



中國3D數碼娛樂有限公司
CHINA 3D DIGITAL ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)
(GEM Stock Code: 8078)

2014-2015

Interim Report



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This report, for which the directors of China 3D Digital Entertainment Limited (the “Company”) 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 (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The Company and its subsidiaries (collectively referred to as the “Group”) reported total revenue of approximately HK\$55.2 million for the six months ended 31 December 2014 (the “Six-month Period”), compared with approximately HK\$18.7 million for the corresponding period a year ago. For the Six-month Period, a loss of approximately HK\$11.4 million was recorded whilst in the corresponding period of last year, a profit of HK\$0.6 million was recorded.

During the Six-month Period, artist management’s segment contributed approximately HK\$42 million (2013: HK\$16 million) to revenue and recorded a profit of approximately HK\$2.7 million (2013: HK\$7.9 million). The revenue from the business segment of film and television programme production, licensing and distribution was approximately HK\$8.2 million (2013: HK\$2.1 million). This business segment recorded a profit of approximately HK\$0.9 million (2013: HK\$1.2 million).

PROSPECTS

To achieve the goal of the Group to become a leading 3D digital entertainment company offering the best entertainment experience to the audience in Hong Kong and the People’s Republic of China (the “PRC”), the Directors believe that the Company is well positioned to capture the rising demands for entertainment in the PRC attributable to the favourable policies from the local government aiming at boosting local cultural development. In June 2013, CineUnited Circuits Company Limited (“CineUnited”), an indirect wholly-owned subsidiary of the Company entered a tenancy agreement with ChongQing PengRun Real Estate Development Company Limited (重慶鵬潤房地產開發有限公司) in relation to the 20 years long lease of a premises for development and use as cinema. The premises is situated at Shop 13, Level B1, Guotai Plaza, ChongQing, the PRC (中國重慶國泰廣場B1層13號舖). According to the report of Chongqing Bureau of Culture (重慶市文化委員會), the box office in Chongqing has grown by 30% in 2014, ranking number 7 and 2 amongst other cities and western district in the PRC respectively.

In August 2013, CineUnited and Xiamen Hete Properties Company Limited (廈門赫特物業有限公司) entered the Xiamen tenancy agreement, pursuant to which CineUnited has conditionally agreed to rent and Xiamen Hete has conditionally agreed to lease the Xiamen premises for development and use as cinema for a term of 15 years. The premises is situated at Unit 102 of Xiamen Qixing Lifespace Shopping Mall, 3 Qixing West Road, Siming District, Xiamen, Fujian Province, the PRC (中國福建省廈門市思明區七星西路3號102單元廈門七星樂都匯購物中心). The premises has a gross floor area of approximately 2,737 sq.m., comprising seven movie theatres with about 700 seats. Xiamen cinema has started generating income to the Group since March 2014.

Moreover, in May 2014, the Group entered a new operating lease agreement with an independent third party to lease a premises for development and use as cinema in Guangzhou, the PRC (“Guangzhou Cinema”) for a term of 15 years. It is expected that, after renovation implemented by the Group, such cinema will become a 6-house cinema equipped with advanced Dolby atoms sound systems, comfortable electronic recliner seats, digital IMAX (an acronym for Image MAXimum) screen, 4K projection system and D-Box motion chairs. The Guangzhou Cinema is situated at Unit 303, 3rd Floor, Nan Fung The Place, No. 618 Xingang East Road, Haizhu District, Guangzhou, PRC (廣州市海珠區新港東路618號南豐匯環球展覽中心第三層303號舖) which has a gross floor area of approximately 4,600 sq. m.. Guangzhou Cinema is expected to start its operation in the year 2015.

The Directors believe that, it will provide an opportunity for the Company to be successful in cinema's operation in the PRC.

According to the Mainland China's "12th Five-Year Plan", the State Council has resolved to support the PRC studio production and the tourism and culture development. This is in line with the Group's direction for development.

In September 2013, a famous artist Mr. Cheung Chi Lam joined the Group and the movie version of "Triumph in the Skies" starred by Mr. Cheung will be launched in February 2015. Mr. Cheung completed his concert in July 2014 with great success and enthusiastic response.

In April 2014, a famous artist Ms. Cheng Joyce Yan Yee joined the Group. Ms. Cheng is a talented artist and a popular singer. She has won numerous awards and recognition from various prestigious award giving bodies.

The Group has also entered service contracts with two famous artists namely Mr. Babyjohn Choi and Ms. Chrissie Chau respectively for participating in the Group's movies. It is expected that recruiting new talented artists will broaden the Group's income stream, create synergies for its overall entertainment business, and enhance the Group's image and profitability,

In January 2015, the Group has renewed the artist contract with a famous artist Ms. Ch'ng Se Min for further three years.

In January 2015, the Group has entered an artist contract with a famous singer-songwriter Ms. Chan Sze Wai Eva. Ms. Chan has wrote a lot of songs for many famous singers.

Save as aforesaid, efforts would continually be put into business segment of artiste management to source talented artistes with an aim to achieve satisfactory profit and provide synergy with other operations of the Group.

The movie namely "高登濶少踔監日記" (The Prison Diary of a Golden Toff), a black comedy movie adapted from an internet novel namely, "壹獄壹世界" (A World In An Iron Grille) is under production. The movie is expected to be launched in the year 2015.

Another movie namely "十月初五的月光" (Return of Cuckoo), starred by famous artist Mr. Cheung Chi Lam is at a pre-production stage and the Group has already been forming its production team and has engaged movie directors, producer, actors and screenwriter. The commencement of production of this movie is anticipated to produce in the year 2015.

Taking into account the stable interest income stream and the prospects of the money lending business, the Group intends to expand its money lending business, which is principally the provision of mortgage loans and personal loans for customers with good credit record in Hong Kong. The Board is optimistic to the future prospects of this business segment in view of the existing operation and developments.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, total borrowing of the Group (excluding payables) amounted to approximately HK\$65.3 million (30 June 2014: HK\$73.1 million). During the Six-month Period, the Group's gearing ratio (expressed as a percentage of total borrowing over total assets) was 12.56% (30 June 2014: 17.6%).

In addition to its share capital and reserves, the Group also made use of cash flow generated from operations and the borrowings, mainly including convertible bond, promissory note payable and short term loans, to finance its operation. The promissory note payable is denominated in Hong Kong dollars, unsecured, interest-free and has a fixed repayment term. Other than disclosed above, the Group has no other external borrowings. The Group's bank and cash held in hand were mainly denominated in Hong Kong dollars. The Group managed its foreign exchange risk by closely monitoring the movement of the foreign currency rates. The management conducted periodical review of foreign currency exposure and would take appropriate measures to mitigate the risk should the need arise. The Group experienced no significant exposure to foreign exchange rate fluctuation during the Six-month Period.

CAPITAL STRUCTURE

During the three months ended 31 December 2014, the capital structure of the Company was changed as follows:

On 1 December 2014, the Company announced that to implement the capital reorganisation which involves (i) the share consolidation; (ii) the capital reduction and (iii) the share sub-division ("Capital Reorganisation"). Details of the Capital Reorganisation were disclosed in the Company's announcement and the circular dated 1 December 2014 and 18 December 2014 respectively. The Capital Reorganisation became effective on 14 January 2015.

On 12 December 2014, the Company completed the placing of 1,013,100,000 new shares of the Company under general mandate at the placing price of HK\$0.027 per placing share ("Placing"). The net proceeds from the placing amounted to approximately HK\$26.5 million. The intended use of proceed from the placing as to (i) approximately HK\$16.5 million for production of movie(s); and (ii) approximately HK\$10.0 million for recruiting new talented artists. Details of the Placing were disclosed in the Company's announcement dated 1 December 2014.

On 29 December 2014, the Company issued and allotted 304,128,000 new shares to the allottees at a subscription price of HK\$0.025 per share option under the new share option scheme which became effective from 9 July 2014.

COMMITMENTS

Total commitments of the Group as at 31 December 2014 was approximately HK\$409 million (30 June 2014: HK\$393 million).

NUMBER AND REMUNERATION OF EMPLOYEES

The Group's number of employees as at 31 December 2014 was 95 (30 June 2014: 77), including full-time and part time employees. Employees' remuneration was determined in accordance with individual responsibility, performance and experience. To provide incentives or rewards to the employees, the Company has adopted a new share option scheme in July 2014. 506,880,000 options (before the Capital Reorganisation) were granted during the Six-month Period.

EVENT AFTER THE REPORTING PERIOD

CAPITAL REORGANISATION

By a special resolution dated 13 January 2015, the Company implemented the Capital Reorganisation which involved the share consolidation, the capital reduction and the share sub-division. The share consolidation involved the consolidation of every ten (10) issued and unissued shares of HK\$0.025 each in the share capital of the Company into one (1) consolidated share of HK\$0.25 each ("Consolidated Share"). The capital reduction involved the reduction of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.24 on each of the ten issued Consolidated Shares such that the nominal value of each issued Consolidated Shares will be reduced from HK\$0.25 to HK\$0.01. The subdivision involved the subdivision of each authorized but unissued Consolidated Share into 25 adjusted shares of HK\$0.01 each. The Capital Reorganisation became effective on 14 January 2015.

On 2 February 2015, the Company issued and allotted 20,275,200 new shares (equivalent to 202,752,000 shares before Capital Reorganisation) to the allottees at a subscription price of HK\$0.25 per share option under the new share option scheme which became effective from 9 July 2014.

CONTINUING CONNECTED TRANSACTION AND PROVISION FOR FINANCIAL ASSISTANCE

On 9 October 2012 ("Date of Agreement"), a tenancy agreement was jointly entered between Wit Way, as landlord, Top Euro Limited, an indirect wholly-owned subsidiary of Unlimited Creativity Holdings Limited ("Unlimited Creativity"), the substantial shareholder of the Company as at the Date of Agreement and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of the Company, both as tenants, in relation to the lease of a premises located in Hong Kong. The duration of the tenancy agreement is for three years commencing from 1 November 2012 to 31 October 2015 with a monthly rental of HK\$220,000, inclusive of management charges and government rent (equivalent to HK\$2,640,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the premises shall be paid by the tenants in equal shares.

If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other's party outstanding contingent rental liability amounting to HK\$1,320,000 per annum. The taking up of the contingent rental liability constitutes a provision of financial assistance under the GEM Listing Rules.

RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the Three-month and Six-month Period ended 31 December 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	2 & 3	30,494	8,955	55,185	18,655
Other revenue and other gains – net		44	82	129	363
Cost of sales	3	(25,585)	(2,933)	(45,190)	(8,813)
Selling and distribution costs		(472)	(446)	(2,249)	(1,921)
Administrative expenses		(13,247)	(5,303)	(20,727)	(6,369)
Gain on disposal of financial asset at fair value through profit or loss		90	–	2,028	–
Loss on disposal of investment property		–	(22)	–	(22)
Finance costs		(268)	(635)	(580)	(1,164)
Share of results of a jointly controlled entity		3	(68)	(4)	(91)
(Loss)/profit before taxation	4	(8,941)	(370)	(11,408)	638
Taxation	5	–	–	–	–
(Loss)/profit for the period		(8,941)	(370)	(11,408)	638
(Loss)/profit for the period attributable to:					
Owners of the Company		(8,941)	(370)	(11,408)	645
Non-controlling interests		–	–	(1)	(7)
		(8,941)	(370)	(11,409)	638

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the three months and six months ended 31 December 2014

Notes	For the three months ended 31 December		For the six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Other comprehensive income/(loss) for the period, net of income tax				
Exchange differences arising on translation of foreign subsidiary	–	–	–	54
Net loss arising on revaluation of available-for-sale investments during the period	(9,762)	(336)	(8,770)	(784)
Other comprehensive loss for the period, net of income tax	(9,762)	(336)	(8,770)	(730)
Total comprehensive loss for the period	(18,703)	(706)	(20,179)	(92)
Total comprehensive loss for the period attributable to:				
Owners of the Company	(18,703)	(706)	(20,178)	(85)
Non-controlling interests	–	–	(1)	(7)
	(18,703)	(706)	(20,179)	(92)
(Loss)/earnings per share (2013: restated) 6				
Basic	HK(1.92) cents	HK(0.29) cents	HK(2.45) cents	HK0.49 cents
Diluted	HK(1.92) cents	HK(0.29) cents	HK(2.45) cents	HK0.49 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		As at	
	Notes	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	7	6,197	6,040
Interest in a joint venture		81	85
Available-for-sale investments	10	67,930	54,516
Prepayments, deposits and other receivable	15	69,453	52,040
Film rights and film production in progress	7	183,406	165,466
Loan receivables	13	21,398	4,380
		348,465	282,527
Current assets			
Inventories	12	136	141
Loan receivables	13	36,512	9,657
Trade receivables	14	15,757	12,623
Prepayments, deposits and other receivables	15	77,969	85,309
Amount due from a joint venture		13	20
Financial assets at fair value through profit or loss	11	2,956	5,079
Pledged bank deposit		5,904	5,860
Bank balances and cash		31,961	13,886
		171,208	132,575
Current liabilities			
Trade payables		13,283	11,991
Accruals, deposits received and other payables		53,171	61,788
Other borrowings	17	49,144	57,434
Convertible bond	8	1,991	1,947
Promissory note payable	8	14,126	13,753
Tax payable		13	13
		131,728	146,926
Net current assets/(liabilities)		39,480	(14,351)
Total assets less current liabilities		387,945	268,176
Net assets		387,945	268,176
Capital and reserves			
Share capital		159,718	4,026
Reserves		228,227	263,665
Equity attributable to owners of the Company		387,945	267,691
Non-controlling interests		-	485
Total equity		387,945	268,176

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 December 2014

	Attributable to owners of the Company										Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Contributed surplus HK\$'000	Convertible bond equity reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Retained earnings/(accumulated losses) HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2013	4,660	167,948	(14,423)	71,979	766	54	-	8,880	239,864	3,340	243,204
Net loss arising on revaluation of available-for-sales investments during the period	-	-	(784)	-	-	54	-	-	(730)	-	(730)
Profit for the period	-	-	-	-	-	-	-	645	645	(7)	638
Total comprehensive income for the period	4,660	167,948	(15,207)	71,979	766	108	-	9,525	239,779	3,333	243,112
Issue of shares upon bonus issue	23,303	(23,303)	-	-	-	-	-	-	-	-	-
Transaction cost upon bonus issue	-	(202)	-	-	-	-	-	-	(202)	-	(202)
Issue of shares upon share issue	5,593	22,259	-	-	-	-	-	-	27,852	-	27,852
Transaction cost upon share issue	-	(631)	-	-	-	-	-	-	(631)	-	(631)
At 31 December 2013	33,556	166,071	(15,207)	71,979	766	108	-	9,525	266,798	3,333	270,131
At 1 July 2014	4,026	181,881	(14,591)	102,180	766	109	-	(6,680)	267,691	485	268,176
Net loss arising on revaluation of available-for-sales investments during the period	-	-	(8,770)	-	-	-	-	-	(8,770)	-	(8,770)
Loss for the period	-	-	-	-	-	-	-	(11,408)	(11,408)	(1)	(11,409)
Total comprehensive income for the period	4,026	181,881	(23,361)	102,180	766	109	-	(18,088)	247,513	484	247,997
Issue of shares upon bonus issue	115,261	(115,261)	-	-	-	-	-	-	-	-	-
Issue of shares upon placing	32,828	99,526	-	-	-	-	-	-	132,354	-	132,354
Transaction cost attributable to issues of shares	-	(3,546)	-	-	-	-	-	-	(3,546)	-	(3,546)
Recognition of share-based payment expenses	-	-	-	-	-	-	3,984	-	3,984	-	3,984
Issue of shares upon exercise of share option	7,603	2,403	-	-	-	-	(2,403)	-	7,603	-	7,603
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	37	37	(484)	(447)
At 31 December 2014	159,718	165,003	(23,361)	102,180	766	109	1,581	(18,051)	387,945	-	387,945

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash used in operating activities	(71,222)	(24,462)
Net cash used in investing activities	(38,377)	(39,809)
Net cash generated from financing activities	127,674	57,511
Net increase/(decrease) in cash and cash equivalents	18,075	(6,760)
Cash and cash equivalents at beginning of the period	13,886	29,565
Cash and cash equivalents at end of the period	31,961	22,805
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	31,961	22,805

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**1. BASIS OF PREPARATION**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s financial statements for the year ended 30 June 2014. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations).

The condensed financial statements have been prepared under historical cost convention as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

This condensed financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s financial statements for the year ended 30 June 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**1. BASIS OF PREPARATION (Continued)**

The Group has not adopted earlier or applied the following amendments, new and revised HKFRSs that have been issued but not yet effective, in this interim financial report.

		Effective for accounting period beginning on or after
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution	1 July 2014
HKFRS 11 (Amendment)	Accounting for Acquisition of Interest in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue of Contracts from Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018
Annual Improvements Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**2. REVENUE**

Revenue represents the aggregate of amounts received and receivable from services provided, event production, sales of albums, net of sales returns, musical works licensed, production and distribution of films and television programmes, licensing of distribution rights over films and television programmes, interest income from corporate coupon bonds, rental income, interest income from money lending business and trading of securities during the year.

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and sales related taxes.

Artiste management fee income is recognised when the services are provided.

Income from the production and distribution of films and television programmes is recognised when the production is completed and released and the amount can be measured reliably.

Income from the licensing of distribution rights over films and television programmes is recognised when the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the customers or when the notice of delivery is served to the customers.

Income from event production is recognised when the events are completed or the services are provided and the amount can be measured reliably.

Sales of albums are recognised when the albums are delivered and the title has passed.

Income from the licensing of the musical works is recognised when the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the customers.

Interest income from corporate coupon bonds is accrued on a time basis, by reference to the nominal amount at the annual coupon rate.

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the term of the lease.

Revenue arising from money lending is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Handling charge revenue is recognised when earned.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**2. REVENUE (Continued)**

	Three months ended 31 December		Six months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
An analysis of the Group's revenue for the period is as follows:				
Artiste management services	24,653	7,780	42,217	16,005
Production, licensing and distribution of films and television programmes	3,161	962	8,226	2,112
Money lending				
– Loan interest income	986	213	1,376	517
Operation of cinemas	1,694	–	3,366	–
Property investment	–	–	–	21
	30,494	8,955	55,185	18,655

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has identified operating segments based on similar products and service provided. The operating segments are identified by senior management who is designated as "Chief Operating Decision Maker" to make decisions about resource allocation to the segments and assess their performance.

The Group has six reportable segments, (i) artiste management services, (ii) production, licensing and distribution of films and television programmes, (iii) money lending, (iv) securities and bonds investment, (v) operation of cinemas and (vi) property investment. The segmentation is based on the information about the operations of the Group that Chief Operating Decision Maker uses to make decisions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**3. SEGMENT INFORMATION (UNAUDITED) (Continued)***Segment revenue and results*

The following is an analysis of the Group's revenues and results by reportable segment for the current and prior years:

	Artiste management services		Production, licensing and distribution of films and television programmes		Money lending		Securities and bonds investment		Operation of cinemas		Property investment		Total	
	Six months ended 31 December		Six months ended 31 December		Six months ended 31 December		Six months ended 31 December		Six months ended 31 December		Six months ended 31 December		Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment revenue														
Revenue from external customers	42,217	16,005	8,226	2,112	1,376	517	-	-	3,366	-	-	21	55,185	18,655
Segment results	2,743	7,911	926	1,253	684	374	2,028	291	(1,476)	-	-	13	4,905	9,842
Bank interest income													50	50
Unallocated corporate expenses, net													(15,779)	(7,977)
Loss on disposal of investment property													-	(22)
Finance costs													(580)	(1,164)
Share of results of a jointly controlled entity													(4)	(91)
(Loss)/profit before taxation													(11,408)	638
Taxation													-	-
(Loss)/profit for the period													(11,408)	638

The accounting policies on segment reporting are the same as the Group's accounting policies. Segment results represent the profit earned by or loss incurred from each segment without allocation of central administration costs, bank interest income, finance costs, share of results of a jointly controlled entity and taxation. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**4. (LOSS)/PROFIT BEFORE TAXATION**

	Three months ended 31 December		Six months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
(Loss)/profit before taxation has been arrived at after charging/(crediting):				
Staff costs, including directors' remuneration				
– Basic salaries and allowances	3,178	1,197	5,808	1,917
– Retirement benefits scheme contributions	147	28	214	56
Total staff costs	3,325	1,225	6,022	1,973
Expense of share-based payment	3,984	–	3,984	–
Depreciation of property, plant and equipment	636	549	1,146	1,095
Minimum lease payments under operating leases:				
– Land and buildings	2,288	306	2,759	612
Exchange loss/(gain)	171	772	200	(50)

5. TAXATION

No provision for Hong Kong Profits Tax has been made for the Six-month Period as the Group has statutory tax loss brought forward from prior years (six months ended 31 December 2013: Nil).

No provision for income tax in respect of operations in overseas has been made as the Group has no assessable profits in the respective jurisdictions for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**6. (LOSS)/EARNINGS PER SHARE**

The calculation of the basic (loss)/earnings per share is based on the loss for the period attributable to shareholders of the Company of HK\$11,408,000 (six months ended 31 December 2013: profit of HK\$645,000) and the weighted average number of 466,506,122 (31 December 2013: 129,360,286) ordinary shares of the Company in issue during the period.

The calculation of the diluted (loss)/earnings per share for the period is based on the loss attributable to shareholders of HK\$11,408,000 (six months ended 31 December 2013: profit of HK\$645,000) and the weighted average number of 466,506,122 ordinary shares for the purpose of diluted (loss)/earnings per share during the period (31 December 2013: 129,360,286).

7. PROPERTY, PLANT AND EQUIPMENT AND FILM RIGHTS

An analysis of movements of the assets of the Group for the Six-month Period is as follows:

	Property, plant and equipment (Unaudited) HK\$'000	Film rights (Unaudited) HK\$'000	Film production in progress (Unaudited) HK\$'000
CARRYING AMOUNTS			
At 1 July 2014	6,040	71,240	94,226
Additions	1,303	1,660	22,049
Depreciation and amortisation	(1,146)	(5,769)	-
At 31 December 2014	6,197	67,131	116,275

FILM RIGHTS AND FILMS PRODUCTION IN PROGRESS

In light of the circumstances of film industry, the Group regularly reviewed its library of film rights to assess the marketability of respective film rights and the corresponding recoverable amounts for the periods under review. The recoverable amount of the relevant assets had been determined on the basis of the present value of expected future revenue net of the relevant expenses arising from distribution and licensing of distribution rights of each of the films, by reference to the recent market information of the film industry. No impairment loss has been recognised for the period under review.

Films production in progress represents films under production. During the period ended 31 December 2014, the directors of the Company assessed of which no impairment loss is necessary in respect of the films production in progress. (six months ended 31 December 2013: Nil). The estimated recoverable amount was determined based on the best estimation of the management on expected future revenue less the relevant costs arising from the distribution and sub-licensing of the film products.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**8. CONVERTIBLE BOND AND PROMISSORY NOTE PAYABLE**

An analysis of movements of the liabilities of the Group for the Six-month Period is as follows:

	Convertible bond (Unaudited) <i>(note (a))</i> HK\$'000	Promissory note payable (Unaudited) <i>(note (b))</i> HK\$'000
CARRYING AMOUNTS		
At 1 July 2014	1,947	13,753
Interest charge	44	373
At 31 December 2014	1,991	14,126

Notes:

- (a) On 21 October 2009, the Company issued a convertible bond with a nominal value of HK\$100 million. The bond bears interest from the date of issue at a rate of the HIBOR plus 2% per annum and will mature on 20 October 2014. It is transferable and may be converted into ordinary shares of the Company at an initial conversion price of HK\$0.70 per ordinary share, the conversion price has been adjusted to HK\$0.610 with effect from 15 September 2014 as a result of bonus issue. The Company is entitled to redeem the convertible bond at 100% of its aggregated principal amount and accrued contractual interest at any time after six months from the date of issue of the convertible bond until the maturity date.

At the initial recognition, the convertible bond was split into liability (including the value of closely-related early redemption option held by the Company) and equity component in a proportion of 61.72% : 38.28%, representing by recognising the liability component at its fair value and attributing the residual amount to the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible bond equity reserve. The effective interest rate of the liability component is 11.88% per annum.

Prior to 30 June 2012, the convertible bond with principal amount of HK\$98,000,000 was converted and early redeemed. For details, please refer to the annual financial report as at 30 June 2012.

Up to 31 December 2014, the principal amount of HK\$2,000,000 is still outstanding and it has matured on 20 October 2014.

- (b) During the year ended 30 June 2010, the Company issued a promissory note to settle part of the consideration in the acquisition of the available-for-sale investment in Dragonlott Holdings Limited. The amount is unsecured and non-interest bearing. The principal sum of HK\$14,160,000 is to be repaid on the date falling five years from 18 January 2010. The fair value of HK\$10,834,000 on initial recognition is measured by computing the present value of estimated future cash flows at the effective interest rate of 5.5%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**9. COMMITMENTS***(a) Operating lease commitments*

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

	As at	
	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
In respect of:		
Rented premises		
Within one year	8,793	7,340
In the second to fifth year, inclusive	66,231	60,640
Over fifth year	256,066	265,718
Total	331,090	333,698

The Group is the lessee in respect of a number of office premises in Hong Kong and Cinemas in the PRC held under operating leases. The leases typically run for one to twenty years.

Rentals are fixed over the lease term and no arrangement has been entered into for contingent rental payments.

(b) Other commitments

	As at	
	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Amounts contracted for but not provided in the consolidated financial statements in respect of:		
Film production costs	37,002	19,965
Guaranteed sum to be paid under distributors agreements	35,009	35,231
Others	5,764	3,926
	77,775	59,122

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

10. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Available-for-sale investments comprised of:		
Listed shares, at fair value (note (a))	21,256	7,842
Unlisted shares, at cost (note (b))	46,674	46,674
	67,930	54,516

Notes:

- (a) At the end of the reporting period, the fair value of listed shares are referenced to the quoted market bid prices available on the relevant stock exchange.
- (b) The amount represents 13.28% equity interests in the issued ordinary shares of Dragonlott Holdings Limited ("DHL"), a private entity incorporated in Jersey, the Channel Islands, with limited liability. The principal activities of DHL and its subsidiaries are provision of general management services and consultancy services of sports lottery in the PRC.

The amount is measured at cost less any identified impairment loss at the end of the reporting period as the range of reasonable fair value estimates is so significant that it cannot be measured reliably. The fair value on initial recognition during the year ended 30 June 2010 is measured by an aggregation of (1) cash consideration of HK\$35,840,000 and (2) fair value of a promissory note of HK\$10,834,000. No financial or other relevant information from the management of DHL had been provided for determining any impairment of the investment was necessary at the end of the reporting period and therefore no impairment was recognised in the consolidated statements of profit or loss and other comprehensive income for the year ended 30 June 2014 accordingly.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Listed equity securities – held-for-trading		
– Hong Kong	2,956	5,079

The fair value of all equity securities is based on their current bid prices in an active market.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**12. INVENTORIES AND MUSIC PRODUCTION IN PROGRESS***(a) Inventories*

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Finished goods	136	141

13. LOAN RECEIVABLES

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Loan receivables	57,910	14,037
Analysed as :		
Current assets	36,512	9,657
Non-current assets	21,398	4,380
	57,910	14,037

As at 31 December 2014, all loan receivables are denominated in Hong Kong dollars, secured by customers' pledged properties, carried at fixed interest rate ranging from 10% to 24% (30 June 2014: 3% to 24%) per annum with the payment term ranging from 1 year to 20 years (30 June 2014: 8 months to 20 years).

The following is an aged analysis for the loan receivables at the end of the Six-month Period:

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
0 – 30 days	–	209
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	57,910	13,828
	57,910	14,037

No loan receivables were past due at end of the Six-month Period.

No allowance for impairment on loan receivables was recognised during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**14. TRADE RECEIVABLES**

The Group allows credit periods of up to 60 days to its trade debtors. Included in the Group's trade receivables balance, no trade receivables (30 June 2014: Nil) are past due at the reporting date for which the Group has not provided for impairment loss. Based on the repayment pattern of the debtors of the Group, trade receivables which are past due but not impaired are eventually recoverable. The management of the Group closely monitors the credit quality of debtors and considers the trade receivables that are neither past due nor impaired to be of a good credit quality with reference to their repayment history. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the due date at the end of the Six-month Period:

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Current	15,757	12,623

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Prepayments (<i>note</i>)	82,268	70,415
Deposits and other receivables	65,154	66,934
	147,422	137,349

The amount of prepayments, deposits and other receivables is analysed for reporting purpose as follows:

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
– Non-current portion		
Prepayments	57,335	45,913
Deposits	12,118	6,127
	69,453	52,040
– Current portion		
Prepayments	24,933	24,502
Deposits	4,055	4,154
Other receivables	48,981	56,653
	77,969	85,309
	147,422	137,349

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)**

Note:

Prepayments mainly represent upfront payments for film productions, distribution rights and prepaid administrative expenses. As at 31 December 2014, the amount of prepayments, deposits and other receivables that were expected to be settled within twelve months from the end of the reporting period was classified as current assets. The remaining balances were classified as non-current assets.

The amount of prepayments at Six-month Period is analysed for reporting purpose as follows:

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
Prepayments for:		
Acquisition of film distribution rights	16,511	14,800
Film production costs	37,840	27,134
Film promotion costs	4,692	2,701
Artiste fee	7,227	11,475
Equipment	–	402
Song productions	584	95
Opening of cinemas	12,090	10,254
Others	3,324	3,554
	82,268	70,415
Less: Non-current portion	(57,335)	(45,913)
Current portion	24,933	24,502

Non-current portion of prepayments mainly comprised of prepayments for acquisition of film distribution rights and film production costs. In the opinion of the directors of the Company, the non-current portion of prepayments for acquisition of film distribution rights and film production costs related to films that were not expected to be released within twelve months from the end of the Six-month Period were classified as non-current assets accordingly.

Non-current portion of deposits comprised of rental deposit, management deposit, and interior design deposit for the cinemas invested in the PRC. The anticipated lease terms of the cinemas are 15 years and 20 years and the initial deposits are non-refundable until the end of the lease.

The maximum exposure to credit risk at the end of the Six-month Period is the carrying value of each class of prepayments, deposits and other receivables mentioned above. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**16. RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the consolidated financial statements, the Group has entered the following related party transactions, which in the opinion of the directors of the Company, were conducted under commercial terms and in the normal course of the Group's business.

	As at 31 December 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Unaudited) HK\$'000
Transactions with a jointly controlled entity		
Consultancy fee (<i>note (i)</i>)*	250	–
Transactions with directors		
Film production cost (<i>note (ii)</i>)*	3,000	1,000

* These transactions are connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 20.31 of the GEM Listing Rules.

Notes:

- (i) The amount represents consultancy service provided by Mustard Seed Entertainment Company Limited, a jointly controlled entity of the Company.
- (ii) The amount represents upfront payment for film producers paid to the director of the Company.

17. OTHER BORROWINGS

The borrowings are repayable as follows:

	As at 31 December 2014 (Unaudited) HK\$'000	As at 30 June 2014 (Audited) HK\$'000
On demand or within one year	49,144	57,434

At 30 June 2014 and 2013, the loans are denominated in Hong Kong dollars and are borrowed from independent third parties.

Other borrowings of HK\$30,000,000 (30 June 2014: HK\$50,000,000) are guaranteed by a director, secured by post dated cheques of approximately HK\$31,517,810 bearing interest rate of 10% per annum and repayable within one year.

Other borrowings of approximately HK\$17,856,000 (30 June 2014: HK\$6,146,000) are unsecured, bearing an interest rate of 11% (30 June 2014: 13%) and repayable within one year (30 June 2014: one year).

Other borrowings of approximately HK\$1,288,000 (30 June 2014: HK\$1,288,000) are unsecured, non-interest bearing and repayable within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**18. EVENT AFTER THE REPORTING PERIOD**

By a special resolution dated 13 January 2015, the Company implemented the capital reorganisation which involved the share consolidation, the capital reduction and the share sub-division ("Capital Reorganisation"). The share consolidation involved the consolidation of every ten (10) issued and unissued Shares of HK\$0.025 each in the share capital of the Company into one (1) consolidated share of HK\$0.25 each ("Consolidated Shares"). The capital reduction involved the reduction of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.24 on each of the ten issued Consolidated Shares such that the nominal value of each issued Consolidated Shares will be reduced from HK\$0.25 to HK\$0.01. The subdivision involved the subdivision of each authorized but unissued Consolidated Share into 25 adjusted shares of HK\$0.01 each. The Capital Reorganisation became effective on 14 January 2015.

19. COMPARATIVE FIGURES

Certain comparative figures have been re-stated to conform with the current period presentation to align with the financial statements presentation of the Group.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six-month period ended 31 December 2014 (six-month period ended 31 December 2013: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares of the Company

Name of Director	Capacity/ Nature of Interests	Number of ordinary/ underlying shares held	Approximate percentage holding
Shiu Stephen Junior	Beneficial owner	1,774,080	0.03

Save as disclosed above, none of the Directors or chief executives of the Company nor their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the special general meeting of the Company held on 9 July 2014, the shareholders of the Company approved the adoption of a new share option scheme which became effective from 9 July 2014 and is valid for the next ten years.

The Company had granted 506,880,000 options (before the Capital Reorganization) under the new share option scheme during the Six-month Period.

As at 31 December 2014, details of share options are as follow:

Type of grantee	No. of share			Date of Grant	Exercisable Period	Exercise Price
	options granted	Exercised	Outstanding			
Executive Directors	101,376,000	(101,376,000)	-	15/12/2014	15/12/2014-14/12/2015	HK\$0.025
Employees	405,504,000	(202,752,000)	202,752,000	15/12/2014	15/12/2014-14/12/2015	HK\$0.025
	<u>506,880,000</u>	<u>(304,128,000)</u>	<u>202,752,000</u>			

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 31 December 2014, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had any interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

As at 31 December 2014, Mr. Shiu Stephen Junior ("Mr. Shiu"), the Chairman and Executive Director of the Company, is a director of One Dollar Movies Productions Limited ("ODMP"), a company engaged in the production of movies, and together with his associate(s) hold indirectly as to 60% equity interests in ODMP. The businesses of ODMP may constitute competition with the business of the Group.

Save as disclosed above, the Directors believe that none of the Directors nor the controlling shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 16 to the financial statements, no other contracts of significance in relation to the Group business to which the Company, any of the subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at Six-month Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the six months ended 31 December 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 31 December 2014, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 15 to the Listing Rules, except for the following deviation of Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

CORPORATE GOVERNANCE

The Board has adopted various policies to ensure compliance with the code provisions of the Code on Corporate Governance Practices (the “Code Provisions”) under Appendix 15 of the GEM Listing Rules. During the Half Yearly Period, the Board is pleased to confirm that the Company has complied fully with the Code Provisions except with the deviation from code provision A.2.1 which requires the role of chairman and chief executive officer be separate and not be performed by the same individual. Currently, Mr. Shiu Stephen Junior holds the offices of Chairman and Chief Executive Officer of the Company. The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The audit committee (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Kam Tik Lun, Mr. Chan Chi Ho and Mr. Tam Kwok Ming, Banny. Mr. Kam Tik Lun is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company’s annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee is also responsible for reviewing and monitoring the Company’s internal control procedures. The Group’s unaudited results for the six months ended 31 December 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

REVIEW OF INTERIM RESULTS

The unaudited consolidated results of the Group for the Six-month Period have not been audited nor reviewed by the Company's auditor, ZHONGHUI ANDA CPA Limited, but have been reviewed by the Audit Committee of the Company, who is of the opinion that the preparation of such results has complied with the applicable accounting standards and requirements and that adequate disclosures have been made. As at the date hereof, the Audit Committee comprises the three Independent Non-executive Directors of the Company, namely Mr. Kam Tik Lun, Mr. Chan Chi Ho and Mr. Tam Kwok Ming, Benny.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 31 December 2014.

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

During the Six-month Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
China 3D Digital Entertainment Limited
Shiu Stephen Junior
Chairman

Hong Kong, 13 February 2015

As at the date hereof, the Board comprises:

Executive Directors:

Mr. Shiu Stephen Junior (*Chairman*)
Mr. Sun Lap Key, Christopher
Mr. Lee Wing Ho, Albert

Independent Non-executive Directors:

Mr. Kam Tik Lun
Mr. Chan Chi Ho
Mr. Tam Kwok Ming, Benny