061
		275,345	389,315
Liabilities directly associated with assets classified as held for sale	26	**320,799**	–
		596,144	389,315
Net current liabilities		**(475,806)**	(254,367)
Total assets less current liabilities		**(265,323)**	266,398

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Promissory notes	30	–	152,563
Convertible notes	31	**693,458**	947,094
Deferred taxation	33	**55,591**	72,770
		749,049	1,172,427
Net liabilities		**(1,014,372)**	(906,029)
Equity			
Share capital	34	**2,701**	1,540
Reserves	36(a)	**(1,006,515)**	(903,642)
Equity attributable to owners of the Company		**(1,003,814)**	(902,102)
Non-controlling interests	36(a)	**(10,558)**	(3,927)
Total equity		**(1,014,372)**	(906,029)

The consolidated financial statements on pages 36 to 146 were approved and authorised for issue by the Board of Directors on 26 September 2014 and are signed on its behalf by:

Chen Chuan	**Ang Wing Fung**
Director	*Director*

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	15	**1,015**	404
Interests in subsidiaries	18	**–**	–
		1,015	404
Current assets			
Prepayments, deposits and other receivables	23	**290**	479
Amounts due from subsidiaries	20(a)	**–**	–
Derivative financial assets	31	**–**	126
Cash and cash equivalents	25	**38**	55
		328	660
Current liabilities			
Accrued expenses and other payables	27	**16,232**	15,467
Purchase consideration payable		**196**	196
Derivative financial liabilities	31	**5**	1,510
Amount due to a subsidiary	20(b)	**9,390**	9,390
Borrowings	29	**20,400**	20,400
Promissory notes	30	**158,913**	–
Convertible notes	31	**36,296**	–
		241,432	46,963
Net current liabilities		**(241,104)**	(46,303)
Total assets less current liabilities		**(240,089)**	(45,899)
Non-current liabilities			
Promissory notes	30	**–**	152,563
Convertible notes	31	**693,458**	947,094
Deferred taxation	33	**4,145**	12,463
		697,603	1,112,120
Net liabilities		**(937,692)**	(1,158,019)
Equity			
Share capital	34	**2,701**	1,540
Reserves	36(b)	**(940,393)**	(1,159,559)
Equity attributable to owners of the Company		**(937,692)**	(1,158,019)

The financial statements on pages 36 to 146 were approved and authorised for issue by the Board of Directors on 26 September 2014 and are signed on its behalf by:

Chen Chuan	**Ang Wing Fung**
Director	*Director*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Convertible notes reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Attributable to owners of the company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2012	95	225,775	38,714	–	52,959	43	(446)	–	(110,384)	206,756	5,229	211,985
Loss for the year	–	–	–	–	–	–	–	–	(1,563,182)	(1,563,182)	(9,581)	(1,572,763)
Other comprehensive loss for the year:												
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	(489)	–	–	(489)	(546)	(1,035)
Total comprehensive loss for the year	–	–	–	–	–	–	(489)	–	(1,563,182)	(1,563,671)	(10,127)	(1,573,798)
Issue of convertible notes	–	–	–	28,011	–	–	–	–	–	28,011	–	28,011
Issue of convertible note upon acquisition of subsidiaries	–	–	–	30,784	–	–	–	–	–	30,784	–	30,784
Deferred tax liability arising on convertible notes	–	–	–	(27,092)	–	–	–	–	–	(27,092)	–	(27,092)
Issue of shares pursuant to the conversion of convertible notes	1,228	436,681	–	(21,619)	–	–	–	–	–	416,290	–	416,290
Issue of shares pursuant to the placing	217	7,270	–	–	–	–	–	–	–	7,487	–	7,487
Share placement expenses	–	(667)	–	–	–	–	–	–	–	(667)	–	(667)
Non-controlling interests arising on acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	–	971	971
At 30 June 2013 and 1 July 2013	1,540	669,059	38,714	10,084	52,959	43	(935)	–	(1,673,566)	(902,102)	(3,927)	(906,029)
Loss for the year	–	–	–	–	–	–	–	–	(371,458)	(371,458)	(6,179)	(377,637)
Other comprehensive income for the year:												
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	94	–	–	94	75	169
Total comprehensive loss for the year	–	–	–	–	–	–	94	–	(371,458)	(371,364)	(6,104)	(377,468)
Issue of shares pursuant to the conversion of convertible notes	477	259,620	–	(2,024)	–	–	–	–	–	258,073	–	258,073
Issue of shares pursuant to the placing	684	12,225	–	–	–	–	–	–	–	12,909	–	12,909
Share placement expenses	–	(587)	–	–	–	–	–	–	–	(587)	–	(587)
Change in ownership interest of a subsidiary (note 43)	–	–	–	–	–	–	–	(743)	–	(743)	(527)	(1,270)
At 30 June 2014	**2,701**	**940,317**	**38,714**	**8,060**	**52,959**	**43**	**(841)**	**(743)**	**(2,045,024)**	**(1,003,814)**	**(10,558)**	**(1,014,372)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss for the year			
– Continuing operations		**(356,209)**	(345,218)
– Discontinued operations		**(21,428)**	(1,227,545)
		(377,637)	(1,572,763)
Adjustments for:			
Income tax	9	**(13,041)**	(148,424)
Depreciation	15	**394**	1,586
Impairment loss on accounts receivable		**–**	400
Impairment loss on other receivables	23	**9,770**	–
Amortisation of intangible assets	16	**35,442**	142,386
Interest income		**(96)**	(61)
Dividend income	6	**(2)**	(2)
Impairment loss on intangible assets	16	**–**	426,322
Impairment loss on goodwill	17	**274,902**	996,804
Impairment loss on available-for-sale financial assets	19	**234**	77,766
Change in fair value of derivative financial instruments		**(1,284)**	(510)
Loss on disposal of property, plant and equipment		**–**	47
Change in fair value of financial assets at fair value through profit or loss		**(18)**	15
Finance costs	7	**44,007**	45,171
Change in fair value of purchase consideration payable		**–**	(4,258)
Written-off of prepaid advertising service costs		**–**	437
Operating cash flows before movements in working capital		**(27,329)**	(35,084)
(Increase)/decrease in accounts receivable		**(8,666)**	4,889
Increase in prepayments, deposits and other receivables		**(5,591)**	(28,817)
Decrease in prepaid advertising placement service costs		**12,901**	34,712
Increase in trade payables, accrued expenses and other payables		**13,128**	33,187
Cash (used in)/generated from operations		**(15,557)**	8,887
PRC tax paid		**(15)**	(282)
Net cash (used in)/generated from operating activities		**(15,572)**	8,605

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Net cash outflow for acquisition of subsidiaries	37, 43	**(1,270)**	(199,795)
Interest received		**96**	61
Dividend received		**2**	2
Payment for purchase of property, plant and equipment		**(884)**	(113)
Proceeds from disposal of property, plant and equipment		**–**	7
Net cash used in investing activities		**(2,056)**	(199,838)
Cash flows from financing activities			
Proceeds from borrowings		**–**	16,000
Net proceeds from issue of convertible notes		**–**	194,000
Net proceeds from issue of new shares		**12,322**	6,820
Interest paid		**–**	(4,399)
Net cash generated from financing activities		**12,322**	212,421
Net (decrease)/increase in cash and cash equivalents		**(5,306)**	21,188
Effect of foreign exchange rate changes		**176**	(474)
Cash and cash equivalents at the beginning of the year		**25,133**	4,419
Cash and cash equivalents at the end of the year		**20,003**	25,133
Analysis of balances of cash and cash equivalents:			
Being:			
Cash and cash equivalents	25	**1,704**	25,133
Cash and cash equivalents included in assets classified as held for sales	26	**18,299**	–
		20,003	25,133

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 July 2013.

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

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

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

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

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
6 Effective for annual periods beginning on or after 1 January 2016.
7 Effective for annual periods beginning on or after 1 January 2017.
8 Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 Financial Instruments

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

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

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

HKFRS 9 Financial Instruments (continued)

Key requirements of HKFRS 9 are described below:

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

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

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

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

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

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

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Similar relief will be included in HKFRS 9.

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

HK(IFRIC) – Int 21 Levies

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(c) Basis of preparation of the consolidated financial statements

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation of the consolidated financial statements (continued)

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

1. *Alternative source of external funding*

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

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

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

3. *Necessary debt reduction plan*

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation of the consolidated financial statements (continued)

3. Necessary debt reduction plan (continued)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Subsidiaries and non-controlling interests

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiaries and non-controlling interests (continued)

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the company even if this results in the non-controlling interests having a deficit balance.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 3(g), (s) or (w) depending on the nature of the liability.

In the Company's statement of financial position, investments in subsidiaries and amounts due from subsidiaries are carried at cost less impairment losses (see note 3(l)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(f) Business combination

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

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

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

– liabilities or equity instruments related to the share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Business combination (continued)

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

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goodwill

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

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

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

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

(h) Other investments in debt and equity securities

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

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

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

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the consolidated statement of financial position at amortised cost less impairment losses (see note 3(l)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 3(l)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other investments in debt and equity securities (continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investment is recognised in profit or loss in accordance with the policy set out in note 3v(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 3v(iii). When these investments are derecognised or impaired (see note 3(l)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

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

(i) Property, plant and equipment

(i) Valuation

Property, plant and equipment are stated in the consolidated and company statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any (see note 3(l)).

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(ii) Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method as follows:

Leasehold improvements	Over the remaining terms of the leases but not exceeding 5 years
Furniture and fixtures	5 years
Equipment	5 years
Motor vehicle	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

(iii) Disposals

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

(j) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses (see note 3(l)).

Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Patents and trademarks	15 years
Computer software	5 years

(ii) Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Licenses	4 to 7 years
Customer relationship	3.3 to 6.3 years
Non-competition agreements	2 years
Media co-operation agreement	4.3 to 9.2 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets (continued)

(iii) Derecognition of intangible assets

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

(k) Leased assets

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

Operating lease charges

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

(l) Impairment of assets

(i) Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(i) Impairment of financial assets (continued)

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

– significant financial difficulty of the debtor; or

– breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

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

– interest in subsidiaries and associates;

– property, plant and equipment;

– intangible assets; and

– goodwill

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

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

(ii) Recognition of impairment losses

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

(iii) Reversals of impairment losses

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

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

(m) Trade and other receivables

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

(n) Cash and cash equivalents

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

(o) Employee benefits

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(ii) Share-based payments

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

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

(iii) Termination benefits

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

(p) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

(iii) (continued)

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

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

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

– the same taxable entity; or

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

(q) Trade and other payables

Trade and other payables are initially measured at fair value and thereafter stated at amortised cost, except for short-term payable with no stated interest rate and the effect of discounting being immaterial that are measured at their original invoice amount.

(r) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 3r(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 3r(iii).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities (continued)

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

(iii) 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 nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Convertible notes

(i) Convertible notes that contain an equity component

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Convertible notes (continued)

(ii) Other convertible notes

Convertible notes which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments (see note 3(t)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 3(t). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

(t) Derivative financial instruments

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

(u) Interest-bearing borrowings

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

(v) Revenue recognition

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

(i) Residential intranet and software application design services

Revenue arising from the provision of residential intranet and software application design services is recognised when the underlying services are rendered, which is estimated by apportionment over the expected duration of each engagement, and the outcome of the contract can be estimated with reasonable certainty.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(ii) Advertising service

Revenue from outdoor advertising spaces is recognised on a time proportion basis over the terms of the agreements.

Revenue from the provision of outdoor advertising displays and media advertisements agency services are recognised over the term of the relevant contracts and to the extent of services rendered or recognised on a time proportion basis over the terms of the agreements.

(iii) Interest income

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

(iv) Dividend income

Dividend income from securities and other investments is recognised when the right to receive payment is established.

(w) Borrowing costs

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

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

(x) Promissory notes

Promissory notes are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

Parties are considered to be related to the Group if:

(1) 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 of a parent of the Group.

(2) An entity is related to the Group if any of the following condition 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 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 party.

(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. If the Group is itself such a plan, the sponsorship employers are also related to the Group.

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

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(z) Foreign currencies

The financial statements are presented in Hong Kong Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Foreign currencies (continued)

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Discontinued operations

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

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

When an operation is classified as discontinued, a single amount is presented on the face of the profit or loss, which comprises:

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

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

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

(ac) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Non-current assets held for sale (continued)

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are readily apparent from other sources. The estimates, judgments and associated assumptions are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(i) Impairment loss on accounts receivable, prepaid advertising placement services costs and other receivables

The Group's management determines the provision for impairment loss of accounts receivables, prepaid advertising placement service costs and other receivables based on an assessment of the recoverability of the receivables and prepayments. This assessment is based on the credit history of its customers and subsequent sales conditions and the current market condition. Management reassesses the provision at the end of each reporting period.

(ii) Valuation of share options

The Binominal Option Pricing Model and Black-Scholes Option Pricing Model were applied to estimate the fair value of share options granted by the Company and certain of its subsidiaries. These pricing models require the input of highly subjective assumptions, including the volatility of share price. The changes in input assumptions can materially affect the fair value estimate.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(iii) Derivative financial instruments

The directors of the Company use their judgment in selecting an appropriate valuation technique to determine the fair value of embedded conversion option and call option of the convertible notes. Valuation techniques commonly used by market practitioners are applied. The fair values of convertible notes are determined by the Black-Scholes Option Pricing Model that incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because the model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. Details of the assumptions used are disclosed in note 31.

(iv) Impairment of intangible assets and property, plant and equipment

In considering the impairment losses that may be required for the Group's other intangible assets and property, plant and equipment, recoverable amounts of the assets need to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as the level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and amount of operating costs. Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit-worthiness and past collection history of each individual customer. An increase or decrease in the above impairment losses would affect the net profit of the Group in future years.

(v) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with HKAS 36 "Impairment of Assets" ("HKAS 36"). The calculations of recoverable amounts of cash-generating units require the use of estimates. Had the pre-tax discount rate, revenue growth rate and terminal growth rate applied to the discounted cash flow been different from the management's estimate, the goodwill might result in impairment. Details of the assumptions are described in note 17.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(vi) Impairment of available-for-sale financial assets

Management reviews the recoverability of the Group's available-for-sale investments with reference to current market environment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceeds their corresponding recoverable amounts. Appropriate impairment for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the asset is impaired. In determining whether impairment on available-for-sale investments is required, the Group takes into consideration the current market environment and the estimates of future cash flows which the Group expects to receive. Impairment is recognised based on the present value of estimated future cash flows. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these available-for-sale investments, additional impairment loss may be required.

(vi) Current tax and deferred tax

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and current tax charges in the period in which such estimates have been changed.

5. TURNOVER

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

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

6. OTHER REVENUE AND OTHER NET INCOME

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

7. FINANCE COSTS

	The Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Continuing operations:		
Interest on other borrowings wholly repayable within five years	**–**	1,169
Imputed interest on promissory notes (note 30)	**6,350**	5,095
Imputed interest on convertible notes (note 31)	**37,657**	35,677
Total interest expenses on financial liabilities not at fair value through profit or loss	**44,007**	41,941

8. LOSS BEFORE INCOME TAX

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

	The Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
(a) Staff cost (including directors' emolument):		
Continuing operations:		
Contributions to defined contribution plan	**697**	623
Salaries, wages and other benefits	**8,579**	7,485
	9,276	8,108
Number of employees	**49**	56
(b) Other items		
Continuing operations:		
Amortisation of intangible assets	**35,442**	38,550
Auditors' remuneration	**1,000**	1,000
Depreciation on property, plant and equipment	**295**	266
Operating lease charges in respect of office premises	**658**	652
Exchange loss, net	**495**	–
Impairment loss on available-for-sale financial assets (note 19)	**234**	77,766
Impairment loss on intangible assets (note 16)	**–**	13,232
Impairment loss on goodwill (note 17)	**274,902**	179,313
Changes in fair value of financial assets at fair value through profit or loss	**(18)**	15
Changes in fair value of derivative financial instruments	**(1,284)**	(510)
Changes in fair value of purchase consideration payable	**–**	(4,258)
Impairment loss on other receivables (note 23)	**9,770**	–

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

9. INCOME TAX

The Group

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

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

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: HK$ Nil).

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

(ii) The tax credit for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss as follows:

	2014 HK$'000	2014 %	2013 HK$'000 (restated)	2013 %
Loss before income tax (from continuing operations)	**(369,250)**		(364,413)	
Notional tax on loss before income tax, calculated at rates applicable to profits in the countries concerned	**(87,840)**	**(23.8)**	(80,023)	(22.0)
Tax effect of expenses not deductible for tax purpose	**75,379**	**20.4**	59,335	16.3
Tax effect of income not taxable for tax purpose	**(580)**	**(0.1)**	(4)	–
Tax effect of tax losses not recognised	**–**	**–**	1,497	0.4
Income tax credit and effective tax rate for the year	**(13,041)**	**(3.5)**	(19,195)	(5.3)

10. DISCONTINUED OPERATIONS

On 25 April 2014, the Company entered into the conditional sale and purchase agreement (the "Sale and Purchase Agreement") that outdoor advertising on billboards and outdoor display spaces operation were discontinued following the disposal of Redgate Ventures Limited ("Redgate"), a direct wholly-owned subsidiary of the Company, and its subsidiaries (collectively known as the "Redgate Group"), which carried out all of the Group's outdoor advertising on billboards and outdoor display spaces operation. As the conditions precedent to the Sale and Purchase Agreement have not been fulfilled on or before 31 August 2014, being the long stop date for the fulfillment of the conditions, the Company and the purchaser agreed to terminate the Sale and Purchase Agreement. Accordingly, the Company and the purchaser entered into the termination deed on 1 September 2014 pursuant to which the parties agreed that the Sale and Purchase Agreement be terminated and all antecedent obligations and liabilities of the parties under the Sale and Purchase Agreement should be absolutely discharged and released immediately upon the signing of the termination deed and no party should have any claim against the other party in respect of any matter or thing arising out of or in connection with the Sale and Purchase Agreement. On 1 September 2014, the Company and the new purchaser entered into the new sale and purchase agreement pursuant to which the Company conditionally agreed to sell and the new purchaser conditionally agreed to purchase Redgate Group at consideration of HK$600,000. The disposal of the outdoor advertising on billboards and outdoor display spaces operation is consistent with the Group's long-term policy to focus it activities in the outdoor advertising on buses and bus stations and television advertisements.

During the year ended 30 June 2013, the directors determined to cease the operation of Cyberliving Holdings Limited and its subsidiaries (the "Cyberliving Group") which were engaged in intelligent system business. The intelligent system business was terminated during the year.

For the year ended 30 June 2014, the results and cash flows of Redgate Group and Cyberliving Group are treated as discontinued operations. The comparative consolidated statement of profit or loss and related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

10. DISCONTINUED OPERATIONS (continued)

Analysis of loss for the year from discontinued operations

The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2014 HK$'000	2013 HK$'000 (Restated)
Turnover	**67,261**	65,894
Cost of sales	**(74,007)**	(173,527)
Gross loss	**(6,746)**	(107,633)
Other revenue	**168**	67
Other net income	**3,185**	1,491
Marketing and promotion expenses	**(595)**	(611)
Administrative expenses	**(17,440)**	(16,272)
Finance costs	**–**	(3,230)
Impairment loss on intangible assets	**–**	(413,090)
Impairment loss on goodwill	**–**	(817,491)
Loss before income tax	**(21,428)**	(1,356,769)
Income tax	**–**	129,224
Loss for the year from discontinued operations	**(21,428)**	(1,227,545)
Loss for the year from discontinued operations attributable to:		
Owners of the Company	**(15,450)**	(1,222,465)
Non-controlling interests	**(5,978)**	(5,080)
	(21,428)	(1,227,545)
Loss for the year from discontinued operations include the followings:		
Amortisation of intangible assets	**–**	103,836
Impairment loss on intangible assets	**–**	413,090
Impairment loss on goodwill	**–**	817,491
Impairment loss on accounts receivable	**–**	400
Written-off prepaid advertising placement service costs	**–**	437
Depreciation on property, plant and equipment	**99**	1,320
Operating lease charges in respect of office premises	**1,076**	2,087
Staff costs	**7,634**	10,314
Cash flows from discontinued operations:		
Net cash inflow/(outflow) from operating activities	**26**	(7,804)
Net cash inflow/(outflow) from investing activities	**87**	(50)
Net cash inflow/(outflow)	**113**	(7,854)

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

Directors' emoluments disclosed pursuant to the Hong Kong Companies Ordinance are as follows:

	2014 HK$'000	2013 HK$'000
Fees	360	360
Basic salaries, allowances and other benefits	3,697	1,991
Retirement scheme contributions	24	18
	4,081	2,369
Number of directors	6	6

The emoluments of directors for the year ended 30 June 2014 are set out below:

Name of director	Fees HK$'000	Salary, allowance and other benefits HK$'000	Share-based payments HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Ang Wing Fung *(chief executive officer)*	–	3,176	–	15	3,191
Mr. Chen Chuan	–	360	–	–	360
Mr. Shih Yau Ting, Jackson (note (a))	–	161	–	9	170
Independent non-executive directors					
Mr. Lee Ho Yiu, Thomas (note (b))	120	–	–	–	120
Ms. Lu Di	120	–	–	–	120
Mrs. Kwan Leung Anna	120	–	–	–	120
	360	3,697	–	24	4,081

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

Directors' emoluments (continued)

The emoluments of directors for the year ended 30 June 2013 are set out below:

Name of director	Fees HK$'000	Salary, allowance and other benefits HK$'000	Share-based payments HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors					
Mr. Ang Wing Fung *(chief executive officer)*	–	1,376	–	15	1,391
Mr. Chen Chuan	–	560	–	–	560
Mr. Shih Yau Ting, Jackson (note (a))	–	55	–	3	58
Independent non-executive directors					
Mr. Lee Ho Yiu, Thomas (note (b))	54	–	–	–	54
Ms. Lu Di	120	–	–	–	120
Ms. Wong On Yee (note (c))	66	–	–	–	66
Mrs. Kwan Leung Anna	120	–	–	–	120
	360	1,991	–	18	2,369

Notes:

(a) Mr. Shih Yau Ting, Jackson was appointed on 18 February 2013.

(b) Mr. Lee Ho Yiu, Thomas was appointed on 21 January 2013.

(c) Ms. Wong On Yee was resigned on 21 January 2013.

The directors held share options under the Company's share option schemes. The details of the share options are disclosed under the paragraph "share option schemes" in the report of the directors and note 35.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil). There was no arrangement under which a director waived or agreed to waive any emoluments.

Senior management of the Group represents the executive directors during the years ended 30 June 2014 and 2013.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

Individuals with highest emoluments

The aggregate of the emoluments in respect of the five individuals of highest emoluments (including directors) are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, allowances and other benefits	5,152	4,355
Retirement scheme contributions	44	104
	5,196	4,459

During the years ended 30 June 2014 and 2013, no emoluments were paid by the Group to the five individuals with highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

The five individuals whose emoluments were the highest in the Group for the year include two (2013: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: three) individuals during the year are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, allowances and other benefits	1,616	2,419
Retirement scheme contributions	29	89
	1,645	2,508

The emoluments of the three (2013: three) individual with the highest emolument fall within the following bands:

	Number of individual	
	2014	2013
Emoluments band		
HK$ Nil – HK$1,000,000	3	2
HK$1,000,001 – HK$1,500,000	–	1

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$43,814,000 (2013: loss of HK$39,319,000) which was arrived at before impairment for the interests in subsidiaries has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE

For continuing and discontinued operations

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

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

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

Note:

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

13. LOSS PER SHARE (continued)

From continuing operations

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

Loss figures are calculated as follows:

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

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

Note:

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

From discontinued operations

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

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

For the years ended 30 June 2014 and 2013, diluted loss per share from discontinued operations is the same as the basic loss per share from discontinued operations as the effect of the share options, convertible notes and contingently issuable shares as at 30 June 2014 and 2013 were anti-dilutive and were not included in the calculation of diluted loss per share.

14. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Sales between segments are carried out on arm's length basis. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the profit or loss. There were no inter-segment sale during the year 2014 (2013: Nil).

All assets are allocated to reportable segments other than available-for-sale financial assets, financial assets at fair value through profit or loss and unallocated corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and all liabilities are allocated to reportable segments other than borrowings, deferred taxation, convertible notes, promissory notes and unallocated liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

14. SEGMENT INFORMATION (continued)

Continuing operations

(a) Business segments

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

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

14. SEGMENT INFORMATION (continued)

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

	2014	2013
	HK$'000	HK$'000
		(Restated)
Continuing operations:		
Revenue		
Total reportable segment revenues	**51,375**	55,847
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**51,375**	55,847
Loss		
Reportable segment loss derived from Group's external customers	**(318,697)**	(239,675)
Other revenue and other net income	**2**	2
Finance costs	**(44,007)**	(41,941)
Impairment loss on available-for-sale financial assets	**(234)**	(77,766)
Change in fair value of derivative financial instruments	**1,284**	510
Change in fair value of purchase consideration payable	**–**	4,258
Unallocated head office and corporate expenses	**(7,598)**	(9,801)
Loss before income tax	**(369,250)**	(364,413)
Assets		
Total reportable segment assets	**221,750**	552,977
Elimination of inter-segment receivables	**–**	–
	221,750	552,977
Assets relating to outdoor advertising on billboards and outdoor display spaces (now discontinued)	**107,368**	101,394
Assets relating to intelligent system (now discontinued)	**–**	23
Available-for-sale financial assets (note 19)	**–**	235
Financial assets at fair value through profit or loss (note 21)	**42**	24
Unallocated corporate assets	**1,661**	1,060
Consolidated total assets	**330,821**	655,713

14. SEGMENT INFORMATION (continued)

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

	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations: (continued)		
Liabilities		
Total reportable segment liabilities	**41,385**	47,116
Elimination of inter-segment payables	**–**	–
	41,385	47,116
Liabilities related to outdoor advertising on billboards and outdoor display spaces (now discontinued)	**320,799**	292,811
Liabilities related to intelligent system (now discontinued)	**11,393**	11,393
Borrowings (note 29)	**20,400**	20,400
Promissory notes (note 30)	**158,913**	152,563
Convertible notes (note 31)	**729,754**	947,094
Deferred taxation (note 33)	**55,591**	72,770
Unallocated corporate liabilities	**6,958**	17,595
Consolidated total liabilities	**1,345,193**	1,561,742
Discontinued operations:		
Revenue		
Total reportable segment revenues	**67,261**	65,894
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**67,261**	65,894

(c) *Geographic information*

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

(d) *Information about major customers*

For the year ended 30 June 2014 and 2013, there was no (2013: no) customer accounted for over 10% of total revenue of the Group.

15. PROPERTY, PLANT AND EQUIPMENT

	The Group				
	Leasehold improvements HK$'000	**Furniture and fixtures** HK$'000	**Equipment** HK$'000	**Motor vehicle** HK$'000	**Total** HK$'000
Cost:					
At 1 July 2012	1,489	1,085	39,776	144	42,494
Additions through acquisition of subsidiaries (note 37)	43	280	–	134	457
Additions	–	113	–	–	113
Disposals	–	(680)	(14,480)	–	(15,160)
Exchange realignment	–	17	–	–	17
At 30 June 2013 and 1 July 2013	1,532	815	25,296	278	27,921
Additions	–	835	49	–	884
Reclassified to assets classified as held for sale (note 26)	(55)	(197)	–	(137)	(389)
Exchange realignment	(3)	(9)	–	(3)	(15)
At 30 June 2014	**1,474**	**1,444**	**25,345**	**138**	**28,401**
Accumulated depreciation and impairment:					
At 1 July 2012	1,445	700	38,297	123	40,565
Charge for the year	26	348	1,162	50	1,586
Written back on disposals	–	(626)	(14,480)	–	(15,106)
Exchange realignment	–	6	–	–	6
At 30 June 2013 and 1 July 2013	1,471	428	24,979	173	27,051
Charge for the year	22	232	124	16	394
Reclassified to assets classified as held for sale (note 26)	(32)	(117)	–	(48)	(197)
Exchange realignment	(3)	(8)	–	(3)	(14)
At 30 June 2014	**1,458**	**535**	**25,103**	**138**	**27,234**
Net book value:					
At 30 June 2014	**16**	**909**	**242**	**–**	**1,167**
At 30 June 2013	61	387	317	105	870

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	The Company		
	Furniture and fixtures HK$'000	**Equipment** HK$'000	**Total** HK$'000
Cost:			
At 1 July 2012	389	317	706
Additions	–	16	16
At 30 June 2013 and 1 July 2013	389	333	722
Additions	823	–	823
At 30 June 2014	**1,212**	**333**	**1,545**
Accumulated depreciation:			
At 1 July 2012	64	109	173
Charge for the year	78	67	145
At 30 June 2013 and 1 July 2013	142	176	318
Charge for the year	145	67	212
At 30 June 2014	**287**	**243**	**530**
Net book value:			
At 30 June 2014	**925**	**90**	**1,015**
At 30 June 2013	247	157	404

16. INTANGIBLE ASSETS

	The Group						
	Licenses	Patents and trademarks	Computer software	Customer relationship	Non-competition agreements	Media co-operation agreements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:							
At 1 July 2012	71,085	3,225	74,905	–	–	–	149,215
Addition through acquisition of subsidiaries (note 37)	–	–	–	3,484	1,439	760,548	765,471
At 30 June 2013 and 1 July 2013	71,085	3,225	74,905	3,484	1,439	760,548	914,686
Reclassified as assets classified as held for sale	–	–	–	(3,025)	(1,439)	(512,463)	(516,927)
As at 30 June 2014	**71,085**	**3,225**	**74,905**	**459**	**–**	**248,085**	**397,759**
Accumulated amortisation and impairment:							
At 1 July 2012	26,617	3,225	74,905	–	–	–	104,747
Amortise for the year	15,970	–	–	816	600	125,000	142,386
Impairment	13,232	–	–	2,269	839	409,982	426,322
At 30 June 2013 and 1 July 2013	55,819	3,225	74,905	3,085	1,439	534,982	673,455
Amortise for the year	8,409	–	–	73	–	26,960	35,442
Reclassified as assets classified as held for sale	–	–	–	(3,025)	(1,439)	(512,463)	(516,927)
At 30 June 2014	**64,228**	**3,225**	**74,905**	**133**	**–**	**49,479**	**191,970**
Net book value:							
At 30 June 2014	**6,857**	**–**	**–**	**326**	**–**	**198,606**	**205,789**
At 30 June 2013	15,266	–	–	399	–	225,566	241,231

The amortisation for the year is included in “cost of sales” in the consolidated statement of profit or loss.

The customer relationship, non-competition agreements and media co-operation agreements were acquired as part of business combination of equity interests in Redgate Ventures Limited during the year ended 30 June 2013 and were initially recognised at their respective fair values as at the respective dates of the completion of acquisitions based on the valuation carried out by independent professional qualified valuers to the Group.

16. INTANGIBLE ASSETS (continued)

Details of each of the identified intangible assets acquired as set out below:

Intangible asset	Nature
Customer relationship	The business relationship with customers established by 上海電廣媒體傳播有限公司 ("Shanghai Dianguang") and 北京炎黃盛世廣告有限公司 ("Beijing Yanhuang").
Non-competition agreements	The undertaking by the former owners of Shanghai Dianguang and the non-controlling owners of Beijing Yanhuang not to compete with the Group in any way within a specified period of time.
Media co-operation agreements	The media co-operation agreements entered into by Shanghai Dianguang and 展鵬互動廣告(北京)有限公司.

Impairment of intangible assets during the year ended 30 June 2013

Outdoor advertising on buses and bus stations

During the year ended 30 June 2013, as the result of the unsatisfactory performance of outdoor advertising on buses and bus stations business, the Group carried out a review of the recoverable amount of the licenses. These assets are used in the Group's outdoor advertising on buses and bus stations reportable segment. The review led to the recognition of an impairment loss of approximately HK$13,232,000 for licenses, which have been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 19.32%. The other key assumptions used in the value in use calculation are disclosed in note 17 to the consolidated financial statements. The impairment losses have been included in the consolidated statement of profit or loss.

Outdoor advertising on billboards and outdoor display spaces

During the year ended 30 June 2013, as the result of the unsatisfactory performance of outdoor advertising on billboards and outdoor display spaces business, the Group carried out a review of the recoverable amount of customer relationship, non-competition agreements and media co-operation agreements. These assets are used in the Group's outdoor advertising on billboards and outdoor display spaces reportable segment. The review led to the recognition of an impairment loss of approximately HK$2,269,000 for customer relationship, approximately HK$839,000 for non-competition agreements and approximately HK$409,982,000 for media co-operation agreement, which have been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 27.28%. The other key assumptions used in the value in use calculation are disclosed in note 17 to the consolidated financial statements. The impairment losses have been included in the consolidated statement of profit or loss.

16. INTANGIBLE ASSETS (continued)

Impairment of intangible assets during the year ended 30 June 2013 (continued)

Television advertisements

During the year ended 30 June 2014, the Group carried out a review of the recoverable amount of customer relationship and media co-operation agreement. These assets are used in the Group's television advertisements reportable segment. No impairment loss was recognised to those intangible assets related to television advertisements during the year ended 30 June 2014 and 30 June 2013. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 25.61% (2013: 24.15%). The other key assumptions used in the value in use calculation are disclosed in note 17 to the consolidated financial statements.

17. GOODWILL

	The Group	
	2014	2013
	HK$'000	HK$'000
Cost:		
At the beginning of year	**1,275,233**	48,979
Acquisition of a subsidiary (note 37)	**–**	1,226,254
Reclassified as assets classified as held for sale	**(817,491)**	–
At the end of year	**457,742**	1,275,233
Impairment:		
At the beginning of year	**996,804**	–
Impairment	**274,902**	996,804
Reclassified as assets classified as held for sale	**(817,491)**	–
At the end of year	**454,215**	996,804
Carrying amounts	**3,527**	278,429

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:

(1) Outdoor advertising on buses and bus stations

(2) Outdoor advertising on billboards and outdoor display spaces

(3) Television advertisements

17. GOODWILL (continued)

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to groups of cash-generating units as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Outdoor advertising on buses and bus stations	**48,979**	48,979
Outdoor advertising on billboards and outdoor display spaces	**817,491**	817,491
Television advertisements	**408,763**	408,763
	1,275,233	1,275,233
Reclassified as assets classified as held for sale		
– Outdoor advertising on billboards and outdoor display spaces	**(817,491)**	–
	457,742	1,275,233

Outdoor advertising on buses and bus stations

The recoverable amount of the cash-generating units is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 18.91% (2013: 19.32%) per annum. Cash flows beyond a five-year period approved by senior management have been extrapolated using a 1% growth rate. Impairment loss of approximately HK$48,979,000 was recognised during the year ended 30 June 2013 as the outdoor advertising on buses and bus stations operation does not turnout as expected as forecasted in previous year due to a more stringent and competitive environment of the industry in the PRC.

Outdoor advertising on billboards and outdoor display spaces

The recoverable amount of the cash-generating units is determined based on value in use calculations. For the year ended 30 June 2013, these calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 27.28% per annum. Cash flows beyond a five-year period approved by senior management have been extrapolated using a 3% growth rate. Impairment loss of approximately HK$817,491,000 was recognised during the year ended 30 June 2013 as the outdoor advertising on billboards and outdoor display spaces operation does not turnout as previously expected due to a more stringent and competitive environment of the industry in the PRC and due to the suspension of an outdoor media advertisement co-operation project.

17. GOODWILL (continued)

Television advertisements

The recoverable amount of the cash-generating units is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 25.61% (2013: 24.15%) per annum. Cash flows beyond a five-year period approved by senior management have been extrapolated using a 3% growth rate. Impairment loss of approximately HK$274,902,000 and HK$130,334,000 was recognised during the year ended 30 June 2014 and 2013 as the television advertisements operation does not turnout as previously expected due to a more stringent and competitive environment of the industry in the PRC and due to the postponement of a television advertisement co-operation project.

The key assumptions used in the value in use calculations are as follows:

Budgeted market share and sales	Average market share and sales in the period immediately before the budget period is expected to be unchanged over the budget period. The values assigned to the assumptions reflect past experience, except for the growth factor, which is consistent with management plans for focusing operations by the industry. Management believes that the planned market share growth and budgeted sales over the budget period is reasonably achievable.
Budgeted gross margin	Average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	HK$'000
Unlisted investments, at cost	**1,701,162**	1,701,162
Less: Impairment (note)	**(1,701,162)**	(1,701,162)
	–	–

Note:

Due to the prolonged poor financial performance of the subsidiaries, the carrying amounts of interests in subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

18. INTERESTS IN SUBSIDIARIES (continued)

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

Name of company	Place of incorporation	Proportion of voting power and percentage of equity: Group's effective interest	Held by the Company	Held by the subsidiary	Particulars of issued/ registered capital	Principal activity and place of operation
Superior Luck Investments Limited	The British Virgin Islands	100%	100%	–	1 ordinary share of US$1 each	Investment holding
Jade Phoenix Holdings Limited	The British Virgin Islands	100%	100%	–	1 ordinary share of US$1 each	Investment holding
Active Link Investments Limited	The British Virgin Islands	100%	100%	–	10,000 ordinary shares of US$1 each	Investment holding
Fast Team International Investment Limited	Hong Kong	100%	100%	–	1 ordinary share of HK$1 each	Investment holding
Super Venus Media International Limited	Hong Kong	100%	–	100%	10,000 ordinary shares of HK$1 each	Investment holding
石家莊市迅華德高公交廣告有限公司 (notes (ii) and (iii))	The PRC	100%	–	100%	Registered capital of RMB1,000,000	Design production and publication of outdoor advertisements in PRC
石家莊市恩健傳媒有限公司 (note (ii))	The PRC	100%	–	100%	Registered capital of RMB3,000,000	Design production and publication of outdoor advertisements in PRC
展鵬互動廣告(北京)有限責任公司 (note (i))	The PRC	100%	–	100%	Registered capital of US$11,000,000	Investment holding
上海電廣媒體傳播有限公司 (note (ii))	The PRC	100%	–	100%	Registered capital of RMB5,000,000	Provision of advertising placement agency services in television channel

18. INTERESTS IN SUBSIDIARIES (continued)

Notes:

(i) Registered under the laws of the PRC as a wholly foreign owned enterprise.

(ii) Registered under the laws of the PRC as a limited liability company.

(iii) During the year, the Group acquired 20% interest in 石家莊市迅華德高公交廣告有限公司 at a cash consideration of RMB1,000,000 (equivalent to approximately HK$1,271,000). For details, please refer to note 43 of the consolidated financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of directors, principally affected the results or assets of the Group. To give the details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

In addition, the directors of the Company made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that have non-controlling interest individually that are material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2014	2013
	HK$'000	HK$'000
Unlisted equity securities, at cost:		
China New Media (HK) Limited	**78,000**	78,000
Global Media Productions Limited	**1**	1
Reclassified as assets classified as held for sale (note 26)	**(1)**	–
	78,000	78,001
Less: Impairment	**(78,000)**	(77,766)
	–	235
Analysed for reporting purposes as:		
Non-current assets	**–**	235

All available-for-sale financial assets are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

China New Media (HK) Limited ("China New Media")

China New Media is a private entity principally engaged in outdoor advertising in Hong Kong. The Group indirectly owned 19% equity interests in China New Media. During the year ended 30 June 2014, an objective evidence of impairment was considered as the entire equity interest of Superior Luck Investments Limited, the wholly-owned subsidiary of the Company which owned 19% equity interest in China New Media was subsequently disposed of, at consideration of HK$1. The management considered that the recoverable amount of available-for-sale financial asset is significantly less than its investment cost and hence an impairment loss of approximately HK$234,000 (2013: HK$77,766,000) is recognised against the investment cost.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	The Company	
	2014	2013
	HK$'000	HK$'000
Amounts due from subsidiaries	**298,244**	291,990
Less: Impairment (note)	**(298,244)**	(291,990)
	–	–

Note:

Due to the prolonged poor financial performance of the subsidiaries, impairment of approximately HK$298,244,000 (2013: HK$291,990,000) was provided for amounts due from subsidiaries. The provision was determined on the basis of the amounts recoverable from the subsidiaries with reference to the estimated future cash flows expected to be generated from the respective subsidiaries.

Amounts due from subsidiaries are unsecured, interest-free and recoverable on demand.

(b) Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2014	2013
	HK$'000	HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**42**	24

Financial assets at fair value through profit or loss are stated at fair values which are determined with reference to quoted market bid prices.

22. ACCOUNTS RECEIVABLE

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

(a) Ageing analysis

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

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

The Group's trading terms with customers are on credit. The credit period is generally from nil to 30 days. No interest is charged on accounts receivable and the Group does not hold any collateral over these balances. Further details on the Group's credit policy are set out in note 39(d).

22. ACCOUNTS RECEIVABLE (continued)

(b) Impairment of trade debtors

The movements in the impairment loss on accounts receivable during the years ended 30 June 2014 and 2013 are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of year	**406**	–
Impairment loss recognised	**–**	400
Reclassified to assets classified as held for sale	**(406)**	–
Exchange realignment	**–**	6
At the end of year	**–**	406

As at 30 June 2013, the Group's accumulated accounts receivable of approximately HK$406,000 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered.

Consequently, the Group's accumulated allowances for doubtful debts of approximately HK$406,000 were recognised as at 30 June 2013. The Group does not hold any collateral over these balances.

(c) Trade debtors that are not impaired

The ageing analysis of the receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, is as follows:

	2014	2013
	HK$'000	HK$'000
Past-due but not impaired:		
– Less than three months past due	**2,340**	16,782
– Over 3 months past due	**790**	15,099
	3,130	31,881
Neither past due nor impaired	**–**	63
	3,130	31,944

22. ACCOUNTS RECEIVABLE (continued)

(c) Trade debtors that are not impaired (continued)

Included in the Group's trade debtors as at 30 June 2014 are debtors with an aggregate carrying amount of approximately HK$3,130,000 (2013: HK$31,881,000) which are past due but not impaired at the end of the reporting period, as the directors have assessed these debtors to be recoverable based on their good settlement track records with the Group. The Group does not hold any collateral over these balances.

Trade debtors that are neither past due nor impaired related to a number of independent customers who have no recent history of default. The Group does not hold any collateral over these balances.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group	
	2014	2013
	HK$'000	HK$'000
Prepayments	**4,750**	4,593
Rental and utility deposits	**359**	242
Other deposits	**3,012**	3,654
Other receivables	**11,166**	50,805
	19,287	59,294
Less: Impairment	**(11,413)**	(1,643)
	7,874	57,651

(a) Movements in the impairment loss on other receivables

	The Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of year	**1,643**	1,643
Impairment	**9,770**	–
At the end of year	**11,413**	1,643

Impairment loss on other receivables of approximately HK$9,770,000 has been included in the consolidated statement of profit or loss for the year ended 30 June 2014. The debtors are lost of contact of which the directors are in the opinion that the outstanding balances were not recoverable.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

	The Company	
	2014	2013
	HK$'000	HK$'000
Prepayments	**223**	412
Rental and utility deposits	**67**	67
	290	479

24. PREPAID ADVERTISING PLACEMENT SERVICE COSTS

	The Group	
	2014	2013
	HK$'000	HK$'000
Prepaid advertising placement service costs	**–**	19,136
Less: written off	**–**	(437)
	–	18,699

Amount of approximately HK$437,000 was written off during the year ended 30 June 2013 due to the lost of contact with the advertising placement service suppliers.

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**1,704**	25,133	**38**	55

At the end of the reporting period, the cash and bank balances of the Group, which are denominated in Renminbi ("RMB"), amounted to approximately HK$1,406,000 (2013: HK$24,998,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

The interest rates on the cash at bank and deposits with banks ranged from 0.01% to 0.35% per annum (2013: from 0.01% to 0.35% per annum).

26. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2014	2013
	HK$'000	HK$'000
Property, plant and equipment	**192**	–
Available-for-sale financial assets	**1**	–
Accounts receivable	**37,480**	–
Prepayments, deposits and other receivables	**45,598**	–
Prepaid advertising placement service costs	**5,798**	–
Cash and cash equivalents	**18,299**	–
Assets classified as held for sale	**107,368**	–
Trade payables, accrued expenses and other payables	**304,629**	–
Tax payable	**16,170**	–
Liabilities directly associated with assets classified as held for sale	**320,799**	–

27. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (note (i))	**615**	27,108	**–**	–
Accrued expenses and other payables	**39,217**	295,494	**13,422**	15,167
Amounts due to directors (note (ii))	**2,815**	300	**2,810**	300
Receipts in advance	**–**	11,246	**–**	–
	42,647	334,148	**16,232**	15,467

Notes:

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

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

(ii) The credit period of trade payables is generally from nil to 30 days.

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

28. RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees with their assets held separately from those of the employer. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 with effect from 1 June 2012 and HK$30,000 with effect from 1 June 2014. Contributions to the scheme vest immediately.

The Group also participates in a state-managed retirement benefit scheme for its PRC employees. The Group contributes on a monthly basis to various defined contribution retirement benefit plans and the Group has no further obligation beyond the contributions made.

29. BORROWINGS

	The Group and the Company	
	2014	2013
	HK$'000	HK$'000
Other loans, unsecured	**20,400**	20,400
Carrying amount repayable:		
Within one year	**20,400**	–
Over one year but contain a repayment on demand clause classified as current liabilities	**–**	20,400

During the year ended 30 June 2013, the Group obtained a borrowing in the amount of HK$16,000,000. The borrowing bears interest at 1% per month and is repayable on 28 February 2013. The borrowing was further extended to be repayable on 28 February 2015 with no interest-bearing.

During the year ended 30 June 2012, the Group obtained a borrowing in the amount of HK$4,400,000. The borrowing bears interest at 3% per annum and is repayable on 26 October 2012. The borrowing was further extended to be repayable on 26 October 2014 with no interest-bearing.

Notwithstanding that the terms for repayment of the borrowings, the lender reserves the unconditional right to call the borrowings at any time, therefore, the borrowings are classified as current liabilities as at 30 June 2013.

30. PROMISSORY NOTES

On 31 August 2012, the Company issued HK$160,000,000 unsecured redeemable promissory notes in connection with the acquisition of the entire issued share capital of Redgate. The promissory notes are repayable in one lump sum on maturity of two years and matured on 30 August 2014. The Group received a deed of extension from promissory notes holders on 29 August 2014 agreed to extend the maturity date on promissory notes to 30 November 2014. The promissory notes were unsecured and interest-free. The Company has the right to repay the promissory notes prior to the maturity to the Promissory note holders.

	The Group and the Company	
	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**152,563**	–
Issuance of promissory note	**–**	147,468
Interest charged (note 7)	**6,350**	5,095
At the end of the year	**158,913**	152,563
Classified as:		
Current liabilities	**158,913**	–
Non-current liabilities	**–**	152,563
	158,913	152,563

The fair value of the liability component of the promissory note was calculated using an equivalent market interest rate for an equivalent instrument. The fair value of the liability component of the promissory note at the issue date amounted to approximately HK$147,468,000. The fair value is calculated using discounted cash flow method at a rate of 4.163%.

31. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

The convertible notes issued have been split as to the derivative financial asset components (call option of convertible notes), derivative financial liability components, the liability components and the equity components. The followings tables summarise the movements of the derivative financial asset components, the liability components, and the derivative financial liability components during the years ended 30 June 2014 and 2013:

	Convertible Note 1 HK$'000 (Note (a))	**Convertible Note 2** HK$'000 (Note (b))	**Convertible Note 3** HK$'000 (Note (c))	**Total** HK$'000
Derivative financial asset components				
At 1 July 2012	–	–	–	–
Issue of convertible notes	2,633	–	–	2,633
Fair value change	(361)	–	–	(361)
Conversion of convertible notes	(2,146)	–	–	(2,146)
At 30 June 2013 and 1 July 2013	126	–	–	126
Fair value change	(126)	–	–	(126)
At 30 June 2014	**–**	**–**	**–**	**–**
Liability components				
At 1 July 2012	–	–	–	–
Issue of convertible notes	168,622	1,027,186	124,594	1,320,402
Conversion of convertible notes	(137,817)	(271,045)	(123)	(408,985)
Interest charged (note 7)	2,712	28,687	4,278	35,677
At 30 June 2013 and 1 July 2013	33,517	784,828	128,749	947,094
Conversion of convertible notes	–	(246,693)	(8,304)	(254,997)
Interest charged (note 7)	2,779	29,604	5,274	37,657
At 30 June 2014	**36,296**	**567,739**	**125,719**	**729,754**
Derivative financial liability components				
At 1 July 2012	–	–	–	–
Issue of convertible notes	–	–	2,384	2,384
Fair value change	–	–	(871)	(871)
Conversion of convertible notes	–	–	(3)	(3)
At 30 June 2013 and 1 July 2013	–	–	1,510	1,510
Fair value change	–	–	(1,410)	(1,410)
Conversion of convertible notes	–	–	(95)	(95)
At 30 June 2014	**–**	**–**	**5**	**5**

31. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Note (a): Convertible Note 1 – HK$200,000,000 Convertible Note due 2014

On 29 August 2012, the Company issued 2-years HK$200,000,000 unsecured and non-interest-bearing convertible note. Subsequent to issue of convertible note, the holders of convertible note have the option to convert the note into ordinary shares of the Company of HK$0.001 each at a conversion price of HK$0.38, subject to adjustments in accordance with the instrument constituting the convertible note, at any time from 29 August 2012 to 29 August 2014, the maturity date. Unless previously redeemed and cancelled, the note will be redeemed at par on the maturity date. Pursuant to the share consolidation effective on 28 January 2013, the conversion price was adjusted to HK$3.8 per ordinary share.

The convertible note contains three components: liability component, equity component and derivative financial asset component. The liability component is classified as current liabilities and carried at amortised cost using the effective interest method. The derivative financial asset component is classified as current asset and carried at fair value. The residual amount after recognising the liability component and derivative financial asset component at fair value are recognised as equity component.

The interest charged for the year is calculated using the effective interest method by applying the effective interest rate of 8.91% to the liability component

In valuing the derivative financial asset component, the Black-Scholes Option Pricing Model was used.

The fair value of the liability component, derivative financial asset component and equity component on initial recognition was estimated to be approximately as follows:

	HK$'000
Liability component	168,622
Derivative financial asset	(2,633)
Equity component	28,011
Transaction costs of placing of convertible notes	6,000
	200,000

The inputs used for the calculation of the fair values of the derivative financial asset component were as follows:

	29/8/2012	30/6/2013	30/6/2014
Time to maturity	2 years	1.16 years	0.164 years
Conversion price	HK$0.380	HK$3.800	HK$3.800
Risk-free rate	0.187%	0.270%	0.065%

31. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Note (b): Convertible Note 2 – HK$1,160,000,000 Convertible Note due 2015

On 31 August 2012, the Company issued 3-years HK$1,160,000,000 unsecured and non-interest-bearing convertible note. Subsequent to issue of convertible note, the holders of convertible note have the option to convert the note into ordinary shares of the Company of HK$0.001 each at a conversion price of HK$0.38, subject to adjustments in accordance with the instrument constituting the convertible note, at any time from 31 August 2012 to 31 August 2015, the maturity date. Unless previously redeemed and cancelled, the note will be redeemed at par on the maturity date. Pursuant to the share consolidation effective on 28 January 2013, the conversion price was adjusted to HK$3.8 per ordinary share. The Company shall not be entitled to early redeem the convertible notes before the maturity date.

The convertible note contains two components: liability component and equity component. The equity component is presented in equity under the heading “convertible notes reserve” The effective interest rate of the liability component an initial recognised is 4.14% per annum.

In valuing the equity component, the Black-Scholes Option Pricing Model was used.

	HK$'000
Equity component at date of issue	8,870
Liability component at date of issue	1,027,186
Interest charged calculated at an effective interest rate of 4.14%	28,687
Conversion of convertible notes	(271,045)
Liability component at 30 June 2013 and 1 July 2013	784,828
Interest charged calculated at an effective interest rate of 4.14%	29,604
Conversion of convertible notes	(246,693)
Liability component at 30 June 2014	567,739

The inputs used for the calculation of the fair value of the liability component were as follows:

	31/8/2012
Time to maturity	3 years
Conversion price	HK$0.380
Risk-free rate	0.171%
Expected volatility	103.18%

31. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Note (c): Convertible Note 3 – Approximately HK$140,000,000 Convertible Note due 2015

On 31 August 2012, the Company issued 3-years approximately HK$140,000,000 unsecured and non-interest bearing convertible note. The conversion price of convertible note of HK$0.38 each is adjustable and subject to the occurrence of the adjustment event stated in the circular of the Company dated 24 April 2012. Subsequent to issue of convertible note the conversion price is adjusted from HK$0.38 to HK$0.235, please refer to the Company's announcement dated 24 January 2013 for details of adjustment. Afterwards, the holders of convertible note have the option to convert the note into ordinary shares of the Company of HK$0.001 each at a conversion price of HK$0.235, subject to adjustments in accordance with the instrument constituting the convertible note, at any time to 31 August 2015, the maturity date. Unless previously redeemed and cancelled, the note will be redeemed at par on the maturity date. Pursuant to the share consolidated effective on 28 January 2013, the conversion price was adjusted to HK$2.35 per ordinary share. The Company shall not be entitled to early redeem the convertible notes before the maturity date.

The convertible note contains two components: liability component and derivative financial liability component. The liability component is classified as current liabilities and carried at amortised cost using the effective interest method. The derivative financial liability component is initially measured at fair value.

The interest charged for the year is calculated using the effective interest method by applying the effective interest rate of 4.14% to the liability component.

In valuing the derivative financial liability component, the Black-Scholes Option Pricing Model was used.

The fair value of the liability component and derivative financial liability component on initial recognition was estimated to be approximately as follows:

	HK$'000
Liability component	124,594
Derivative financial liability component	2,384
	126,978

The inputs used for the calculation of the fair values of the derivative financial liability component were as follows:

	31/8/2012	30/6/2013	30/6/2014
Time to maturity	3 years	2.17 years	1.17 years
Conversion price	HK$0.380	HK$2.350	HK$2.35
Risk-free rate	0.171%	0.41%	0.179%
Expected volatility	103.18%	119.98%	101.1%

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	HK$'000	HK$'000
Tax payable/(recoverable) at the beginning of the year	**31,690**	(1,089)
Acquisition of subsidiaries (note 37)	**–**	32,492
Provision for the year		
– PRC Enterprise Income Tax	**1,162**	3
Tax paid		
– PRC Enterprise Income tax	**(15)**	(282)
Exchange realignment	**1**	566
Reclassified as liabilities directly associated with assets classified as held for sale (note 26)	**(16,170)**	–
Tax payable at the end of the year	**(16,668)**	31,690
The amount is presented by:		
– Tax recoverable	**220**	1,371
– Tax payable	**(16,888)**	(33,061)
	(16,668)	(31,690)

33. DEFERRED TAXATION

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

The Group

	Intangible assets HK$'000	**Convertible notes** HK$'000	**Total** HK$'000
Deferred tax on temporary differences arising from:			
At 1 July 2012	11,117	–	11,117
Acquisition of subsidiaries (note 37)	192,436	–	192,436
Recognised directly in equity	–	27,092	27,092
Released on conversion of convertible notes	–	(9,448)	(9,448)
Credited to profit or loss	(143,246)	(5,181)	(148,427)
At 30 June 2013 and 1 July 2013	60,307	12,463	72,770
Released on conversion of convertible notes	–	(2,975)	(2,975)
Credited to profit or loss	(8,861)	(5,343)	(14,204)
At 30 June 2014	**51,446**	**4,145**	**55,591**

33. DEFERRED TAXATION (continued)

The Company

	Convertible notes HK$'000	Total HK$'000
Deferred tax on temporary differences arising from:		
At 1 July 2012	–	–
Recognised directly in equity	27,092	27,092
Released on conversion of convertible notes	(9,448)	(9,448)
Credited to profit or loss	(5,181)	(5,181)
At 30 June 2013 and 1 July 2013	12,463	12,463
Released on conversion of convertible notes	(2,975)	(2,975)
Credited to profit or loss	(5,343)	(5,343)
At 30 June 2014	**4,145**	**4,145**

At the end of the reporting period, the Group has unused tax losses of approximately HK$46,514,000 (2013: HK$46,514,000) available to offset against future profits that may be carried forward indefinitely. No deferred tax assets has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

No deferred tax assets has been recognised in respect of the remaining tax losses of the Company of approximately HK$1,497,000 (2013: HK$1,497,000) due to the unpredictability of future profit streams.

34. SHARE CAPITAL

Ordinary shares

		2014 HK$'000	2013 HK$'000
(a)	**Authorised**		
	30,000,000,000 shares of HK$0.01 each	**300,000**	300,000
	Issued and fully paid		
	270,106,785 shares of HK$0.01 each (2013: 153,961,815 shares of HK$0.01 each)	**2,701**	1,540

34. SHARE CAPITAL (continued)

(b) A summary of the movements of the Company's issued share capital is as follows:

	Notes	Number of Shares '000	Nominal value HK$'000
At 1 July 2012		95,062	95
Conversion of convertible notes	(i)	877,632	878
Placement of shares	(ii)	19,012	19
Placement of shares	(ii)	198,341	198
Share consolidation	(iii)	(1,071,043)	–
Conversion of convertible notes	(i)	34,957	350
At 30 June 2013 and 1 July 2013		153,961	1,540
Conversion of convertible notes	(iv)	47,761	477
Placement of shares	(v)	68,384	684
At 30 June 2014		**270,106**	**2,701**

Notes:

(i) On 4 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$1,000,000 into 2,631,578 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$2,631 was credited to the share premium account of the Company.

On 5 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$12,000,000 into 31,578,945 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$31,579 was credited to the share premium account of the Company.

On 6 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$80,000,000 into 210,526,309 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$210,526 was credited to the share premium account of the Company.

On 7 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$26,500,000 into 69,736,838 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$69,737 was credited to the share premium account of the Company.

34. SHARE CAPITAL (continued)

Notes: (continued)

(i) (continued)

On 8 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$47,500,000 into 124,999,990 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$125,000 was credited to the share premium account of the Company.

On 11 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$33,000,000 into 86,842,098 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$86,842 was credited to the share premium account of the Company.

On 12 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$21,000,000 into 55,263,156 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$55,263 was credited to the share premium account of the Company.

On 14 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$61,000,000 into 160,526,315 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$160,526 was credited to the share premium account of the Company.

On 17 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$5,000,000 into 13,157,894 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$13,158 was credited to the share premium account of the Company.

On 18 September 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$50,000,000 into 118,421,051 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$118,421 was credited to the share premium account of the Company.

On 3 October 2012, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$1,500,000 into 3,947,638 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$3,947 was credited to the share premium account of the Company.

On 14 February 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$24,033,926 into 6,324,720 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$63,247 was credited to the share premium account of the Company.

34. SHARE CAPITAL (continued)

Notes: (continued)

(i) (continued)

On 20 February 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$16,326,031 into 4,296,324 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$42,963 was credited to the share premium account of the Company.

On 21 February 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$40,347,382 into 10,617,732 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$106,177 was credited to the share premium account of the Company.

On 27 February 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$1,680,136 into 442,141 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$4,421 was credited to the share premium account of the Company.

On 8 March 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$1,099,066 into 289,228 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$2,892 was credited to the share premium account of the Company.

On 11 March 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$13,163,728 into 3,464,139 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$34,641 was credited to the share premium account of the Company.

On 14 March 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$32,751,071 into 8,618,703 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$86,187 was credited to the share premium account of the Company.

On 14 March 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$32,751,071 into 8,618,703 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$86,187 was credited to the share premium account of the Company.

On 5 June 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$134,890 into 57,400 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$574 was credited to the share premium account of the Company.

On 5 June 2013, a convertible note holder exercised his conversion right to convert part of the principal amount of HK$3,217,452 into 846,698 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$8,467 was credited to the share premium account of the Company.

34. SHARE CAPITAL (continued)

Notes: (continued)

(ii) On 1 November 2012, the Company placed and issued 19,012,424 new ordinary shares at an issue price of HK$0.06 each. Net proceeds of approximately HK$1,039,000 was utilised by the Group as its general working capital.

On 3 January 2013, the Company placed and issued 198,341,217 new ordinary shares at an issue price of HK$0.032 each. Net proceeds of approximately HK$5,782,000 was utilised by the Group as its general working capital.

(iii) The Company's share consolidation was effective on 29 January 2013 pursuant to the resolution passed at the special general meeting on 29 January 2013. Every 10 issued and unissued shares of HK$0.001 each in the share capital of the Company will be consolidated into 1 consolidated share of HK$0.01 each.

(iv) On 10 July 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$5,220,000 into 1,373,766 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$13,738 was credited to the share premium account of the Company.

On 17 October 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$25,015,000 into 6,582,860 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$65,829 was credited to the share premium account of the Company.

On 6 December 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$40,000,000 into 10,526,314 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$105,263 was credited to the share premium account of the Company.

On 12 December 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$58,500,000 into 15,394,735 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$153,947 was credited to the share premium account of the Company.

On 19 December 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$10,000,000 into 2,631,578 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$26,315 was credited to the share premium account of the Company.

On 23 December 2013, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$28,500,000 into 7,500,000 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$75,000 was credited to the share premium account of the Company.

On 6 March 2014, a convertible note holder exercised has conversion right to convert part of the principal amount of approximately HK$8,817,000 into 3,752,029 shares in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK$37,520 was credited to the share premium account of the Company.

34. SHARE CAPITAL (continued)

Notes: (continued)

(v) On 9 October 2013, the Company placed and issued 30,000,000 new ordinary shares at an issue price of HK$0.20 each. Net proceeds of approximately HK$5,680,000 was utilised by the Group as its general working capital.

On 11 December 2013, the Company placed and issued 38,383,688 new ordinary shares at an issue price of HK$0.18 each. Net proceeds of approximately HK$6,600,000 was utilised by the Group as its general working capital.

(vi) All new ordinary shares issued during the year ended 30 June 2014 rank pari passu in all respects with the then existing shares.

35. SHARE OPTION SCHEMES

The Company adopted a share option scheme on 5 July 2002 whereby any employees (whether or not full-time or part-time) and any consultant or adviser who, at the sole discretion of the board, subject to the terms of the share option scheme, contributed to the Group, may be granted options to subscribe for shares in the Company. The Pre-IPO Share Option Scheme was terminated and a new share option scheme was adopted pursuant to resolution passed by the shareholders of the Company on 23 November 2012. For details of the new share option scheme, please refer to the Company's circular dated 24 October 2012.

The maximum number of shares in respect of which options may be granted under the schemes must not exceed 10% of the total numbers of shares in issue.

(i) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO option scheme adopted by the Company on 5 July 2002 (the "Pre-IPO Share Option Scheme"), options were granted to the grantees to subscribe for shares in the Company.

The following share options with an exercisable period from 5 July 2002 to 4 July 2012 were outstanding under the Pre-IPO Share Option Scheme during the year:

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price per share HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Senior management	106.540	6,307	–	–	(6,307)	–	–
Other employees and consultants	106.540	6,307	–	–	(6,307)	–	–
		12,614	–	–	(12,614)	–	–

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 6 January 2004.

The following share options with an exercisable period from 6 January 2004 to 5 January 2014 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

Name of category of participate	Adjusted exercise price per share HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2013 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	**837.20**	**2**	**–**	**–**	**(2)**	**–**	**–**

2013

Name of category of participate	Adjusted exercise price after share consolidation HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	837.20	28	–	–	–	(26)	2

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 20 September 2005.

The following share options with an exercisable period from 20 September 2005 to 19 September 2015 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Other employees and consultants	**433.80**	**263**	**–**	**–**	**–**	**–**	**263**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	433.80	2,628	–	–	–	(2,365)	263

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post– IPO Share Option Scheme on 23 August 2007.

The following share options with an exercisable period from 23 August 2007 to 22 August 2017 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Former directors#	**2,397.40**	**9,124**	–	–	–	–	**9,124**
Senior management	**2,397.40**	**5,832**	–	–	–	–	**5,832**
Other employees and consultants	**2,397.40**	**3,382**	–	–	–	–	**3,382**
		18,338	–	–	–	–	**18,338**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Former directors#	2,397.40	91,241	–	–	–	(82,117)	9,124
Senior management	2,397.40	58,313	–	–	–	(52,481)	5,832
Other employees and consultants	2,397.40	33,821	–	–	–	(30,439)	3,382
		183,375	–	–	–	(165,037)	18,338

The directors holding the share options resigned during the year ended 30 June 2011.

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 9 September 2008.

The following share options with an exercisable period from 9 September 2008 to 8 September 2018 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Senior management	**662.20**	**2,724**	–	–	–	–	**2,724**
Other employees and consultants	**662.20**	**5,383**	–	–	–	–	**5,383**
		8,107	–	–	–	–	**8,107**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Senior management	662.20	27,235	–	–	–	(24,511)	2,724
Other employees and consultants	662.20	53,834	–	–	–	(48,451)	5,383
		81,069	–	–	–	(72,962)	8,107

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post– IPO Share Option Scheme on 11 September 2008.

The following share options with an exercisable period from 11 September 2008 to 10 September 2018 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Other employees and consultants	**742.00**	**5,781**	**–**	**–**	**–**	**–**	**5,781**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	742.00	57,814	–	–	–	(52,033)	5,781

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 16 December 2008.

The following share options with an exercisable period from 16 December 2008 to 15 December 2018 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Senior management	**290.00**	**1,248**	–	–	–	–	**1,248**
Other employees and consultants	**290.00**	**4,533**	–	–	–	–	**4,533**
		5,781	–	–	–	–	**5,781**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Senior management	290.00	12,482	–	–	–	(11,234)	1,248
Other employees and consultants	290.00	45,332	–	–	–	(40,799)	4,533
		57,814	–	–	–	(52,033)	5,781

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 17 February 2009.

The following share options with an exercisable period from 17 February 2009 to 16 February 2019 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Other employees and consultants	**376.80**	**3,154**	**–**	**–**	**–**	**–**	**3,154**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	376.80	31,535	–	–	–	(28,381)	3,154

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 29 May 2009.

The following share options with an exercisable period from 29 May 2009 to 28 May 2019 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Other employees and consultants	**334.80**	**3,154**	**–**	**–**	**–**	**–**	**3,154**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	334.80	31,535	–	–	–	(28,381)	3,154

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 31 December 2009.

The following share options with an exercisable period from 31 December 2009 to 30 December 2019 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

Name of category of participate	Adjusted exercise price per share HK$	Number of shares issuable under options					
		Outstanding and exercisable at 1 July 2013 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2014
Senior management	171.20	920	–	–	–	–	920
Other employees and consultants	171.20	747	–	–	–	–	747
Other employees and consultants	171.20	131	–	–	–	–	131
		1,798	–	–	–	–	1,798

2013

Name of category of participate	Adjusted exercise price after share consolidation HK$	Number of shares issuable under options					
		Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Senior management	171.20	9,198	–	–	–	(8,278)	920
Other employees and consultants	171.20	7,475	–	–	–	(6,728)	747
Other employees and consultants	171.20	1,314	–	–	–	(1,183)	131
		17,987	–	–	–	(16,189)	1,798

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company adopted the Post-IPO share option scheme. Options were granted by the Company under the Post-IPO Share Option Scheme on 15 January 2010.

The following share options with an exercisable period from 15 January 2010 to 14 January 2020 were outstanding under the Post-IPO Share Option Scheme during the year:

2014

		Number of shares issuable under options					
Name of category of participate	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2013 HK$**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2014**
Other employees and consultants	**277.80**	**15,767**	**–**	**–**	**–**	**–**	**15,767**

2013

		Number of shares issuable under options					
Name of category of participate	Adjusted exercise price after share consolidation HK$	Outstanding and exercisable at 1 July 2012 HK$	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2013
Other employees and consultants	277.80	157,674	–	–	–	(141,907)	15,767

The fair values of the options granted on 20 September 2005, 23 August 2007, 9 September 2008, 11 September 2008, 16 December 2008, 17 February 2009 and 29 May 2009 determined using the Binominal Option Pricing Model were HK$2,459,600, HK$32,590,077, HK$13,654,408, HK$5,868,400, HK$4,093,100, HK$1,071,600 and HK$948,000 respectively.

35. SHARE OPTION SCHEMES (continued)

(ii) Post-IPO Share Option Scheme (continued)

The fair values of the options granted on 31 December 2009 and 15 January 2010 determined using the Black-Scholes Option Pricing Model were HK$5,495,000 and HK$3,255,000 respectively. The significant inputs and assumptions to the model were as follows:

Grant date	20 September 2005	23 August 2007	9 September 2008	11 September 2008	16 December 2008	17 February 2009	29 May 2009	31December 2009	15 January 2010
Stock assets price	HK$0.110	HK$0.63	HK$0.174	HK$0.195	HK$0.075	HK$0.099	HK$0.087	HK$0.23	HK$0.37
Exercise price	HK$0.114	HK$0.063	HK$0.174	HK$0.195	HK$0.0762	HK$0.099	HK$0.088	HK$0.225	HK$0.365
Expected volatility	107%	77.37%	95.077%	95.255%	100.409%	102.323%	102.323%	96.04%	97.35%
Expected life	5 years	10 years	10 years	10 years	10 years	10 years	10 years	5 years	5 years
Risk free interest rate	1.012%	4.480%	2.848%	2.799%	1.530%	1.586%	2.767%	1.93%	1.86%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%

Expected volatility was based on weekly historical volatility since the establishment of the Company.

The Binomial Option Pricing Model and the Black-Scholes Option Pricing Model require the input of highly subjective assumptions, including the volatility of share price. Any changes in subjective input assumptions could materially affect the fair value estimate.

36. RESERVES

(a) The Group

	Share premium HK$'000	Share option reserve HK$'000	Convertible notes reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2012	225,775	38,714	–	52,959	43	(446)	–	(110,384)	206,661	5,229	211,890
Loss for the year	–	–	–	–	–	–	–	(1,563,182)	(1,563,182)	(9,581)	(1,572,763)
Other comprehensive loss for the year:											
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(489)	–	–	(489)	(546)	(1,035)
Total comprehensive loss for the year	–	–	–	–	–	(489)	–	(1,563,182)	(1,563,671)	(10,127)	(1,573,798)
Issue of convertible notes	–	–	28,011	–	–	–	–	–	28,011	–	28,011
Issue of convertible notes upon acquisition of subsidiaries	–	–	30,784	–	–	–	–	–	30,784	–	30,784
Deferred tax liability arising on convertible notes	–	–	(27,092)	–	–	–	–	–	(27,092)	–	(27,092)
Issue of shares pursuant to the conversion of convertible notes	436,681	–	(21,619)	–	–	–	–	–	415,062	–	415,062
Issue of shares pursuant to the placing	7,270	–	–	–	–	–	–	–	7,270	–	7,270
Share placement expenses	(667)	–	–	–	–	–	–	–	(667)	–	(667)
Non-controlling interests arising on acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	971	971
At 30 June 2013 and 1 July 2013	669,059	38,714	10,084	52,959	43	(935)	–	(1,673,566)	(903,642)	(3,927)	(907,569)
Loss for the year	–	–	–	–	–	–	–	(371,458)	(371,458)	(6,179)	(377,637)
Other comprehensive income for the year:											
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	94	–	–	94	75	169
Total comprehensive loss for the year	–	–	–	–	–	94	–	(371,458)	(371,364)	(6,104)	(377,468)
Issue of shares pursuant to the conversion of convertible notes	259,620	–	(2,024)	–	–	–	–	–	257,596	–	257,596
Issue of shares pursuant to the placing	12,225	–	–	–	–	–	–	–	12,225	–	12,225
Share placement expenses	(587)	–	–	–	–	–	–	–	(587)	–	(587)
Change in ownership interest of a subsidiary (note 43)	–	–	–	–	–	–	(743))	–	(743)	(527)	(1,270)
At 30 June 2014	**940,317**	**38,714**	**8,060**	**52,959**	**43**	**(841)**	**(743)**	**(2,045,024)**	**(1,006,515)**	**(10,558)**	**(1,017,073)**

36. RESERVES (continued)

(b) The Company

	Share premium HK$'000	Share option reserves HK$'000	Convertible notes reserves HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2012	225,775	38,714	–	52,959	43	(111,317)	206,174
Loss and total comprehensive loss for the year	–	–	–	–	–	(1,819,101)	(1,819,101)
Issue of convertible notes	–	–	28,011	–	–	–	28,011
Issue of convertible notes upon acquisition of subsidiaries	–	–	30,784	–	–	–	30,784
Deferred tax liability arising on convertible notes	–	–	(27,092)	–	–	–	(27,092)
Issue of shares pursuant to the conversion of convertible notes	436,681	–	(21,619)	–	–	–	415,062
Issue of shares pursuant to the placing	7,270	–	–	–	–	–	7,270
Share placement expenses	(667)	–	–	–	–	–	(667)
At 30 June 2013 and 1 July 2013	669,059	38,714	10,084	52,959	43	(1,930,418)	(1,159,559)
Loss and total comprehensive loss for the year	–	–	–	–	–	(50,068)	(50,068)
Issue of shares pursuant to the conversion of convertible notes	259,620	–	(2,024)	–	–	–	257,596
Issue of shares pursuant to the placing	12,225	–	–	–	–	–	12,225
Share placement expenses	(587)	–	–	–	–	–	(587)
At 30 June 2014	**940,317**	**38,714**	**8,060**	**52,959**	**43**	**(1,980,486)**	**(940,393)**

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium account and capital redemption reserve are governed by Section 40 of the Companies Act 1981 of Bermuda ("Companies Act").

(ii) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 3(o)(ii).

(iii) Convertible notes reserve

Convertible notes reserve have been set up and will be dealt with in accordance with the Group's accounting policies in note 3(s).

36. RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(iv) Contributed surplus

Pursuant to the group reorganisation prior to obtaining a listing, the Company became the holding company of the Group on 5 July 2002. The excess of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange under the group reorganisation was transferred to contribute surplus. Contributed surplus also includes the credit arising from the capital reorganisations effective on 9 December 2010 and 28 June 2011 respectively.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(z).

(vi) Distributable of reserves

At 30 June 2014, no reserve was available for distribution as dividends to shareholders of the Company (2013: HK$Nil).

37. ACQUISITION OF SUBSIDIARIES

On 31 August 2012, the Group acquired the entire issued share capital of Redgate at an aggregate consideration of HK$1,750,704,206. Shanghai Dianguang, a wholly owned subsidiary of Redgate, is principally engaged in provision of advertising placement agency services in television channel. Beijing Yanhuang and its subsidiaries, non-wholly owned subsidiaries of Redgate, are principally engaged in provision of advertising placement agency services in outdoor displays and media advertisements.

The consideration of HK$1,750,704,206 was payable as follows:

1. HK$290,000,000 in cash:

2. 2-years interest-free unsecured promissory notes in a principal amount of HK$160,000,000; and

3. 3-years zero coupon unsecured convertible notes in an aggregate principal sum of HK$1,300,704,206.

37. ACQUISITION OF SUBSIDIARIES (continued)

The fair value of the net assets acquired and the goodwill arising from the acquisition of Redgate are as follows:

	Carrying amount HK$'000	Fair value adjustment HK$'000	Fair value HK$'000
Net assets acquired:			
Property, plant and equipment (note 15)	457	–	457
Intangible assets (note 16)	4,275	761,196	765,471
Available-for-sale financial assets	1	–	1
Accounts receivables	32,402	–	32,402
Prepaid advertising placement service costs	53,848	–	53,848
Prepayments, deposits and other receivables	20,694	–	20,694
Cash and cash equivalents	10,205	–	10,205
Trade payables, accrued expenses and other payables	(261,017)	–	(261,017)
Tax payables (note 32)	(32,492)	–	(32,492)
Deferred tax liabilities (note 33)	(1,069)	(191,367)	(192,436)
Non-controlling interests	(971)	–	(971)
Net assets			396,162
Goodwill arising from acquisition of subsidiaries (note 17)			1,226,254
Total consideration			1,622,416
Satisfied by:			
Cash*			290,000
Issue of promissory notes			147,468
Issue of convertible notes			1,184,948
			1,622,416
Net cash outflow from acquisition:			
Cash and cash equivalents acquired			10,205
Less: Consideration paid in cash and cash equivalents			(210,000)
			(199,795)

* *Included the deposit of HK$80,000,000 paid during the year ended 30 June 2012.*

37. ACQUISITION OF SUBSIDIARIES (continued)

The Group explores new business opportunities to broaden its source of income and expand the business in order to maximise the profit and return for the Group and the shareholders.

Acquisition related costs amounting to approximately HK$1,290,000 have been excluded from consideration transferred and have been recognised as an expense for the year, within the "administrative expenses" in the consolidated statement of profit or loss.

Goodwill arose in the acquisition of Redgate because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Redgate. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The non-controlling interests recognised at the acquisition date was measured by reference to non-controlling interests' proportionate share of the Redgate Group's net identifiable assets.

Included in the loss for the year ended 30 June 2013 had loss of approximately HK$28,704,000 attributable to Redgate Group.

Had this business combination been effected at 1 July 2012, the revenue of the Group from would have been HK$140,006,000, and the loss for the year would have been HK$1,579,567,000. The directors of the Company consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

38. 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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing, or sell assets to reduce debt. No changes were made in the objective and processes during the year of 2014 and 2013.

The Group monitors capital using a net debt to equity ratio. The Group's policy is to keep the gearing ratio at a reasonable level.

38. CAPITAL RISK MANAGEMENT (continued)

The Group's net debt to equity at 30 June 2014 and 30 June 2013 were as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Debt (note (i))	**909,067**	1,120,057
Cash and cash equivalents (note 25)	**(1,704)**	(25,133)
Net debt	**907,363**	1,094,924
Equity (note (ii))	**(1,003,814)**	(902,102)
Net debt to equity ratio	**0.90**	1.21

Notes:

(i) Debt comprises borrowings, promissory notes and convertible notes as detailed in notes 29, 30 and 31 respectively.

(ii) Equity includes all capital and reserves attributable to owners of the Company.

The debt decreased as at 30 June 2014 mainly represented by conversion of convertible notes by the convertible note holders during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

39. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 3.

Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets at fair value through profit or loss	**42**	24	**–**	–
Loans and receivables (including cash and cash equivalents)	**7,958**	114,486	**67**	342
Available-for-sale financial assets	**–**	235	**–**	–
Derivative financial assets	**–**	126	**–**	126
Financial liabilities				
Amortised cost	**951,910**	1,443,155	**934,885**	1,145,110
Derivative financial liabilities	**5**	1,510	**5**	1,510

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, equity price risk, foreign currency risk and cash flow interest rates risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance and are set out below.

(a) Interest rate risk

The Group's and the Company's interest rate risk arises from interest-bearing borrowings. Other borrowings disclosed in note 29 carry at fixed interest rates expose the Group and the Company to fair value interest rate risk. The Group and the Company did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group and the Company consider that there is no significant cash flow interest rate risk as the Group and the Company do not have variable-rate borrowings.

The Group's and the Company's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(b) Liquidity risk

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the loss for the year ended 30 June 2014 of approximately HK$377,637,000 (2013: approximately HK$1,572,763,000). The directors of the Company are satisfied that the Group has so far meet all the financial obligations as and when they fall due and will consider to raise fund by ways of issuing debt and equity instruments of the Group or to obtain adequate committed lines of funding from financial institutions to meet its liquidity requirements in future.

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

The Group

	2014						2013					
	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Trade payables, accrued expenses and other payables	42,647	42,647	42,647	–	–	–	322,902	322,902	322,902	–	–	–
Purchase consideration payable	196	196	196	–	–	–	196	196	196	–	–	–
Borrowings	20,400	20,400	20,400	–	–	–	20,400	20,400	20,400	–	–	–
Promissory notes	158,913	160,000	160,000	–	–	–	152,563	160,000	–	160,000	–	–
Convertible notes	729,754	858,398	37,000	821,398	–	–	947,094	1,029,230	–	37,000	992,230	–
	951,910	1,081,641	260,243	821,398	–	–	1,443,155	1,532,728	343,498	197,000	992,230	–

The Company

	2014						2013					
	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Trade payables, accrued expenses and other payables	16,232	16,232	16,232	–	–	–	15,467	15,467	15,467	–	–	–
Purchase consideration payable	196	196	196	–	–	–	196	196	196	–	–	–
Amount due to a subsidiary	9,390	9,390	9,390	–	–	–	9,390	9,390	9,390	–	–	–
Borrowings	20,400	20,400	20,400	–	–	–	20,400	20,400	20,400	–	–	–
Promissory notes	158,913	160,000	160,000	–	–	–	152,563	160,000	–	160,000	–	–
Convertible notes	729,754	858,398	37,000	821,398	–	–	947,094	1,029,230	–	37,000	992,230	–
	934,885	1,064,616	243,218	821,398	–	–	1,145,110	1,234,083	45,453	197,000	992,230	–

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(c) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss (see note 21) as at 30 June 2014 and 2013 respectively.

Sensitivity analysis

At 30 June 2014, if equity prices at that date had been 5% higher/lower with all other variables held constant, loss for the year would decrease/increase by approximately HK$2,000 (2013: HK$1,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

(d) Credit risk

The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. Bank deposits are limited to high credit rating financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivables are set out in note 22.

In respect of the amounts due from subsidiaries, the management has closely monitored and reviewed the recoverability of the amounts and the directors consider such credit risk is considered manageable.

In 30 June 2014, the Group had certain concentration of credit risk as 79% (2013: 60%) of the total trade receivables of the Group were due from 5 customers (2013: 5 customers). In addition, the Group had a concentration of credit risk by geographical area since its total trade debtors consists of customers entirely in the PRC as at 30 June 2014 (2013: 100%) at the end of reporting period.

(e) Foreign currency risk

The Group does not have a significant foreign currency risk exposure arising from its sales and purchases transactions as these transactions are mainly carried out in the entities' own functional currencies. Accordingly, no sensitivity analysis has been prepared.

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

The Group and the Company

	2014		2013	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Promissory notes	**158,913**	**157,302**	152,563	143,988
Convertible notes	**729,754**	**760,375**	947,094	851,338

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(f) Fair value of financial instruments (continued)

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

	As at 30 June 2014							
	The Group				The Company			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets								
Financial assets at fair value through profit or loss	42	–	–	42	–	–	–	–
Financial liabilities								
Derivative financial liabilities	–	–	5	5	–	–	5	5

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(f) Fair value of financial instruments (continued)

	As at 30 June 2013							
	The Group				The Company			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets								
Financial assets at fair value through profit or loss	24	–	–	24	–	–	–	–
Derivative financial assets	–	–	126	126	–	–	126	126
Financial liabilities								
Derivative financial liabilities	–	–	1,510	1,510	–	–	1,510	1,510

There were no transfers between instruments in Level 1 and Level 2 during the two years ended 30 June 2014 and 2013.

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

Financial assets	Fair value as at 30 June 2014	Fair value as at 30 June 2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Financial assets at fair value through profit or loss	**Listed equity securities in Hong Kong: -HK$42,000**	Listed equity securities in Hong Kong: -HK$24,000	Level 1	Quoted bid prices in an active market	Nil
Derivative financial assets	**Derivative financial assets call option -Nil**	Derivative financial assets call option -HK$126,000	Level 3	Discounted cash flow method	Weighted average cost of capital

39. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(f) Fair value of financial instruments (continued)

Financial liabilities	Fair value as at 30 June 2014	Fair value as at 30 June 2013	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivative financial liabilities	**Derivative financial liabilities conversion option -HK$5,000**	Derivative financial liabilities conversion option -HK$1,510,000	Level 3	Discounted cash flow method	Weighted average cost of capital ("WACC")	The higher the WACC, the lower the fair value

A slight change in the unobservable input holding all factors constant would have no significant effect to the fair value of derivative financial liabilities.

As at 30 June 2014, conversions option and call option embedded in convertible notes amounting approximately HK$5,000 (2013: HK$1,510,000) and approximately HK$Nil (2013: HK$126,000) respectively are measured at fair value in Level 3 and the movement under the Level 3 fair value measurements during the year are as follows:

	Derivative financial liabilities conversion option HK$'000	**Derivative financial liabilities call option** HK$'000
At 1 July 2012	–	–
Issue of convertible notes	2,384	(2,633)
Fair value change	(871)	361
Conversion of convertible notes	(3)	2,146
At 30 June 2013 and 1 July 2013	1,510	(126)
Fair value change	(1,410)	126
Conversion of convertible notes	(95)	–
At 30 June 2014	**5**	**–**

40. COMMITMENTS

(a) Operating leases commitments

At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 year	**404**	1,491
After 1 year but within 5 years	**2,301**	1,104
	2,705	2,595

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases for the Company are payable as follows:

	The Company	
	2014	2013
	HK$'000	HK$'000
Within 1 year	**–**	77

Operating lease payments represent rentals payable by the Company for its office premise with lease terms of 2 years. The Company does not have an option to purchase the lease asset at the expiry of the lease period.

40. COMMITMENTS (continued)

(b) Capital commitments

Capital commitments outstanding at 30 June 2014 not provided for in the financial statements of the Group were as follows:

	The Group and the Company	
	2014	2013
	HK$'000	HK$'000
Contracted but not provided for:		
Investment in joint venture	**7,000**	7,000

41. LITIGATION

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

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

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

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

41. LITIGATION (continued)

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

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

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

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

42. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions:

Compensation of key management personnel

The emoluments of directors and other members of key management during the year was as follows:

	2014 **HK$'000**	2013 HK$'000
Basic salary, allowance and other benefits	**3,536**	1,936
Recognised retirement pension	**15**	15
	3,551	1,951

43. CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

During the year, the Group acquired part of its interest in 石家莊市迅華德高公交廣告有限公司. The acquired 20% interest in 石家莊市迅華德高公交廣告有限公司 in current year for the cash consideration RMB1,000,000 (equivalent to approximately HK$1,270,000), increasing its ownership from 80% to 100%. The Group recognised a decrease in non-controlling interest at HK$527,000 and increase in other reserve of HK$743,000.

44. NON-CASH TRANSACTIONS

During the year ended 30 June 2014, convertible note holders exercised their conversion right to convert part of the principal amount into the shares of the Company. Please refer to note 34 to the consolidated financial statements for details.

45. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

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

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

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

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

45. EVENTS AFTER THE REPORTING PERIOD (continued)

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

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

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

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

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

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

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

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

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

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

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

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

45. EVENTS AFTER THE REPORTING PERIOD (continued)

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

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

(v) Extension of maturity dates of Promissory Notes

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

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

(vi) Disposals of subsidiaries

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

46. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation.

47. DIVIDEND

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

48. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 September 2014.