INNO-TECH HOLDINGS LIMITED
匯創控股有限公司

Annual Report 14/15

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

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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 (the "Directors") of Inno-Tech Holdings 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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement herein or in this report misleading.

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BOARD OF DIRECTORS

Mr. Ha Chuen Yeung *(appointed on 1 December 2014)*
Mr. Lau King Hang *(appointed on 16 March 2015)*
Mr. Shih Yau Ting, Jackson *(resigned on 14 January 2015)*
Mr. Chen Chuan *(resigned on 23 January 2015)*
Mr. Ang Wing Fung *(resigned on 9 April 2015)*
Mr. Lee Ho Yiu, Thomas*
Mr. Tse Yuen Ming* *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing* *(appointed on 16 March 2015)*
Ms. Liu Jianyi* *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna* *(resigned on 13 November 2014)*
Ms. Lu Di* *(resigned on 15 January 2015)*

* *Independent non-executive Director*

COMPLIANCE OFFICER

Mr. Ha Chuen Yeung *(appointed on 23 January 2015)*
Mr. Chen Chuan *(resigned on 23 January 2015)*

AUTHORISED REPRESENTATIVES

Mr. Ha Chuen Yeung *(appointed on 23 January 2015)*
Mr. Chiang Chi Kin, Stephen *(appointed on 9 April 2015 and resigned on 1 July 2015)*
Mr. Chen Chuan *(resigned on 23 January 2015)*
Mr. Ang Wing Fung *(resigned on 9 April 2015)*
Ms. Leung Pui Ki *(appointed on 6 November 2015)*
Mr. Cheng Wai Hei *(appointed on 1 July 2015 and resigned on 6 November 2015)*

COMPANY SECRETARY

Ms. Leung Pui Ki *(appointed on 6 November 2015)*
Mr. Cheng Wai Hei *(resigned on 14 August 2014, re-appointed on 1 July 2015 and resigned on 6 November 2015)*
Mr. Chiang Chi Kin, Stephen *(appointed on 14 August 2014 and resigned on 1 July 2015)*

AUDIT COMMITTEE MEMBERS

Mr. Lee Ho Yiu, Thomas *(Chairman)*
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*
Ms. Lu Di *(resigned on 15 January 2015)*

NOMINATION COMMITTEE MEMBERS

Ms. Liu Jianyi *(Chairman) (appointed on 16 March 2015)*
Mr. Lee Ho Yiu, Thomas
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Mr. Lau King Hang *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*
Mr. Chen Chuan *(resigned on 23 January 2015)*

REMUNERATION COMMITTEE MEMBERS

Dr. Chan Yiu Wing *(Chairman) (appointed on 16 March 2015)*
Mr. Lee Ho Yiu, Thomas
Mr. Lau King Hang *(appointed on 16 March 2015)*
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Ms. Lu Di *(resigned on 15 January 2015)*
Mr. Ang Wing Fung *(resigned on 16 March 2015)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite B, 6/F.
One Capital Place
18 Luard Road
Wan Chai, Hong Kong

Corporate Information

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISERS TO THE COMPANY

Lam & Co Solicitors (as to Hong Kong Laws)
Tang, Tso & Lau Solicitors (as to Hong Kong Laws)

PRINCIPAL BANKER

Dah Sing 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

	Year ended 30 June 2015 HK$'000	Year ended 30 June 2014 HK$'000	Year ended 30 June 2013 HK$'000 (restated)	Year ended 30 June 2012 HK$'000	Year ended 30 June 2011 HK$'000
Turnover	**39,218**	51,375	55,847	48,283	30,140
Cost of sales	**(70,440)**	(76,151)	(90,602)	(53,980)	(48,768)
Gross (loss)	**(31,222)**	(24,776)	(34,755)	(5,697)	(18,628)
Other revenue and other income*	**769,456**	3,513	517	1,050	7,530
Marketing and promotion expenses	**(1,795)**	(1,783)	(1,635)	(2,052)	(2,849)
Administrative expenses	**(277,230)**	(346,204)	(328,540)	(47,529)	(75,707)
Profit/(loss) before income tax	**459,209**	(369,250)	(364,413)	(54,228)	(89,654)
Income tax	**55,135**	13,041	19,195	2,634	3,902
Profit/(loss) from continuing operations	**514,344**	(356,209)	(345,218)	(51,594)	(85,752)
Profit/(loss) for the year from discounted operations	**206,249**	(21,428)	(1,227,545)	–	721
Profit/(loss) for the year	**720,593**	(377,637)	(1,572,763)	(51,594)	(85,031)
Profit/(loss) attributable to:–					
Owners of the Company	**716,253**	(371,458)	(1,563,182)	(47,160)	(82,478)
Non-controlling interest	**4,340**	(6,179)	(9,581)	(4,434)	(2,553)
	720,593	(377,637)	(1,572,763)	(51,594)	(85,031)

* *Other revenue and other income included changes in fair value of financial assets at fair value through profit or loss, changes in fair value of derivative financial instruments and gain arising from redemption of convertible notes and gain from extension of promissory note.*

Note: 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				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Total assets	**34,995**	330,821	655,713	271,900	311,365
Total liabilities	**(136,060)**	(1,345,193)	(1,561,742)	(59,915)	(54,253)
Shareholders' funds	**(101,065)**	(1,003,814)	(902,102)	206,756	247,449
Non-current assets	**1,800**	210,483	520,765	173,376	136,422
Current assets	**33,195**	120,338	134,948	98,524	174,943
Current liabilities	**(135,824)**	(596,144)	(389,315)	(48,798)	(33,046)
Non-current liabilities	**(236)**	(749,049)	(1,172,427)	(11,117)	(21,207)

BUSINESS AND FINANCIAL PERFORMANCE

Inno-Tech Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in buses and bus stations advertising business in the People's Republic of China (the "PRC").

The Group reported a turnover of approximately HK$39,218,000 for the year ended 30 June 2015, representing a decrease of approximately 23.7% compared with the turnover of approximately HK$51,375,000 for the year ended 30 June 2014. During the 12 months of operation, all the turnover contributed from advertising business.

The Group has recorded an one-off gain of approximately HK$206,249,000 (2014: Nil) arising from the disposal of Redgate Ventures Limited ("Redgate") and its subsidiaries (collectively referred as to the "Redgate Group"), which has been completed on 17 November 2014.

The marketing and promotion expenses for the year ended 30 June 2015 was similar to the last corresponding year of approximately HK$1,795,000 (2014: approximately HK$1,783,000), which were arising from the buses and bus stations advertising business.

The administrative expenses for the year ended 30 June 2015 increased by approximately HK$1,247,000 to approximately HK$29,610,000 (2014: approximately HK$28,363,000), which was mainly due to the payment of legal and professional fees for the disposal of Redgate Group and the other corporate transactions was made in the last corresponding year.

The profit from disposal of Redgate Group has been partly offset by the following items:–

(i) non-cash impairment loss on goodwill and intangible assets of approximately HK$3,527,000 and HK$171,899,000 respectively. During the year, the subsidiary of the Company entered into a termination agreement with the other contractual party to terminate the media co-operation agreement, therefore, the goodwill and intangible assets arising from the co-operation agreement was fully impaired;

(ii) the effective interest expenses of approximately HK$27,031,000 during the year ended 30 June 2015 (2014: HK$44,007,000) on convertible notes and promissory notes issued;

(iii) the interest expenses of approximately HK$5,365,000 (2014: Nil) on other borrowings wholly repayable within five years.

The above-mentioned impairment and effective interest are non-cash in nature and do not have any impact on the operating cash flows of the Group.

Basic earnings per share from continuing operations as at 30 June 2015 was HK$0.39 (2014: basic loss per share HK$7.99).

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

BUSINESS AND FINANCIAL PERFORMANCE (continued)

Buses and bus stations advertising business in PRC

The Group continues to focus on the business operations of having outdoor advertising on buses and bus stations. It now pursues the development in the following possible ways:

– Expands the advertising network;

– Expands the customer base;

– Increases the utilization of the Group's media resources;

– Enhances pricing strategy; and

– Focuses on sales and marketing.

During the year ended 30 June 2015, the Group's bus advertising business in PRC reported a 19.0% decrease in revenue to HK$39,218,000 from HK$48,411,000 in 2014.

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. There is no revenue reported during the year ended 30 June 2015 (2014: HK$2,964,000).

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 Company's shareholders' returns.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the net current liabilities of the Group were approximately HK$102,629,000 (2014: net current liabilities HK$475,806,000). Out of the current assets as at 30 June 2015, approximately HK$7,506,000 (2014: HK$1,704,000) were cash and cash equivalents. The current ratio of the Group as at 30 June 2015 was 0.24 (2014: 0.20). As at 30 June 2015, the Group has borrowings of HK$42,000,000 (2014: HK$20,400,000) and other debts (include the principal amount of promissory notes and convertible notes) of HK$46,693,000 (30 June 2014: HK$888,667,000) denominated in Hong Kong dollars. The net debt (i.e. total short-term borrowings and other debts less cash and cash equivalent) as at 30 June 2015 was HK$81,187,000 (2014: HK$213,905,000) and accordingly net debt gearing ratio (i.e. net debt/net assets) as at 30 June 2015 was Nil (2014: Nil).

The Group did not have any stand-by banking facilities at 30 June 2015 and 2014.

LIQUIDITY AND FINANCIAL RESOURCES (continued)

As at 30 June 2015, the Group had cash and cash equivalents (the "Liquidity Resources") of approximately HK$7,506,000 (2014: HK$1,704,000) which are mainly denominated in Hong Kong dollars and Renminbi ("RMB"). The Group expected to fund the future cash flow needs through internally generated cash flows from operations, borrowings and equity financing.

Save as disclosed in this annual report, the Group has no material capital expenditure commitments as at 30 June 2015.

CONVERTIBLE INSTRUMENTS

The placing of convertible bonds in aggregate principal amount of HK$200,000,000 ("Placing CB") was completed on 29 August 2012. The net proceeds from the placing amounted to approximately HK$194,000,000 was used to fund the cash portion of the consideration paid for acquisition of shares of Redgate Ventures Limited. The Placing CB, with maturity dated 28 August 2014 (extended the maturity date to 28 November 2014), is convertible into shares at the conversion price of HK$38 per share (upon completion of share consolidation completed on 30 October 2014) during the conversion period. Prior to early redemption on 3 December 2014, the Placing CB with principal amount of HK$163,000,000 have been converted into shares of the Company. On 3 December 2014, the Company has fully redeemed the remaining Placing CB with the principal amount of HK$37,000,000 by issuing 3,700,000 shares at issue price of HK$2.22 each.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$1,160,000,000 as consideration for acquisition 100% equity interest of Redgate Ventures Limited ("Redgate CN1 & CN2"). The Redgate CN1 & CN2, with maturity date of 30 August 2015, is convertible into share at the conversion price of HK$38 per share (upon completion of share consolidation completed on 30 October 2014) during the conversion period. Prior to early redemption on 3 December 2014, Redgate CN1 & CN2 with the principal amount of HK$470,354,044 have been converted into shares of the Company. On 3 December 2014, the Company has fully redeemed the remaining Redgate CN1 & CN2 with the principal amount of HK$689,645,956 by issuing 68,964,601 ordinary shares at issue price of HK$2.22 each.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK$140,704,206 as consideration for acquisition 100% equity interest of Redgate Ventures Limited ("Redgate CN3"). The Redgate CN3, with maturity date of 30 August 2015, is convertible into share at the conversion price of HK$23.5 per share (upon completion of share consolidation completed on 30 October 2014) during the conversion period. Prior to early redemption on 3 December 2014, Redgate CN3 with the principal amount of HK$8,952,158 have been converted into shares of the Company. On 3 December 2014, the Company has fully redeemed the remaining Redgate CN3 with the principal amount of HK$131,752,048 by issuing 21,304,581 ordinary shares at issue price of HK$2.22 each.

CAPITAL STRUCTURE

(a) On 25 April 2014, the Board proposed to implement the share consolidation on basis that every ten issued and unissued share of HK$0.01 each in the share capital of the Company will be consolidated into one consolidated share of HK$0.1 each ("Share Consolidation"). Following the passing of a special resolution of the Company's special general meeting on 29 October 2014, the Share Consolidation was completed on 30 October 2014.

CAPITAL STRUCTURE (continued)

(b) During the year ended 30 June 2015, the Company has fully redeemed all the outstanding convertible bonds and convertible notes amounted to HK$858,398,003 by issuing 93,969,182 ordinary shares of the Company at issue price of HK$2.22 each. Prior to the redemption on 3 December 2014, the outstanding principal amounts of the Placing CB, Redgate CN1 & CN2 and Redgate CN3 were HK$37,000,000, HK$689,645,956 and HK$131,752,048 respectively. Accordingly, an aggregate of 3,700,000, 68,964,601 and 21,304,581 ordinary shares were issued and allotted by the Company to the holders of the outstanding Placing CB, Redgate CN1 & CN2 and Redgate CN3 respectively.

For details of redemption, please refer to the circular dated 14 October 2014.

(c) 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 ("Open Offer"). The Company and the underwriter entered into the underwriting agreement pursuant to which the Open Offer is fully underwritten by the underwriter.

On 26 November 2014, all the conditions set out in the underwriting agreement have been fulfilled and the Open Offer has become unconditional. On 3 December 2014, 675,266,925 offer shares were issued at subscription price of HK$0.215 each.

Details of issuance of offer shares and the use of proceed are set as below:

	Proposed use of net proceeds	**The amount of net proceeds dedicated to be applied to each of the proposed uses**	**The amount of net proceeds already applied to the proposed uses as of 30 June 2015**
(a)	For early partial settlement of the outstanding promissory notes	HK$16,000,000	HK$40,000,000
(b)	For paying the license 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	approximately HK$68,300,000	approximately HK$32,010,000
(c)	For settlement of the outstanding Indebtedness owed to financial institutions	approximately HK$20,400,000	approximately HK$32,286,000
(d)	For financing the operation of the remaining group	approximately HK$5,000,000	–
(e)	For the general working capital	approximately HK$25,000,000	approximately HK$30,404,000

As at 30 June 2015, the Company's issued share capital was HK$79,624,678.40 and the number of its issued ordinary shares was 796,246,784 of HK$0.10 each.

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

(a) 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.

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. On 29 October 2014, special general meeting was held and the proposed disposal of Redgate Ventures was duly passed by independent shareholders. The disposal was completed on 17 November 2014.

For details, please refer to the Company's announcement dated 25 April 2014 and 1 September 2014.

(b) On 2 December 2014, the Company and the vendors ("Prospective Vendors") entered into the memorandum of understanding ("MOU") in relation to a possible acquisition.

The target group will be principally engaged in worldwide media commercial advertising business in football matches of Liga de Fútbol Professional. The Company has paid HK$15,000,000 ("Deposit") to the Prospective Vendors as a refundable deposit. Subject to the satisfaction of due diligence result on the target group, the Company will consider further negotiation with the Prospective Vendors on the possible acquisition and entering into formal agreement. In the event that formal agreement is not entered into prior to the long stop date or the MOU is terminated, the Deposit shall be refunded in full without interest and without deduction to the Company by the Prospective Vendors within fourteen days. In the event of entering into the formal agreement, the Deposit will be applied towards satisfaction of the consideration of the Possible Acquisition or part thereof.

For details, please refer to the Company's announcement dated 2 December 2014.

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.

CHARGES OF ASSETS

As at 30 June 2015, the Company has charged all its equity interests in four companies wholly owned by the Company to secure the borrowing of the Group (2014: Nil).

FOREIGN CURRENCY EXCHANGE RISK

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2015, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB, used by the respective group entities.

The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 30 June 2015, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

As at 30 June 2015, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 June 2015, the Group employed a total 44 employees (2014: 49), and the total remuneration for the year ended 30 June 2015 was approximately HK$8,881,000 (2014: HK$9,276,000). 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 2015 (2014: Nil) and no interim dividend was paid during the year (2014: Nil).

MATERIAL EVENTS AFTER THE REPORTING DATE

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

CONTINGENT LIABILITIES

The Group did not have any other significant contingent liabilities as at 30 June 2015.

LITIGATIONS

During the year and up to the date of this annual report, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in note 40 to the financial statements.

RESUMPTION PROGRESS

On 26 January 2015, the trading shares of the Company on the Stock Exchange has been suspended pending the release of an announcement which is insider information in nature.

On 28 January 2015, the Board of Directors of the Company has formally appointed and engaged FTI Consulting (Hong Kong) Limited ("FTI") as the independent investigation accountant to study and review the financial affairs of the Company for the last five years. The Company received the preliminary report and second report from FTI on 28 January 2015 and 10 March 2015.

On 15 April 2015, FTI submitted the final report to the Company confirming Mr. Ang Wing Fung ("Mr. Ang") admission, that the total funds he withdrew from the Company during his office as executive director (Mr. Ang resigned the position as executive director of the Company on 9 April 2015) was to the extent of HK$33 million and the Company has recovered from Mr. Ang in full the sum of HK$33 million.

On 23 April 2015, the Stock Exchange has imposed four major conditions on top of the general compliance with the GEM Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The four conditions are as follow:

1. To complete the investigation on the financial affairs of the Company for the last 5 years from January 2010 to January 2015 ("Forensic Review"), disclose the findings of the Forensic Review, assess the impact of the issues identified in the Forensic Review on the Company's financial and operational positions, address issues identified in the Forensic Review and if necessary, conduct further investigations with appropriate scope;

2. To demonstrate adequate internal controls system and financial reporting procedures have been put in place by the Company;

3. To demonstrate that the Company has sufficient working capital for its operation for at least twelve months from its expected resumption date; and

4. To inform the market of all material information.

EXECUTIVE DIRECTORS

Mr. Ha Chuen Yeung, *aged 29*

Mr. Ha Chuen Yeung ("Mr. Ha") holds a Higher Diploma in Applied Art at Hong Kong Art School. Mr. Ha was engaged in advertising, multi-media and interactive media creation work after graduation, and has been Managing Director and Creative Director at Da-M-Pire Studio. Apart from his directorship with the Group, Mr. Ha currently does not hold any directorship In any other listed company in last three years.

Mr. Lau King Hang, *aged 44*

Mr. Lau King Hang ("Mr. Lau") graduated from National Taiwan University with a Bachelor's degree in Chemistry and received a Master's degree in Business Administration and a Master's degree in Financial Services from The Open University of Hong Kong. He is a member of The Hong Kong Institute of Directors and is a member of The Hong Kong Management Association and obtained the title of Professional Manager. Mr. Lau has over 15 years of extensive management experience in sales and marketing in high technology and chemical industry; packaging and printing services, food and beverage operations; and investments experience. Mr. Lau has served as executive director of Mascotte Holdings Limited (Stock Code: 136) from June 2011 to March 2014 and Mission Capital Holdings Limited (Stock Code: 1141) from August 2014 to July 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Ho Yiu, Thomas, *aged 38*

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 Ban Loong Holdings Limited (formerly known as ABC Communications (Holdings) Limited) (stock code: 00030) from January 2011 to February 2013. Mr. Lee is currently an independent non-executive director of Dongwu Cement International Limited (stock code: 00695), Suncorp Technologies Limited (stock code: 01063) and Sino Energy International Holdings Group Limited (formerly known as Active Group Holdings Limited) (stock code: 01096). All the aforesaid companies are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Ms. Tse Yuen Ming, *aged 48*

Mr. Tse Yuen Ming ("Mr. Tse") is a partner of Messrs. Tung, Ng, Tse & Heung. He holds a bachelor of laws degree with honour from the University of Hong Kong and admitted to The Supreme Court of Hong Kong as a solicitor in 1993. Mr. Tse is currently a member of the Lions Club of H.K. (Mainland), Chairman of Professional Services Committee of the Hong Kong Chamber of Small & Medium Business and the Legal Adviser of Life Underwriters & Sales Executives Board (HK) Limited, Life Underwriters & Sales Executive Board, Hong Kong Exhibitors Association, ECO-Foundation Organisation and Children's Thalassaemia Foundation. Mr. Tse is currently an independent non-executive director of Daido Group Limited (stock code: 00544) which is listed on the Main Board of the Stock Exchange and Celebrate International Holdings Limited (stock code: 08212) which is listed on GEM Board of the Stock Exchange.

Dr. Chan Yiu Wing, *aged 63*

Dr. Chan Yiu Wing ("Dr. Chan") holds a doctor of business administration in The Hong Kong Polytechnic University in 2002 and a PhD in Buddhism in The University of Hong Kong in 2012. Dr. Chan has been working in the Hong Kong Police Force for 25 years till the position of a Senior Superintendent and then continue to work as a Chief Staff Officer, AMS for a further 10 years. He is currently the advisor of the Hong Kong Life-Saving Society. Dr. Chan has also received the Chief Executive's Commendation for Government Public Service in 2004 and 6 Commanding Officer's Commendations when he was working in under the Hong Kong Police Force. Apart from his directorship with the Group, Dr. Chan currently does not hold any directorship In any other listed company in last three years.

Ms. Liu Jianyi, *aged 29*

Ms. Liu Jianyi ("Ms. Liu") holds a master of business administration in Samuel Curtis Johnson Graduate School of Management in Cornell University in 2014 and a bachelor of system engineering in The Chinese University of Hong Kong in 2010. Ms. Liu is currently working as vice president of a corporate financial services institution and has extensive management experience in corporate finance and private equity funds. Apart from her directorship with the Group, Ms. Liu currently does not hold any directorship in any other listed company in last three years.

The Directors submit their report together with the audited financial statements of the Company and its subsidiaries ("Group") for the year ended 30 June 2015.

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 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 46 to 53.

The Directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2015.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results of the Group for each of the five years ended 30 June 2015 and of the assets and liabilities of the Group as at 30 June 2015, 2014, 2013, 2012 and 2011 respectively is set out on page 5 of this annual report.

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 33 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 30 June 2015 are set out in the consolidated statement of changes in equity on pages 51 of this annual report and in note 35 to the consolidated financial statements, respectively.

The Company had no distributable reserve as at 30 June 2015 (2014: Nil).

DONATIONS

No charitable donations was made by the Group during the year ended 30 June 2015 (2014: Nil).

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and cost of sales from the five largest suppliers accounted for approximately 28.79% and 87.47% of the total sales and cost of sales for the year ended 30 June 2015, respectively.

The Group's largest customer and supplier accounted for approximately 10.33% and 69.44% of the total sales and cost of sales for the year ended 30 June 2015, respectively.

At no time during the year, none of the Directors, their associates or shareholders of the Company (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 2015, which do not constitute connected transactions under the GEM Listing Rules, are disclosed in note 41 to the financial statements.

DIRECTORS

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

Executive Directors:

Mr. Ha Chuen Yeung *(appointed on 1 December 2014)*
Mr. Lau King Hang *(appointed on 16 March 2015)*
Mr. Shih Yau Ting, Jackson *(resigned on 14 January 2015)*
Mr. Chen Chuan *(resigned on 23 January 2015)*
Mr. Ang Wing Fung *(resigned on 9 April 2015)*

Independent non-executive Directors:

Mr. Lee Ho Yiu, Thomas
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*
Ms. Lu Di *(resigned on 15 January 2015)*

In accordance with Bye-law 86(2) of the Bye-laws, any Director appointed by the Board shall hold office only until the next following annual general meeting ("AGM") of the Company and shall then be eligible for re-election. Accordingly, Mr. Ha Chuen Yeung, Mr. Lau King Hang, Dr. Chan Yiu Wing and Ms. Liu Jianyi, being appointed by the Board after the last AGM shall retire at the AGM and being eligible, offer themselves for re-election.

DIRECTORS (continued)

In addition, in accordance with Bye-law 87(1) of the Bye-laws, at each AGM one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation. Accordingly Mr. Lee Ho Yiu, Thomas shall retire at the AGM and being eligible, offer himself for re-election.

The Company confirmed that it has received from each of the independent non-executive Directors an annual confirmation for their independence pursuant to the GEM Listing Rules and the Company considers all of them are independent as at the date of this annual report.

The Directors' biographical details are set out on pages 13 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Ha Chuen Yeung who is executive Director, entered into the services contract with the Company for a term of two years commencing from 1 December 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 2015, none of these service contracts have been terminated by either party.

Mr. Lau King Hang who is executive Director, entered into the services contract with the Company for a term of two years commencing from 16 March 2015 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 2015, 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 their appointment date and payable on or before 30 June 2015.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

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' OR CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, 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 Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 5 July 2002 ("Old Scheme") was expired and a new share option scheme ("New Scheme", together with Old Scheme, the "Share Option Schemes") was adopted by an ordinary resolution passed by the shareholders at the AGM held on 23 November 2012 ("Adoption Date"). The New Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date. Apart from the Share Option Schemes, the Company has no other share option scheme as at 30 June 2015.

Upon the expiry of the Old Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The purpose of the Share Option Schemes are to enable the Company to grant options to the Participants (as defined below) as incentives and rewards for their contribution to the Company or its subsidiaries.

Participants under the Share Option Schemes include any employee or consultant, advisor, agent, contractor, client or supplier of the Company or any of its subsidiaries who is in the sole opinion of the Board has contributed or is expected to contribute to the Group. The principal terms of the share option schemes are summarized as follow:

The subscription price shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

(i) the nominal value of the shares;

(ii) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; and

(iii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

Upon acceptance of the options, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Schemes and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the Share Option Schemes. The Company may seek approval by the shareholders at general meeting to refresh the 10% limit (the "Option Scheme Limit"). However, the total number of shares available for issue under exercise of options which may be granted under the Share Option Schemes in these circumstances must not exceed 10% of the number of the issued share of the Company as at the date of approval of the refreshment of the Option Scheme Limit.

The Option Scheme Limit has been refreshed on 30 December 2014 at the general meeting. Based on 796,246,784* shares of the Company in issue as at 30 December 2014, the maximum number of shares of the Company which may be issued upon the exercise of all the options granted or to be granted under the Share Option Schemes or any other share option schemes of the Company must not, in aggregate, exceed 79,624,678* Shares, being 10% of the shares in issue as at 30 December 2014. The Company has not granted any options under the New Scheme since its adoption. Up to 30 June 2015, there were 104,270* share options granted and there were 66,142* shares options under the Old Scheme exercised and 6* share options has been lapsed. The total number of shares available for issue under the Old Scheme is 38,122* shares of the Company, representing approximately 0.005% of the total number of shares of the Company in issue as at 30 June 2015.

SHARE OPTION SCHEME (continued)

The maximum number of shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the Share Option Schemes and any other share option schemes must not in aggregate exceed 30% of the shares of the Company in issue from time to time.

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to:

(i) each eligible Participant must not exceed 1.0% of the total number of shares of the Company in issue; and

(ii) a substantial shareholder of the Company or an independent non-executive director must not exceed 0.1% of the total number of shares of the Company in issue and not exceed HK$5.0 million in aggregate value.

Particulars of the movement of the outstanding options in aggregate granted under the Old Scheme during the year ended 30 June 2015, were as follows:

		Number of share options							
	Date of grant	Outstanding as at 1 July 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year upon Completion of Share Consolidation and Open Offer	Outstanding as at 30 June 2015	Option period	Exercise price per share
Former directors, senior management, other employees and consultants	20 September 2005	263	–	–	–	(103)	160	20 September 2005 to 19 September 2015	HK$707.09
	23 August 2007	18,338	–	–	–	(7,086)	11,252	23 August 2007 to 22 August 2017	HK$3,907.76
	9 September 2008	8,107	–	–	–	(3,132)	4,975	9 September 2008 to 8 September 2018	HK$1,079.39
	11 September 2008	5,781	–	–	–	(2,235)	3,546	11 September 2008 to 10 September 2018	HK$1,209.46
	16 December 2008	5,781	–	–	–	(2,235)	3,546	16 December 2008 to 15 December 2018	HK$472.70
	17 February 2009	3,154	–	–	–	(1,222)	1,932	17 February 2009 to 16 February 2019	HK$614.18
	29 May 2009	3,154	–	–	–	(1,222)	1,932	29 May 2009 to 28 May 2019	HK$545.72
	31 December 2009	1,798	–	–	–	(694)	1,104	31 December 2009 to 30 December 2019	HK$279.06
	15 January 2010	15,767	–	–	–	(6,092)	9,675	15 January 2010 to 14 January 2020	HK$452.81
Total		62,143	–	–	–	(24,021)	38,122		

* *Adjusted number of share options upon completion of Share Consolidation and Open Offer.*

SUBSTANTIAL SHAREHOLDERS OF INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, 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:

Long Positions in Shares and Underlying Shares of the Company

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
China Trillion Capital International Limited	Beneficial owner	63,050,609	–	63,050,609	7.92%
Uni-Asia Limited	Beneficial owner Interested of controlled corporation (Note 1)	7,643,678 63,050,609	–	70,694,287	8.88%
ASPTC (PTC) Limited	Trustee (Note 2)	70,694,287	–	70,694,287	8.88%
Al-Saleh Fawzi M	beneficiary of a trust (Note 3)	70,694,287	–	70,694,287	8.88%

Notes:

1. China Trillion Capital International Limited is beneficially owned as to 100% by Uni-Asia Limited. Therefore Uni-Asia Limited is deemed to be interested in the shares of China Trillion Capital International Limited.

2. Uni-Asia Limited is beneficially owned as to 100% by ASPTC (PTC) Limited, which in turn holds the entire share capital of Uni-Asia Limited on trust for Al-Saleh Fawzi M.

3. ASPTC (PTC) 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 ASPTC (PTC) Limited.

Save as disclosed above, as at 30 June 2015, 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 2015 are set out in note 18 to the financial statements.

CONVERTIBLE SECURITIES

Details of convertible securities of the Group are set out in note 30 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" and "Material Related Party Transactions" of this annual report, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Schemes" and "Directors' or chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its Associated Corporations" above, at no time during the year ended 30 June 2015 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING INTERESTS

During the year and up to the date of this annual report, 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 either directly or indirectly with the business of the Group, or have any other conflict of interests with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2015.

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 36 of this annual report.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 30 June 2015, the Group employed a total of 44 employees (2014: 49). Staff costs, excluding Directors' remuneration, increased by approximately 41.0% to approximately HK$7,323,000 (2014: approximately HK$5,195,000). 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.

The Company adopted the Share Option Schemes 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 ended 30 June 2015.

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.

MATERIAL EVENTS AFTER THE REPORTING DATE

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

The consolidated financial statements for the year ended 30 June 2015 have been audited by HLB Hodgson Impey Cheng Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for re-appointment of HLB Hodgson Impey Cheng Limited as auditor of the Group will be proposed at the forthcoming AGM.

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
Ha Chuen Yeung
Executive Director

Hong Kong, 28 January 2016

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standard of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability.

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

Throughout the year ended 30 June 2015, the Company has complied with most of the Code Provisions of the CG Code, except for the following deviations.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and the CG Code and align with the latest developments.

CODE PROVISION A.2.1

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

Following the step down of Mr. Chen Chuan from the office of Chairman and an Executive Director of the Company on 23 January 2015, the Company has not appointed Chairman, and the roles and functions of the Chairman have been performed by all the executive Directors collectively.

Following the step down of Mr. Ang Wing Fung from the office of Executive Director and CEO of the Company on 9 April 2015, the Company has not appointed CEO, and the roles and functions of the CEO have been performed by all the executive Directors collectively.

CODE PROVISION A.6.7 AND E.1.2

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. In addition, Under the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. During the year ended 30 June 2015, the annual general meeting of the Company (the "AGM") held on 30 December 2014, Mr. Ang Wing Fung (chairman of remuneration committee), Ms. Lu Di and Mr. Tse Yuen Ming did not attend the said AGM to answer questions of the shareholders of the Company due to other prior business engagements or other overseas commitments. The special general meeting of the Company (the "SGM") held on 29 October 2014, Mr. Chen Chuan (chairman of the Board), Ms. Lu Di and Mrs. Kwan Leung, Anna did not attend the said SGM to answer questions of the shareholders of the Company due to other prior business engagements or other overseas commitments. However, the said absent Directors have appointed the other attended Directors as their representative at the said meetings to answer questions of the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICES (continued)

RULE 5.05(1) OF THE GEM LISTING RULES

Rule 5.05(1) of the GEM Listing Rules the board of directors of a listed issuer must include at least three independent non-executive Directors.

Upon the resignation of Ms. Lu Di as the independent non-executive Director of the Company on 15 January 2015, the number of independent non-executive Directors fell below the minimum requirement.

After the appointment of Dr. Chan Yiu Wing and Ms. Liu Jianyi as the independent non-executive Director on 16 March 2015, the Company has fulfilled the requirement on the number of independent non-executive directors of the Company as required under Rule 5.05(1) of the GEM Listing Rules.

RULE 5.28 OF THE GEM LISTING RULES

Rule 5.28 of the GEM Listing Rules every listed issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of 3 members.

Upon the resignation of Ms. Lu Di as the independent non-executive Director of the Company on 15 January 2015, the number of members of the audit committee fell below the minimum requirement.

After the appointment of Dr. Chan Yiu Wing and Ms. Liu Jianyi as the members of audit committee on 16 March 2015, the Company has fulfilled the requirement on the number of members of the audit committee as required under Rule 5.28 of the GEM Listing Rules.

NON-COMPLIANCE WITH FINANCIAL REPORTING PROVISIONS OF THE GEM LISTING RULES

On 30 September 2015, the Board announced that the Company was not able to timely comply with the financial reporting provisions under the GEM Listing Rules in (i) announcing the annual results for the financial year ended 30 June 2015 (the "2015 Annual Results"); and (ii) publishing the related annual report for the year ended 30 June 2015 (the "2015 Annual Report"). As such delay has constituted non-compliance with Rules 18.03 and 18.49 of the GEM Listing Rules.

On 13 November 2015, the Board further announced that as a result of the delay in the publication of the announcement of the 2015 Annual Results and despatch of the 2015 Annual Report, the Company was also not able to timely comply with the financial reporting provisions under the GEM Listing Rules in (i) announcing the first quarterly results for the three months ended 30 September 2015 (the "2016 First Quarterly Results") and despatch of the first quarterly report; and (ii) publishing the related first quarterly report for the three months ended 30 September 2015 (the "2016 First Quarterly Report"). As such delay has constituted non-compliance with Rules 18.66, 18.67 and 18.79 of the GEM Listing Rules.

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 2015, the Directors have confirmed, following specific inquiry by the Company, that they have complied with the required standard and code of conduct set out in the Securities Code.

BOARD OF DIRECTORS

As at 30 June 2015, the Board comprised six Directors including two executive Directors and four independent non-executive Directors. At least one of the independent non-executive Director possess appropriate professional accounting qualifications and financial management expertise, which complies with the requirement of the GEM Listing Rules.

The Board members during the year ended 30 June 2015 and up to the date of this annual report are:

Executive Directors:
Mr. Ha Chuen Yeung *(appointed on 1 December 2014)*
Mr. Lau King Hang *(appointed on 16 March 2015)*
Mr. Shih Yau Ting, Jackson *(resigned on 14 January 2015)*
Mr. Chen Chuan *(resigned on 23 January 2015)*
Mr. Ang Wing Fung *(resigned on 9 April 2015)*

Independent non-executive Directors:
Mr. Lee Ho Yiu, Thomas
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*
Ms. Lu Di *(resigned on 15 January 2015)*

Biographical details of each Director is set out in the section headed "Directors' Profile" on pages 13 to 14 of this annual report.

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

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall 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 transactions, including acquisition, investment, disposal of assets or 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.

BOARD OF DIRECTORS (continued)

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. The Board updates Shareholders on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Decisions regarding the daily operation and administration of the Company are delegated to the management.

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.

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 of the Company 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.

The independent non-executive Directors, advise the Company on strategic and critical matters. The Board considers that each independent non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board.

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 2015, the Board held 26 full board meetings including four regular meetings and the attendance of each Director is set out as follows:

Directors	Number of attendance
Mr. Ha Chuen Yeung**	17/26
Mr. Lau King Hang**	10/26
Mr. Chen Chuan*	7/26
Mr. Ang Wing Fung*	16/26
Mr. Shih Yau Ting, Jackson*	11/26
Mr. Lee Ho Yiu, Thomas	22/26
Mr. Tse Yuen Ming**	16/26
Dr. Chan Yiu Wing**	9/26
Ms. Liu Jianyi**	9/26
Ms. Lu Di*	5/26
Mrs. Kwan Leung, Anna*	4/26

* *Directors resigned during the year*
** *Directors appointed during the year*

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company considers that each of its independent non-executive Directors are independent in accordance with the guidelines for assessing independence set out in Rule 5.09 of the GEM Listing Rules.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company, based on such confirmations, considers all of the independent non-executive Directors are independent.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 30 June 2015, the roles of the Chairman and CEO are segregated and was held by Mr. Chen Chuan and Mr. Ang Wing Fung respectively. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and CEO which provides a balance of power and authority.

Following the step down of Mr. Chen Chuan from the office of Chairman and executive Director on 23 January 2015, up to the date of this report, the Board has not appointed an individual to take up the vacancy of Chairman of the Company, and the roles and functions of the Chairman have been performed by the executive Directors collectively.

Following the step down of Mr. Ang Wing Fung from the office of executive Director and CEO on 9 April 2015, up to the date of this report, the Board has not appointed an individual to take up the vacancy of CEO of the Company, and the roles and functions of the CEO have been performed by the executive Directors collectively.

The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the posts of the Chairman and the CEO as appropriate and will make further announcement in due course.

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 and shall continue thereafter until terminated by either party giving to the other not less than three month notice in writing but subject to retirement by rotation and re-election at the annual general meeting (the "AGM") pursuant to the Bye-laws of the Company. In the case of Mr. Ha Chuen Yeung, his service term commenced on 1 December 2014; and in the case of Mr. Lau King Hang, his service term commenced on 16 March 2015.

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 and renewed on 21 January 2015; in the case of Mr. Tse Yuen Ming, his appointment term commenced on 13 November 2014; in case of Dr. Chan Yiu Wing, his appointment term commenced on 16 March 2015; and in case of Ms. Liu Jianyi, her appointment term commenced on 16 March 2015.

APPOINTMENT, RE-ELECTION AND REMOVAL (continued)

In accordance with the Bye-laws of the Company, at each AGM one-third of the Directors for the time being shall retire from office by rotation. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Directors' Induction and Continuous Professional Development

All Directors, including independent non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. Each newly appointed Director would receive a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 30 June 2015, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group in the following manners:

Directors	Attended Seminars or Briefing/ Read Materials
Executive Directors	
Mr. Ha Chuen Yeung	✓
Mr. Lau King Hang	✓
Independent non-executive Directors	
Mr. Lee Ho Yiu, Thomas	✓
Mr. Tse Yuen Ming	✓
Dr. Chan Yiu Wing	✓
Ms. Liu Jianyi	✓

BOARD COMMITTEES

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 of the Company ("AC") comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. During the year, the members of the AC are as follows:

Independent non-executive Directors:

Mr. Lee Ho Yiu, Thomas *(Chairman)*
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*
Ms. Lu Di *(resigned on 15 January 2015)*

Details of the attendance of the members of the AC at AC meetings are as follows during the year under review:

Name of members	Number of attendance
Mr. Lee Ho Yiu, Thomas	4/4
Dr. Chan Yiu Wing**	2/4
Ms. Liu Jianyi**	2/4
Mr. Tse Yuen Ming**	3/4
Ms. Lu Di*	2/4
Mrs. Kwan Leung, Anna*	1/4

* *Directors resigned during the year*
** *Director appointed during the year*

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)

During the year ended 30 June 2015, four meetings were held by the AC to review the effectiveness of the internal control system of the Company, to discuss the accounting policies and practices which may affect the Group with the management and the Company's auditors, to make recommendation on the re-appointment of external auditors for the approval of the shareholders in the AGM and to review the fees charged by the external auditors. The unaudited quarterly and interim together with the audited annual results of the Company in respect of the year ended 30 June 2015 have also been reviewed by the AC.

NOMINATION COMMITTEE

The nomination committee of the Company ("NC") was set up on 18 January 2012 with written terms of reference to review the structure, size and composition (including but not limited to the gender, 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 an independent non-executive Director. The NC comprises a majority of independent non-executive Directors. During the year, the members of the NC are as follows:

Independent non-executive Directors:

Ms. Liu Jianyi *(Chairman) (appointed on 16 March 2015)*
Mr. Lee Ho Yiu, Thomas
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*

Executive Directors:

Mr. Lau King Hang *(appointed on 16 March 2015)*
Mr. Chen Chuan *(resigned on 15 January 2015)*

Details of the attendance of the members of the NC at NC meetings are as follows during the year under review:

Name of members	Number of attendance
Ms. Liu Jianyi**	0/4
Dr. Chan Yiu Wing**	0/4
Mr. Lau King Hang**	0/4
Mr. Lee Ho Yiu, Thomas	4/4
Mr. Tse Yuen Ming**	4/4
Mr. Chen Chuan*	2/4
Mrs. Kwan Leung, Anna*	0/4

* *Directors resigned during the year*
** *Director appointed during the year*

NOMINATION COMMITTEE (continued)

The roles and principal functions of the NC include to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, make recommendations to the Board on the appointment or re-appointment of Directors, and succession planning for Directors.

Where vacancies on the Board exist, the NC will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Board Diversity Policy, the Company's needs and other relevant statutory requirements and regulations.

During the year ended 30 June 2015, the NC held 4 meetings and they have reviewed the structure, size and composition of the Board, the retirement and re-election of the Directors at the forthcoming AGM and considered the changes of Directors. During the year ended 30 June 2015, all of the newly appointed Directors were appointed by going through the selection process stated as above.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The NC will review the Policy from time to time to ensure its continued effectiveness. During the year, the NC has reviewed the Board diversity.

REMUNERATION COMMITTEE

The remuneration committee of the Company ("RC") reviews and approves the remunerations of Directors. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC was set up in July 2008 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is formed by a majority of independent non-executive Directors and chaired by an independent non-executive Director. During the year, the members of the RC are as follows:

Independent non-executive Directors:

Dr. Chan Yiu Wing *(Chairman) (appointed on 16 March 2015)*
Mr. Lee Ho Yiu, Thomas
Ms. Liu Jianyi *(appointed on 16 March 2015)*
Ms. Lu Di *(resigned on 15 January 2015)*

Executive Directors:

Mr. Lau King Hang *(appointed on 16 March 2015)*
Mr. Ang Wing Fung *(resigned on 16 March 2015)*

Details of the attendance of the members of the RC at RC meetings are as follows during the year under review:

Name of members	Number of attendance
Dr. Chan Yiu Wing**	1/5
Mr. Lau King Hang**	1/5
Mr. Lee Ho Yiu, Thomas	4/5
Ms. Liu Jianyi**	1/5
Mr. Ang Wing Fung*	4/5
Ms. Lu Di *	3/5

* *Directors resigned during the year*
** *Director appointed during the year*

The roles of the RC are to recommend to the Board the policy and structure for the remuneration of the executive Directors and senior management and to determine, with delegated responsibility, their specific remuneration packages, assessing and approving performance-based remuneration of executive Directors with reference to the corporate goals and objectives, and to make recommendations to the Board on the remuneration of non-executive Directors. They are provided with sufficient resources by the Company to discharge its duties. No individual Director is involved in deciding his or her own remuneration.

During the year ended 30 June 2015, five meetings were held by the RC to discuss and review the remuneration policies of the Company, to review and made recommendations with respect to the remuneration of Board members for approval by the Board and to made recommendations with respect to the remuneration of the newly appointed Directors during the year for approval by the Board. The RC has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

REMUNERATION COMMITTEE (continued)

Remuneration Policy for Directors and Senior Management

The remuneration packages of individual executive Directors and senior management, comprising a basic salary and a performance related bonus for their contributions, were determined, with delegated responsibility in according to the code B.1.2(c)(i). Details of Directors' remuneration are set out in note 11 to the consolidated financial statements in this annual report.

The Company has adopted a share option scheme since 2012. The purpose of the said share option 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.

CORPORATE GOVERNANCE FUNCTION

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board and is in compliance with paragraph D.3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. During the year ended 30 June 2015, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

AUDITORS' REMUNERATION

During the year ended 30 June 2015, the fees paid to the auditors in respect of audit and non-audit services provided by the auditors of the Group were as follows:

	2015 **HK$'000**	2014 HK$'000
Audit services	**1,000**	1,000
Non-audit services	**400**	–

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Financial Statements

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.

ACCOUNTABILITY AND AUDIT (continued)

Directors' Responsibility for the Financial Statements (continued)

The above statement, which should be read in conjunction with the independent auditor's 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.

Auditors' Responsibility for the Financial Statements

The statement of external auditors of the Company, HLB Hodgson Impey Cheng Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

GENERAL MEETINGS

During the year under review, an AGM was held on 30 December 2014 and one special general meeting (the "SGM") was held on 29 October 2014. Details of the Directors' attendance of the AGM and SGM are set out below:

Directors	Attendance of the AGM held on 30 December 2014	Attendance of the SGM held on 29 October 2014
Executive Directors:		
Mr. Ha Chuen Yeung *(appointed on 1 December 2014)*	✓	N/A
Mr. Lau King Hang *(appointed on 16 March 2015)*	N/A	N/A
Mr. Shih Yau Ting, Jackson *(resigned on 14 January 2015)*	✓	✓
Mr. Chen Chuan *(resigned on 23 January 2015)*	✓	**X**
Mr. Ang Wing Fung *(resigned on 9 April 2015)*	**X**	✓
Independent non-executive Directors:		
Mr. Lee Ho Yiu, Thomas	✓	✓
Mr. Tse Yuen Ming *(appointed on 13 November 2014)*	**X**	N/A
Dr. Chan Yiu Wing *(appointed on 16 March 2015)*	N/A	N/A
Ms. Liu Jianyi *(appointed on 16 March 2015)*	N/A	N/A
Mrs. Kwan Leung, Anna *(resigned on 13 November 2014)*	N/A	**X**
Ms. Lu Di *(resigned on 15 January 2015)*	**X**	**X**

GENERAL MEETINGS (continued)

During the year ended 30 June 2015, the AGM held on 30 December 2014, Mr. Ang Wing Fung (chairman of remuneration committee), Ms. Lu Di and Mr. Tse Yuen Ming did not attend the said AGM to answer questions of the shareholders of the Company due to other prior business engagements or other overseas commitments. The SGM held on 29 October 2014, Mr. Chen Chuan (chairman of the Board), Ms. Lu Di and Mrs. Kwan Leung, Anna did not attend the said SGM to answer questions of the shareholders of the Company due to other prior business engagements or other overseas commitments. However, the said absent Directors have appointed the other attended Directors as their representative at the said meetings to answer questions of the shareholders of the Company.

INTERNAL CONTROL

The Board engaged an independent accountant to conduct regular 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 implement an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets.

The Company has engaged Elite Partners Risk Advisory Services Limited ("Elite Partners") to advise on the enhancement of the Company's governance in general and the Company's finance, in particular, as to the thorough compliance of the GEM Listing Rules and laws and regulations in Hong Kong. The Company finished its internal control manual and enhanced its internal control system that recommended by Elite Partners for the year ended 30 June 2015.

To further monitor and assess the effectiveness of the internal control system, the Company has appointed Elite Partners as the internal control advisor of the Group to perform quarterly review on the risk management function and the audit on the internal control system. Elite Partners will report its findings and recommendation to the AC on a quarterly basis.

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.

As at 30 June 2015, the Company Secretary is Mr. Chiang Chi Kin ("Mr. Chiang") and a written confirmation had been received by the Company from Mr. Chiang to confirm he took not less than 15 hours of relevant professional training during the current year under review.

Subsequent to the year ended 30 June 2015, on 1 July 2015, Mr. Chiang has resigned as the Company Secretary and Mr. Cheng Wai Hei ("Mr. Cheng") has been appointed as the Company Secretary. On 6 November 2015, Mr. Cheng has resigned as the Company Secretary and Ms. Leung Pui Ki has been appointed as the Company Secretary.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting

Pursuant to the Companies Act 1981 of Bermuda and the bye-law 58 of the Bye-laws of the Company, a SGM can be convened by a written request signed by shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, stating the objects of the meeting, and deposited at the Company's head office at Suite B, 6/F., One Capital Place, 18 Luard Road, Wan Chai, Hong Kong.

SHAREHOLDERS' RIGHTS (continued)

Procedures for putting forward Proposals at a General Meeting

The procedures for shareholders to put forward proposals at an AGM or SGM include a written notice of those proposals being submitted by shareholders, addressed to the Company Secretary at the Company's head office at Suite B, 6/F., One Capital Place, 18 Luard Road, Wan Chai, Hong Kong. The detailed procedures vary according to whether the proposal constitutes an ordinary resolution or a special resolution, or whether the proposal relates to the election of a person other than a Director of the Company as a director. The procedures for shareholders to convene and put forward proposals at an AGM or SGM (including election of a person other than a Director of the Company as a director) are available on the Company's website or on request to the Company Secretary.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's head office at Suite B, 6/F., One Capital Place, 18 Luard Road, Wan Chai, Hong Kong or send email to info@it-holdings.com.hk.

Shareholders may also make enquiries with the Board at the AGM or SGM.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company uses a number of formal communications channels to account to shareholders and investors for the performance of the Company. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or special general meeting providing a forum for shareholders of the Company to raise comments and exchanging views with the Board; (iii) key information of the Group available on the website of the Company; (iv) the Company's share registrars in Hong Kong serving the shareholders in respect of all share registration matters; and (v) corporate information and the Bye-laws of the Company are made available on the Company's website.

A Shareholder's Communication Policy was adopted by the Board aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office at Suite B, 6/F., One Capital Place, 18 Luard Road, Wan Chai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year under review, there has no change in the Company's constitutional documents.

HLB 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 46 to 160, which comprises the consolidated and Company statements of financial position as at 30 June 2015, 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 – Profit for the year from discontinued operations and the disposal of subsidiaries

As disclosed in notes 10 and 36 to the consolidated financial statements, the Group disposed of its outdoor advertising on billboards and outdoor display spaces business (the "Disposal Group") on 17 November 2014, which was classified as discontinued operations during the year ended 30 June 2014 and its assets and liabilities were classified as held for sale as at 30 June 2014. Included in the Group's consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income was profit for the year from discontinued operations, comprising the loss for the year from the Disposal Group of approximately HK$16,730,000 and gain on disposal of the Disposal Group of approximately HK$222,979,000.

As disclosed in note 3(b)(i) to the consolidated financial statements, the directors of the Company were not able to access the books and records of the Disposal Group upon completion of the disposal of the Disposal Group. Consequently, we were unable to get access to the books and records to the Disposal Group. Due to the lack of books and records of the Disposal Group, we were unable to obtain sufficient appropriate audit evidence and explanation 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 2015:

Included in the consolidated statement of profit or loss and note 10 to the consolidated financial statements:

	HK$'000
Loss for the year of the Disposal Group	
Turnover	22,360
Cost of sales	(11,180)
Gross profit	11,180
Other revenue	1,106
Marketing and promotion expenses	(201)
Administrative expenses	(28,780)
Loss before income tax	(16,695)
Income tax	(35)
Loss for the year from the Disposal Group	(16,730)
(Loss)/profit for the year from the Disposal Group attributable to:	
Owners of the Company	(21,070)
Non-controlling interests	4,340
	(16,730)

BASIS FOR DISCLAIMER OF OPINION (continued)

(a) Scope limitation – Profit for the year from discontinued operations and the disposal of subsidiaries (continued)

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

	HK$'000
Net cash outflow from operating activities	(386)
Net cash outflow	(386)
Profit for the year from discontinued operations:	
Loss for the year from the Disposal Group	(16,730)
Gain on disposal of the Disposal Group	222,979
	206,249

Included in the consolidated statement of profit or loss, consolidated statement of cash flows and note 36 to the consolidated financial statements:

	HK$'000
Net liabilities disposed of:	
Available-for-sale financial assets	1
Property, plant and equipment	89
Accounts receivable	31,649
Prepayments, deposits and other receivables	23,756
Prepaid advertising placement service costs	10,906
Cash and cash equivalents	17,913
Trade payables, accrued expenses and other payables	(297,791)
Tax payable	(15,512)
	(228,989)
Non-controlling interests	6,218
Net liabilities disposed of	(222,771)

BASIS FOR DISCLAIMER OF OPINION (continued)

(a) Scope limitation – Profit for the year from discontinued operations and the disposal of subsidiaries (continued)

Gain on disposal of subsidiaries:

	HK$'000
Consideration received	600
Net liabilities disposed of	222,771
Reclassification of exchange reserve upon disposal of subsidiaries to profit or loss	(392)
Gain on disposal	222,979

Net cash outflow on disposal of Redgate Group:

	HK$'000
Consideration received in cash and cash equivalents	600
Less: Cash and cash equivalents disposed of	(17,913)
	(17,313)

Due to the lack of books and records of the Disposal Group, we were unable to obtain sufficient appropriate audit evidence and explanation to the transactions and balances included in the financial statements of the Disposal Group, the loss and cash flow for the period of the Disposal Group, the gain on disposal of the Disposal Group and the resulting movement recorded in the reserves. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence or occurrence, valuation, ownership, classification and disclosures of the transactions undertaken by the Disposal Group. 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 or occurrence 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 2015 and the profit and cash flows of the Group for the year ended 30 June 2015 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

As disclosed in notes 16 and 17 to the consolidated financial statements, in view of continuous loss making from the television advertisements business, the directors of the Company 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 the assessment carried out by the directors of the Company as at the end of the reporting period, an impairment loss on goodwill of approximately HK$3,527,000 and an impairment loss on intangible assets of approximately HK$171,899,000 were recognised in the consolidated statement of profit or loss of the Group respectively. 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 of the Company in their assessment as at the end of the reporting period, and therefore as to whether the impairment loss on goodwill provided during the year then ended of approximately HK$3,527,000 and the impairment loss on intangible assets provided during the year then ended of approximately HK$171,899,000, 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 2015 and its profit 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 2015 and the results of the Company for the year then ended, and the related disclosures thereof in the consolidated financial statements.

(c) Scope limitation – Transactions of the Group during the year ended 30 June 2015

As disclosed in note 3(b)(ii), the directors of the Company engaged an independent investigating accountant (the “Investigating Accountant”) to review the financial affairs of the Group for the last five years from January 2010 to January 2015, including the payment to directors and the acquisition of Redgate Ventures Limited. During the review process, the directors of the Company and the Investigating Accountant were unable to locate the supporting documents for certain transactions entered during the year ended 30 June 2015 as set out below:

Transactions included in the consolidated statement of financial position and the Company’s statement of financial position

	HK$’000
Prepayments, deposits and other receivables	25,250
Borrowings	16,000
Cash and bank balances	55,798

BASIS FOR DISCLAIMER OF OPINION (continued)

(c) Scope limitation – Transactions of the Group during the year ended 30 June 2015 (continued)

Transactions included in the consolidated statement of profit or loss and the Company's statement of profit or loss

	HK$'000
Finance costs	694
Administrative expenses	2,814
Other revenue	11,040

Due to the lack of supporting documents of the above transactions, we were unable to obtain sufficient appropriate audit evidence and explanation to the above transactions included in the consolidated financial statements of the Group and the financial statements of the Company and the resulting movement in the reserves. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence or occurrence, valuation, ownership, classification and disclosures of the transactions undertaken by the Group and the Company. Also, as there was inadequate documentary evidence available for us to verify the nature of the above transactions, we were unable to carry out any substantive procedures in relation to the above transactions. 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 or occurrence of any other significant transactions, inter-group transactions, contingent liabilities, commitments, related party transactions and subsequent events relating to the 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 2015 and the profit and cash flows of the Group for the year ended 30 June 2015 and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions.

(d) Scope limitation – Promissory notes

As disclosed in notes 29 to the consolidated financial statements, there were changes in the terms and holders of the promissory notes. We were unable to obtain sufficient appropriate audit evidence regarding the promissory notes because we were unable to carry out any effective confirmation procedures in relation to the promissory notes for the purpose of our audit and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amount of promissory notes as at 30 June 2015, and the gain arising from extension of promissory notes of approximately HK$13,432,000 were free from material misstatement. Any adjustments that might have been found necessary may have an effect on the balance of the Group's and the Company's net liabilities as at 30 June 2015 and the profit and cash flows of the Group for the year ended 30 June 2015, and the related disclosures thereof in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION (continued)

(e) Scope limitation – Contingent liabilities and commitments

Due to the lack of books and records of the Disposal Group and the incomplete records of Group, we were unable to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Group were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards, including HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and HKAS 39 "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments were free from material misstatements. Any adjustments that might have been found necessary may have a consequential effect on the Group's net liabilities as at 30 June 2015 and consequently the profit and cash flows of the Group for the year ended 30 June 2015, and the related disclosures thereof in the consolidated financial statements.

(f) Scope limitation – Events after reporting period

Due to the lack of books and records of the Disposal Group and the incomplete records of the Group, we have not been unable to obtain sufficient appropriate audit evidence as to whether the events after the reporting period were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards including Hong Kong Accounting Standard 10 "Events after the Reporting Period". There were no practical alternative procedures that we could perform over the significant transactions which occurred during the period from 1 July 2015 to the date of this auditors' report. Any adjustments that might have been found necessary may have a consequential effect on the Group's net liabilities as at 30 June 2015 and consequently the profit and cash flows of the Group for the year ended 30 June 2015, and the related disclosures thereof in the consolidated financial statements.

(g) Scope limitation – Related party transactions

Due to the lack of books and records of the Disposal Group and the incomplete records of the Group, we have not been unable to obtain sufficient appropriate audit evidence as to whether the related party disclosures were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standard 24 "Related Party Disclosures". There were no practical alternative procedures that we could perform over the related party transactions which occurred during the year ended 30 June 2015. Any adjustments that might have been found necessary may have a consequential effect on the Group's net liabilities as at 30 June 2015 and consequently the profit and cash flows of the Group for the year ended 30 June 2015, and the related disclosures thereof in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION (continued)

(h) Material uncertainty relating to the going concern basis

As disclosed in note 3(b)(iii) to the consolidated financial statements, the Group incurred a gross loss of approximately HK$31,222,000 for the year ended 30 June 2015 and had net current liabilities and net liabilities of approximately HK$102,629,000 and HK$101,065,000 as at 30 June 2015 respectively. In addition, the borrowings and promissory notes were defaulted as of the date of this report. 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(b)(iii) 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.

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 2015 and the profit of the Group for the year ended, and the related disclosures thereof in the consolidated financial statements.

(i) 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 2014 which contained a disclaimer of audit opinion of which details of qualifications were set out in our auditors' report dated 26 September 2014 for the Group's financial statements for the year ended 30 June 2014. In addition, due to the lack of books and records of the Disposal Group and the incomplete records of the Group, we have not been able to obtain sufficient appropriate audit evidence as to whether the opening balances as at 1 July 2014 and the comparative figures for the year ended 30 June 2014 were properly recorded and accounted for and in compliance with the requirements of applicable Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standard 1 "Presentation of Financial Statements". 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 2014, the opening balances of the accumulated losses of the Company and the Group as at 1 July 2014, the net liabilities of the Company and the Group as at 30 June 2015, results for the year ended 30 June 2015 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 2015 and of the Group's profit 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 (i) 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

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 28 January 2016

Consolidated Statement of Profit or Loss

For the year ended 30 June 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Continuing operations			
Turnover	5	**39,218**	51,375
Cost of sales		**(70,440)**	(76,151)
Gross loss		**(31,222)**	(24,776)
Other revenue	6	**17,482**	3,511
Other income	6	**2**	2
Marketing and promotion expenses		**(1,795)**	(1,783)
Administrative expenses		**(29,610)**	(28,363)
Finance costs	7	**(29,980)**	(44,007)
Changes in fair value of financial assets at fair value through profit or loss		**28**	18
Changes in fair value of derivative financial instruments		**702,813**	1,284
Gain arising from redemption of convertible notes		**35,699**	–
Gain arising from extension of promissory notes		**13,432**	–
Loss arising from extinguishment of convertible notes		**(42,214)**	–
Impairment loss on intangible assets	16	**(171,899)**	–
Impairment loss on goodwill	17	**(3,527)**	(274,902)
Impairment loss on available-for-sale financial assets	19	**–**	(234)
Profit/(loss) before income tax	8	**459,209**	(369,250)
Income tax	9	**55,135**	13,041
Profit/(loss) for the year from continuing operations		**514,344**	(356,209)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	10	**206,249**	(21,428)
Profit/(loss) for the year		**720,593**	(377,637)
Profit/(loss) for the year attributable to:			
Owners of the Company		**716,253**	(371,458)
Non-controlling interests		**4,340**	(6,179)
		720,593	(377,637)
			(Restated)
Earnings/(loss) per share attributable to the owners of the Company			
From continuing and discontinued operations			
– Basic and diluted (HK$ per share)	13	**1.27**	(8.33)
From continuing operations			
– Basic and diluted (HK$ per share)	13	**0.91**	(7.99)

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 2015

	2015 HK$'000	2014 HK$'000
Profit/(loss) for the year	**720,593**	(377,637)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(434)**	169
Reclassification adjustments relating to foreign operations disposed during the year	**392**	–
Other comprehensive (loss)/income for the year	**(42)**	169
Total comprehensive income/(loss) for the year	**720,551**	(377,468)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	**716,211**	(371,364)
Non-controlling interests	**4,340**	(6,104)
	720,551	(377,468)

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

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**855**	1,167
Intangible assets	16	**945**	205,789
Goodwill	17	**–**	3,527
		1,800	210,483
Current assets			
Financial assets at fair value through profit or loss	21	**70**	42
Accounts receivable	22	**2,214**	3,130
Prepayments, deposits and other receivables	23	**23,405**	7,874
Tax recoverable	31	**–**	220
Cash and cash equivalents	24	**7,506**	1,704
		33,195	12,970
Assets classified as held for sale	25	**–**	107,368
		33,195	120,338
Current liabilities			
Trade payables, accrued expenses and other payables	26	**30,225**	42,843
Borrowings	28	**42,000**	20,400
Promissory notes	29	**46,693**	158,913
Convertible notes	30	**–**	36,296
Derivative financial liabilities	30	**–**	5
Tax payable	31	**16,906**	16,888
		135,824	275,345
Liabilities directly associated with assets classified as held for sale	25	**–**	320,799
		135,824	596,144
Net current liabilities		**(102,629)**	(475,806)
Total assets less current liabilities		**(100,829)**	(265,323)

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Convertible notes	30	**–**	693,458
Deferred taxation	32	**236**	55,591
		236	749,049
Net liabilities		**(101,065)**	(1,014,372)
Equity			
Share capital	33	**79,625**	2,701
Reserves	35(a)	**(180,690)**	(1,006,515)
Equity attributable to the owners of the Company		**(101,065)**	(1,003,814)
Non-controlling interests		**–**	(10,558)
Total equity		**(101,065)**	(1,014,372)

The consolidated financial statements on pages 46 to 160 were approved and authorised for issue by the board of directors on 28 January 2016 and are signed on its behalf by:

Ha Chuen Yeung
Director

Lau King Hang
Director

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

Statement of Financial Position

As at 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**737**	1,015
Interests in subsidiaries	18	**–**	–
		737	1,015
Current assets			
Prepayments, deposits and other receivables	23	**15,407**	290
Amounts due from subsidiaries	20(a)	**–**	–
Cash and cash equivalents	24	**4,551**	38
		19,958	328
Current liabilities			
Accrued expenses and other payables	26	**4,539**	16,428
Derivative financial liabilities	30	**–**	5
Amount due to a subsidiary	20(b)	**9,385**	9,390
Borrowings	28	**42,000**	20,400
Promissory notes	29	**46,693**	158,913
Convertible notes	30	**–**	36,296
		102,617	241,432
Net current liabilities		**(82,659)**	(241,104)
Total assets less current liabilities		**(81,922)**	(240,089)
Non-current liabilities			
Convertible notes	30	**–**	693,458
Deferred taxation	32	**–**	4,145
		–	697,603
Net liabilities		**(81,922)**	(937,692)
Equity			
Share capital	33	**79,625**	2,701
Reserves	35(b)	**(161,547)**	(940,393)
Equity attributable to the owners of the Company		**(81,922)**	(937,692)

The financial statements on pages 46 to 160 were approved and authorised for issue by the board of directors on 28 January 2016 and are signed on its behalf by:

Ha Chuen Yeung
Director

Lau King Hang
Director

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Attributable to the 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$'000	**Sub-total** HK$'000	**Non–controlling interests** HK$'000	**Total** HK$'000
At 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:												
Items that may be reclassified subsequently to profit or loss:												
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 and 1 July 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)
Profit for the year	–	–	–	–	–	–	–	–	716,253	716,253	4,340	720,593
Other comprehensive loss for the year:												
Items that may be reclassified subsequently to profit or loss:												
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	(42)	–	–	(42)	–	(42)
Total comprehensive income for the year	–	–	–	–	–	–	(42)	–	716,253	716,211	4,340	720,551
Transfer to accumulated losses upon extinguishment of convertible notes	–	–	–	(8,060)	–	–	–	–	8,060	–	–	–
Issue of shares pursuant to the redemption of convertible notes	9,397	39,467	–	–	–	–	–	–	–	48,864	–	48,864
Issue of shares pursuant to the open offer	67,527	77,656	–	–	–	–	–	–	–	145,183	–	145,183
Open offer expenses	–	(7,509)	–	–	–	–	–	–	–	(7,509)	–	(7,509)
Release upon disposal of subsidiaries (note 36)	–	–	–	–	–	–	–	–	–	–	6,218	6,218
At 30 June 2015	**79,625**	**1,049,931**	**38,714**	**–**	**52,959**	**43**	**(883)**	**(743)**	**(1,320,711)**	**(101,065)**	**–**	**(101,065)**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit/(loss) for the year			
– Continuing operations		**514,344**	(356,209)
– Discontinued operations		**206,249**	(21,428)
		720,593	(377,637)
Adjustments for:			
Income tax	9	**(55,135)**	(13,041)
Depreciation	15	**421**	394
Impairment loss on accounts receivable		**117**	–
Impairment loss on other receivables	23	**–**	9,770
Amortisation of intangible assets	16	**32,945**	35,442
Interest income		**(9)**	(96)
Dividend income	6	**(2)**	(2)
Impairment loss on intangible assets	16	**171,899**	–
Impairment loss on goodwill	17	**3,527**	274,902
Impairment loss on available-for-sale financial assets	19	**–**	234
Change in fair value of derivative financial instruments		**(702,813)**	(1,284)
Gain arising from redemption of convertible notes		**(35,699)**	–
Gain arising from extension of promissory notes		**(13,432)**	–
Loss arising from extinguishment of convertible notes		**42,214**	–
Change in fair value financial assets at fair value through profit or loss		**(28)**	(18)
Finance costs	7	**29,980**	44,007
Gain on disposal of a subsidiary		**(222,979)**	–
Operating cash flows before movements in working capital		**(28,401)**	(27,329)
Decrease/(increase) in accounts receivable		**6,630**	(8,666)
Decrease/(increase) in prepayments, deposits and other receivables		**6,311**	(5,591)
(Increase)/decrease in prepaid advertising placement service costs		**(5,108)**	12,901
(Decrease)/increase in trade payables, accrued expenses and other payables		**(19,456)**	13,128
Cash used in operations		**(40,024)**	(15,557)
PRC tax paid		**(658)**	(15)
Net cash used in operating activities		**(40,682)**	(15,572)

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from investing activities			
Net cash outflow from acquisition of a subsidiary		**–**	(1,270)
Interest received		**9**	96
Dividend received		**2**	2
Payment for purchase of property, plant and equipment		**(109)**	(884)
Net cash outflow from disposal of subsidiaries	36	**(17,313)**	–
Net cash used in investing activities		**(17,411)**	(2,056)
Cash flows from financing activities			
Proceeds from borrowings		**65,000**	–
Repayment of borrowings		**(43,400)**	–
Repayment of promissory notes		**(108,000)**	–
Net proceeds from issue of new shares pursuant to the open offer		**137,674**	12,322
Interest paid		**(5,365)**	–
Net cash generated from financing activities		**45,909**	12,322
Net decrease in cash and cash equivalents		**(12,184)**	(5,306)
Effect of foreign exchange rate changes		**(313)**	176
Cash and cash equivalents at the beginning of the year		**20,003**	25,133
Cash and cash equivalents at the end of the year		**7,506**	20,003
Analysis of balances of cash and cash equivalents:			
Being:			
Cash and cash equivalents	24	**7,506**	1,704
Cash and cash equivalents included in assets held for sales		**–**	18,299
		7,506	20,003

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 Suite B, 6/F., One Capital Place, 18 Luard 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 applied, for the first time the following new standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2014. A summary of the new HKFRSs is set out below:

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

The application of these new and revised HKFRSs has not had any material impact on the amounts reported for the current period and prior years but may affect the accounting for future transactions or arrangements. The impact of the application of the new and revised HKFRSs is discussed below.

Annual Improvement to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

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

Annual Improvement to HKFRSs 2010-2012 Cycle (continued)

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel service to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of these amendments does not have a material effect on the Group's consolidated financial statements.

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

Annual Improvement to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of HKAS 40; and

b) the transaction meets the definition of business combination under HKFRS 3.

The application of these amendments does not have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

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

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

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 19 (2011) Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 (2011) clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The application of these amendments to HKAS 19 (2011) does not have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

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

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose 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 applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurement.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK (IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

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

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

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

HKFRS 9 Financial Instruments

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

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidate financial statements for the annual period beginning 1 January 2018 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with IFRS/HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate regulated goods or services.

The amendments to HKFRS 14 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 14 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidate financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

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

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group’s consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost;
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9); or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group’s consolidated financial statements.

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

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

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

Annual Improvements to HKFRSs 2012-2014 Cycle (continued)

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the consolidated financial statements

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

As disclosed in Note 10 and 36 to the consolidated financial statements, the Group completed the disposal of Redgate Group on 17 November 2014 (the "Disposal"). Upon completion of the Disposal, the directors of the Company and the Group was unable to access the books and records of Redgate Group.

(ii) Engagement of an independent investigating accountant to study and review the financial affair of the Company

On 14 January 2015, the board of directors of the Company resolved to engage a legal advisor, Messrs. Lam & Co., Solicitors, to advise the Company on the legal implication of some financial issues in respect of and resulting from a direct acquisition of the entire equity interests in Redgate Group (the "Transaction"). Redgate Group principally engaged in the outdoor advertising on billboards and outdoor display spaces business and television advertisements business. In addition to the Transaction, the Company also concerned with certain payments to the directors over the period from 2010 to 2014 (the "Payments to Directors"). Based on the advices from the legal advisor, the Company decided to engage an independent investigating accountant to study and review the financial affairs of the Company up to the last five years from its engagement.

On 11 February 2015, the independent investigating accountant submitted a preliminary report to the Company, which centered on its preliminary findings of the inadequacy of internal control procedures governing cash transactions and certain payment to one of the Company's executive director, Mr. Ang Wing Fung ("Mr. Ang").

On 10 March 2015, the independent investigating accountant submitted a second report to the Company and concluded that (1) Mr. Ang had repaid the Company the sum of HK$7.7 million on 2 March 2015 and out of it HK$7 million was used to repay part of the debt owed to one of the noteholders of the promissory notes issued to the seller of Redgate Ventures Limited as part of the considerations for the Transaction; (2) the Company faces the issue of insufficient funds available to meet the debts owed to the noteholders of the promissory notes in the total sum of HK$111 million; and (3) Mr. Ang is suspected of dissipating a significant amount by cash withdrawals without supporting documents in the vicinity of HK$32 million. The Company made enquiry of Mr. Ang about the funds and apart from providing a written acknowledgment that he owed the Company a sum of HK$33 million, Mr. Ang did not offer any explanation to the Company as to how and why the sum of HK$32 million was withdrawn by him from the Company's bank account. In April 2015, the independent investigating accountant submitted the final report to the Company confirming that the total funds withdrew by Mr. Ang from the Company during his office as executive director was to the extent of HK$33 million. The independent investigating accountant also confirmed that no funds were withdrawn by other directors of the Company at the material times. On 23 April 2015, the Company has recovered from Mr. Ang in full the sum of HK$33 million.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Going concern basis

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 consolidated net current liabilities and net liabilities of approximately HK$102,629,000 and HK$101,065,000 as at 30 June 2015.

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

   On 7 December 2015, the Company entered into a loan agreement with Enhanced Finance Limited ("Enhanced Finance"), which is not a related party of the Company and its associates, for which Enhanced Finance agreed to provide the Company a loan facility of HK$10,000,000.

2. Proposed repayment of borrowings and promissory note by issuance of convertible bonds

   On 24 August 2015, the Company issued a letter to the lender of the borrowings of principal amount of approximately HK$42,000,000, Hansom Finance Limited ("Hansom Finance"), and proposed the repayment of borrowings by issuance of convertible bonds. On 25 August 2015, Hansom Finance principally agreed the Company's proposal, subject to their review and entering into definitive agreements with the Company.

   On 30 September 2015, the Company issued a letter to the holder of the promissory note, Profit Eagle Limited ("Profit Eagle"), and proposed the repayment of outstanding promissory note by issuance of convertible bonds. On 22 October 2015, Profit Eagle principally agreed the Company's proposal on the condition that the Company should issue and allot 180,000,000 ordinary shares of the Company to Profit Eagle at the aggregate consideration of HK$1.00.

   The Company is in the progress of negotiating detailed terms of the proposals now for both cases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iii) Going concern basis (continued)

3. 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.

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.

(c) 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 statement of profit or loss and other comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

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 statement of profit or loss and other 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 (x) 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(k)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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 sharebased 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combination (continued)

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)

(f) 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 statement of profit or loss and other comprehensive income. 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.

(g) 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(k)).

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(k)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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(k)), 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.

(h) 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(k)).

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)

(h) 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.

(i) 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(k)).

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.

(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)

(i) 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.

(j) 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.

(k) 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)

(k) 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)

(k) 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)

(k) 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.

(l) 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.

(m) 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.

(n) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution 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)

(n) Employee benefits (continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in 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.

(o) 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)

(o) 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.

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)

(o) 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 realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) 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.

(q) 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 3(q)(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 3(q)(iii).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) 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)

(r) 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(s)). 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(u). 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.

(s) 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.

(t) 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.

(u) 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)

(u) Revenue recognition (continued)

(ii) Advertising service

Revenue from outdoor adverting 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.

(v) 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.

(w) 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)

(x) 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.

(y) 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)

(y) 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)

(z) 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.

(aa) 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.

(ab) 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)

(ab) 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

The Group's management determines the provision for impairment loss of accounts receivable 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 38.

(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.

(vii) 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	
	2015	2014
	HK$'000	HK$'000
Continuing operations:		
Outdoor advertising on buses and bus stations	**39,218**	48,411
Television advertisements	–	2,964
	39,218	51,375

6. OTHER REVENUE AND OTHER INCOME

	The Group	
	2015	2014
	HK$'000	HK$'000
Continuing operations:		
Other revenue		
Bank interest income	**9**	9
Compensation received	**5,325**	–
Sundry income (note)	**12,148**	3,502
	17,482	3,511
Continuing operations:		
Other income		
Dividend income	**2**	2

Note:

During the year ended 30 June 2015, HK$11,040,000 (2014:HK$Nil) included in the sundry income was related to the repayment received from a former director. Mr. Ang Wing Fung, in respect of expenses incurred by the Group during the year and in previous year. For details, please refer to note 3(b)(ii).

7. FINANCE COSTS

	The Group	
	2015	2014
	HK$'000	HK$'000
Continuing operations:		
Interest on other borrowings wholly repayable within five years	**5,365**	–
Imputed interest on promissory notes (note 29)	**9,212**	6,350
Imputed interest on convertible notes (note 30)	**15,403**	37,657
Total interest expenses on financial liabilities not at fair value through profit or loss	**29,980**	44,007

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

		The Group	
		2015	2014
		HK$'000	HK$'000
(a)	**Staff cost (including directors' emolument):**		
	Continuing operations:		
	Contributions to defined contribution plan	**718**	697
	Salaries, wages and other benefits	**8,252**	8,579
		8,970	9,276
	Number of employees	**44**	49
(b)	**Other items**		
	Continuing operations:		
	Amortisation of intangible assets	**32,945**	35,442
	Auditors' remuneration	**1,000**	1,000
	Depreciation on property, plant and equipment	**421**	295
	Operating lease charges in respect of office premises	**766**	658
	Exchange (gain)/loss, net	**(589)**	495
	Impairment loss on available-for-sale financial assets (note 19)	**–**	234
	Impairment loss on intangible assets (note 16)	**171,899**	–
	Impairment loss on goodwill (note 17)	**3,527**	274,902
	Changes in fair value of financial assets at fair value through profit or loss	**(28)**	(18)
	Changes in fair value of derivative financial instruments	**(702,813)**	(1,284)
	Gain arising from redemption of convertible notes	**(35,699)**	–
	Gain arising from extension of promissory notes	**(13,432)**	–
	Loss arising from extinguishment of convertible notes	**42,214**	–
	Impairment loss on other receivables (note 23)	**–**	9,770

The cost of sales includes the amortisation of intangible assets of approximately HK$32,945,000 (2014: HK$35,442,000).

9. INCOME TAX (RELATING TO CONTINUING OPERATIONS)

The Group

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

	The Group 2015 HK$'000	2014 HK$'000
Current tax		
PRC Enterprise income tax	–	1,163
Under provision in prior years		
PRC Enterprise income tax	220	–
Deferred tax		
Current year (note 32)	(55,355)	(14,204)
Tax credit for the year	(55,135)	(13,041)

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 (2014: HK$ Nil).

No provision for PRC enterprise income tax has been made as the Group did not generate any assessable profits arising in the PRC during the year (2014: subsidiaries located in the PRC are subject to the PRC enterprise income tax at a rate of 25%).

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

	2015 HK$'000	2015 %	2014 HK$'000	2014 %
Profit/(loss) before income tax (from continuing operations)	459,209		(369,250)	
Notional tax on profit/(loss) before income tax, calculated at rates applicable to profits in the countries concerned	75,883	16.5	(87,840)	(23.8)
Tax effect of expenses not deductible for tax purpose	56,521	12.3	75,379	20.4
Tax effect of income not taxable for tax purpose	(187,759)	(40.9)	(580)	(0.1)
Under provision in prior years	220	–	–	–
Income tax credit and effective tax rate for the year	(55,135)	(12.1)	(13,041)	(3.5)

10. DISCONTINUED OPERATIONS

On 25 April 2014, the Company entered into the conditional sale and purchase agreement (the "Sale and Purchase Agreement") to dispose the outdoor advertising on billboards and outdoor display spaces operation. The 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 its activities on the outdoor advertising on buses and bus stations and television advertisements. The disposal of Redgate Group was completed on 17 November 2014 (see note 36).

For the years ended 30 June 2015 and 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 other comprehensive income 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.

The profit/(loss) for the year from discontinued operations is set out below.

	2015 **HK$'000**	2014 HK$'000
Loss for the year from discontinued operations	**(16,730)**	(21,428)
Gain on disposal of Redgate Group during the year (note 36)	**222,979**	–
	206,249	(21,428)

10. DISCONTINUED OPERATIONS (continued)

The results of the discontinued operations included in the profit/(loss) for the year are set out below.

	2015 **HK$'000**	2014 HK$'000
Turnover	**22,360**	67,261
Cost of sales	**(11,180)**	(74,007)
Gross profit/(loss)	**11,180**	(6,746)
Other revenue	**1,106**	168
Other net income	**–**	3,185
Marketing and promotion expenses	**(201)**	(595)
Administrative expenses	**(28,780)**	(17,440)
Loss before income tax	**(16,695)**	(21,428)
Income tax	**(35)**	–
Loss for the year from discontinued operations	**(16,730)**	(21,428)
(Loss)/profit for the year from discontinued operations attributable to:		
Owners of the Company	**(21,070)**	(15,450)
Non-controlling interests	**4,340**	(5,978)
	(16,730)	(21,428)
Loss for the year from discontinued operations include the followings:		
Depreciation on property, plant and equipment	**15**	99
Operating lease charges in respect of office premises	**440**	1,076
Staff costs	**2,053**	7,634
Exchange loss, net	**1,898**	–
Cash flows from discontinued operations:		
Net cash (outflow)/inflow from operating activities	**(386)**	26
Net cash inflow from investing activities	**–**	87
Net cash (outflow)/inflow	**(386)**	113

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

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

	2015 HK$'000	2014 HK$'000
Fees	370	360
Basic salaries, allowances and other benefits	1,153	3,697
Retirement scheme contributions	35	24
	1,558	4,081
Number of directors	11	6

The emoluments of directors for the year ended 30 June 2015 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. Ha Chuen Yeung (note (a))	–	163	–	8	171
Mr. Lau King Hang (note (b))	–	211	–	6	217
Mr. Ang Wing Fung (note (c))	–	618	–	14	632
Mr. Chen Chuan (note (d))	–	–	–	–	–
Mr. Shih Yau Ting, Jackson (note (e))	–	161	–	7	168
Independent non-executive directors					
Mr. Lee Ho Yiu, Thomas	120	–	–	–	120
Mr. Tse Yuen Ming (note (f))	76	–	–	–	76
Mr. Chan Yiu Wing (note (b))	35	–	–	–	35
Ms. Liu Jianyi (note (b))	35	–	–	–	35
Ms. Lu Di (note (g))	60	–	–	–	60
Mrs. Kwan Leung Anna (note (h))	44	–	–	–	44
	370	1,153	–	35	1,558

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

Directors' emoluments (continued)

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 (note (c))	–	3,176	–	15	3,191
Mr. Chen Chuan (note (d))	–	360	–	–	360
Mr. Shih Yau Ting, Jackson (note (e))	–	161	–	9	170
Independent non-executive directors					
Mr. Lee Ho Yiu, Thomas	120	–	–	–	120
Ms. Lu Di (note (g))	120	–	–	–	120
Mrs. Kwan Leung Anna (note (h))	120	–	–	–	120
	360	3,697	–	24	4,081

Notes:

(a) Mr. Ha Chuen Yeung was appointed on 1 December 2014.

(b) Mr. Lau King Hang, Mr. Chan Yiu Wing and Ms. Liu Jianyi were appointed on 16 March 2015.

(c) Mr. Ang Wing Fung was resigned on 9 April 2015.

(d) Mr. Chen Chuan was resigned on 23 January 2015.

(e) Mr. Shih Yau Ting, Jackson was resigned on 14 January 2015.

(f) Mr. Tse Yuen Ming was appointed on 13 November 2014.

(g) Ms. Lu Di was resigned on 15 January 2015.

(h) Mrs. Kwan Leung Anna was resigned on 13 November 2014.

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 34.

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

Directors' emoluments (continued)

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 (2014: HK$ 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 2015 and 2014.

Individuals with highest emoluments

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

	2015	2014
	HK$'000	HK$'000
Basic salaries, allowances and other benefits	**3,178**	5,152
Retirement scheme contributions	**168**	44
	3,346	5,196

During the years ended 30 June 2015 and 2014, 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 one (2014: two) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2014: three) individuals during the year are as follows:

	2015	2014
	HK$'000	HK$'000
Basic salaries, allowances and other benefits	**2,575**	1,616
Retirement scheme contributions	**132**	29
	2,707	1,645

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

Individuals with highest emoluments (continued)

The emoluments of the five (2014: three) individual with the highest emolument fall within the following bands:

	Number of individual	
	2015	2014
Emoluments band		
HK$ Nil – HK$1,000,000	**5**	3
HK$1,000,001 – HK$1,500,000	**–**	–

12. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to the owners of the Company includes a profit of HK$671,197,000 (2014: loss of HK$43,814,000) which was arrived at before impairment for the interests in subsidiaries has been dealt with in the financial statements of the Company.

13. EARNINGS/(LOSS) PER SHARE

For continuing and discontinued operations

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

	2015	2014
	HK$'000	HK$'000
Profit/(loss)		
Profit/(loss) for the year attributable to the owners of the Company	**716,253**	(371,458)

	2015	2014
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share (note)	**565,368**	44,574

13. EARNINGS/(LOSS) PER SHARE (continued)

For continuing and discontinued operations (continued)

Note:

The number of ordinary shares adopted in the calculation of the basic and diluted earnings/(loss) per share for the years ended 30 June 2015 has been adjusted to reflect the impact of the share consolidation and issue of shares pursuant to open offer effected during the respective reporting periods. The number of ordinary shares for the year ended 30 June 2014 has also been restated to reflect the impact of share consolidation and issue of shares pursuant to open offer on a retrospective basis.

The basic and diluted earnings/(loss) per share from continuing and discontinued operations are the same for years ended 30 June 2015 and 2014 respectively, as the effect of the share options and convertible notes outstanding as at 30 June 2015 and 2014 would be anti-dilutive and were not included in the calculation of diluted earnings/(loss) per share.

From continuing operations

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

Earnings/(loss) figures are calculated as follows:

	2015 **HK$'000**	2014 HK$'000
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share from continuing operations	**514,344**	(356,008)

	2015 **'000**	2014 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share (note)	**565,368**	44,574

Note:

The number of ordinary shares adopted in the calculation of the basic and diluted earnings/(loss) per share for the years ended 30 June 2015 has been adjusted to reflect the impact of the share consolidation and issue of shares pursuant to open offer effected during the respective reporting periods. The number of ordinary shares for the year ended 30 June 2014 has also been restated to reflect the impact of share consolidation and issue of shares pursuant to open offer on a retrospective basis.

The basic and diluted earnings/(loss) per share are the same for years ended 30 June 2015 and 2014 respectively, as the effect of the share options and convertible notes outstanding as at 30 June 2015 and 2014 would be anti-dilutive and were not included in the calculation of diluted earnings/(loss) per share.

13. EARNINGS/(LOSS) PER SHARE (continued)

From discontinued operations

For the year ended 30 June 2015, basic earnings per share from discontinued operations is HK$0.36 per share based on the profit for the year from the discontinued operations of approximately HK$201,909,000 and the denominators detailed above.

For the year ended 30 June 2014, basic loss per share from discontinued operations is HK$0.35 (restated) per share based on the loss for the year from the discontinued operations of approximately HK$15,450,000 and the denominators detailed above.

The number of ordinary shares adopted in the calculation of the basic and diluted earnings/(loss) per share for the years ended 30 June 2015 has been adjusted to reflect the impact of the share consolidation and issue of shares pursuant to open offer effected during the respective reporting periods. The number of ordinary shares for the year ended 30 June 2014 has also been restated to reflect the impact of share consolidation and issue of shares pursuant to open offer on a retrospective basis.

The basic and diluted earnings/(loss) per share from discontinued operations are the same for years ended 30 June 2015 and 2014 respectively, as the effect of the share options and convertible notes outstanding as at 30 June 2015 and 2014 were anti-dilutive and were not included in the calculation of diluted earnings/(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

14. SEGMENT INFORMATION (continued)

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

(1) Outdoor advertising on billboards and outdoor display spaces: outdoor advertising operations on billboards and outdoor display spaces 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 sales during the year 2015 (2014: Nil).

All assets are allocated to reportable segments other than 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	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue						
Revenue from external customers	**39,218**	48,411	**–**	2,964	**39,218**	51,375
Reportable segment loss before income tax	**(4,457)**	(5,166)	**(202,591)**	(313,531)	**(207,048)**	(318,697)
Depreciation and amortisation	**(5,963)**	(8,453)	**(27,037)**	(27,042)	**(33,000)**	(35,495)
Other material non-cash items:						
– Impairment loss on other receivables	**–**	–	**–**	(9,770)	**–**	(9,770)
– Impairment loss on intangible assets	**–**	–	**(171,899)**	–	**(171,899)**	–
– Impairment loss on goodwill	**–**	–	**(3,527)**	(274,902)	**(3,527)**	(274,902)
Reportable segment assets	**11,861**	17,066	**2,515**	204,684	**14,376**	221,750
Reportable segment liabilities	**10,495**	18,826	**20,702**	22,559	**31,197**	41,385
Additions to non-current assets	**74**	45	**–**	3	**74**	48

14. SEGMENT INFORMATION (continued)

Continuing operations (continued)

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

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Revenue		
Total reportable segment revenues	**39,218**	51,375
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**39,218**	51,375
Profit/(loss)		
Reportable segment loss derived from Group's external customers	**(207,048)**	(318,697)
Other revenue and other income	**9,159**	2
Finance costs	**(29,980)**	(44,007)
Impairment loss on available-for-sale financial assets	**–**	(234)
Change in fair value of derivative financial instruments	**702,813**	1,284
Gain arising from redemption of convertible notes	**35,699**	–
Gain arising from extension of promissory notes	**13,432**	–
Loss arising from extinguishment of convertible notes	**(42,214)**	–
Unallocated head office and corporate expenses	**(22,652)**	(7,598)
Profit/(loss) before income tax	**459,209**	(369,250)
Assets		
Total reportable segment assets	**14,376**	221,750
Elimination of inter-segment receivables	**–**	–
	14,376	221,750
Assets relating to outdoor advertising on billboards and outdoor display spaces (now discontinued)	**–**	107,368
Deposit paid for acquisition of a subsidiary	**15,000**	–
Financial assets at fair value through profit or loss (note 21)	**70**	42
Unallocated corporate assets	**5,549**	1,661
Consolidated total assets	**34,995**	330,821

14. SEGMENT INFORMATION (continued)

Continuing operations (continued)

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

	2015 HK$'000	2014 HK$'000
Continuing operations: (continued)		
Liabilities		
Total reportable segment liabilities	**31,197**	41,385
Elimination of inter-segment payables	**–**	–
	31,197	41,385
Liabilities related to outdoor advertising on billboards and outdoor display spaces (now discontinued)	**–**	320,799
Liabilities related to intelligent system (now discontinued)	**11,393**	11,393
Borrowings (note 28)	**42,000**	20,400
Promissory notes (note 29)	**46,693**	158,913
Convertible notes (note 30)	**–**	729,754
Deferred taxation (note 32)	**236**	55,591
Unallocated corporate liabilities	**4,541**	6,958
Consolidated total liabilities	**136,060**	1,345,193
Discontinued operations:		
Revenue		
Total reportable segment revenues	**22,360**	67,261
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**22,360**	67,261

(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 2015, there was no (2014: 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 2013	1,532	815	25,296	278	27,921
Additions	–	835	49	–	884
Reclassified to assets classified as held for sale	(55)	(197)	–	(137)	(389)
Exchange realignment	(3)	(9)	–	(3)	(15)
At 30 June 2014 and 1 July 2014	1,474	1,444	25,345	138	28,401
Additions	–	15	94	–	109
Disposals	–	(413)	(21)	(100)	(534)
Exchange realignment	–	1	–	–	1
At 30 June 2015	**1,474**	**1,047**	**25,418**	**38**	**27,977**
Accumulated depreciation and impairment:					
At 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	(32)	(117)	–	(48)	(197)
Exchange realignment	(3)	(8)	–	(3)	(14)
At 30 June 2014 and 1 July 2014	1,458	535	25,103	138	27,234
Charge for the year	14	275	132	–	421
Written back on disposals	–	(413)	(21)	(100)	(534)
Exchange realignment	–	1	–	–	1
At 30 June 2015	**1,472**	**398**	**25,214**	**38**	**27,122**
Net book value:					
At 30 June 2015	**2**	**649**	**204**	**–**	**855**
At 30 June 2014	16	909	242	–	1,167

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	The Company		
	Furniture and fixtures HK$'000	**Equipment** HK$'000	**Total** HK$'000
Cost:			
At 1 July 2013	389	333	722
Additions	823	–	823
At 30 June 2014 and 1 July 2014	1,212	333	1,545
Additions	–	35	35
At 30 June 2015	**1,212**	**368**	**1,580**
Accumulated depreciation:			
At 1 July 2013	142	176	318
Charge for the year	145	67	212
At 30 June 2014 and 1 July 2014	287	243	530
Charge for the year	242	71	313
At 30 June 2015	**529**	**314**	**843**
Net book value:			
At 30 June 2015	**683**	**54**	**737**
At 30 June 2014	925	90	1,015

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 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, 1 July 2014 And 30 June 2015	**71,085**	**3,225**	**74,905**	**459**	**–**	**248,085**	**397,759**
Accumulated amortisation and impairment:							
At 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 and 1 July 2014	64,228	3,225	74,905	133	–	49,479	191,970
Amortise for the year	5,912	–	–	73	–	26,960	32,945
Impairment	–	–	–	253	–	171,646	171,899
At 30 June 2015	**70,140**	**3,225**	**74,905**	**459**	**–**	**248,085**	**396,814**
Net book value:							
At 30 June 2015	**945**	**–**	**–**	**–**	**–**	**–**	**945**
At 30 June 2014	6,857	–	–	326	–	198,606	205,789

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

The customer relationship, non-completion 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 date of the completion of acquisition based on the valuation carried 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

Outdoor advertising on buses and bus stations

During the year ended 30 June 2015, 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. No impairment loss was recognised to the licenses during the years ended 30 June 2015 and 2014. 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 17.42% (2014: 18.91%). The other key assumptions used in the value in use calculation are disclosed in note 17 to the consolidated financial statements.

Television advertisements

During the year ended 30 June 2015, the television advertisements operation does not operate, 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. The directors of the Company assessed the recoverable amount of the intangible assets and recognised an impairment loss of approximately HK$253,000 (2014: HK$Nil) for customer relationship and approximately HK$171,646,000 (2014: HK$Nil) for media co-operation agreements respectively due to the termination of a television advertisement co-operation project. The impairment losses have been included in the consolidated statement of profit or loss and other comprehensive income.

17. GOODWILL

	The Group	
	2015	2014
	HK$'000	HK$'000
Cost:		
At the beginning of year	**457,742**	1,275,233
Reclassified as assets classified as held for sale	**–**	(817,491)
At the end of year	**457,742**	457,742
Impairment:		
At the beginning of year	**454,215**	996,804
Impairment	**3,527**	274,902
Reclassified as assets classified as held for sale	**–**	(817,491)
At the end of year	**457,742**	454,215
Carrying amounts	**–**	3,527

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

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to assets classified as held for sale) was allocated to groups of cash-generating units as follows:

	The Group	
	2015	2014
	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
Television advertisements	**408,763**	408,763
	457,742	1,275,233
Reclassified as assets classified as held for sale		
– Outdoor advertising on billboards and outdoor display spaces	**–**	(817,491)
	457,742	457,742

17. GOODWILL (continued)

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 17.42% (2014: 18.91%) per annum. Cash flows beyond a five-year period approved by senior management have been extrapolated using a 1% growth rate.

Television advertisements

For the year ended 30 June 2015, the recoverable amount of the cash generating units is determined based on the assessment carried out by the directors of the Company as at the end of reporting period. An impairment loss of approximately HK$3,527,000 during the year ended 30 June 2015 due to termination of a television advertisement co-operation project.

For the year ended 30 June 2014, 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% 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 was recognised during the year ended 30 June 2014 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 achieveable.
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 2015 HK$'000	The Company 2014 HK$'000
Unlisted investments, at cost	**77,396**	1,701,162
Less: Impairment (note)	**(77,396)**	(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.

Particulars of the Company's principal subsidiaries as at 30 June 2015 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
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
石家莊市恩健公交廣告有限公司 (formerly known as 石家莊市恩健傳媒有限公司) (note (i))	The PRC	100%	–	100%	Registered capital of RMB3,000,000	Design production and publication of outdoor advertisements in PRC
上海電廣媒體傳播有限公司 (note (i))	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 limited liability company.

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.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2015	2014
	HK$'000	HK$'000
Unlisted equity securities, at cost:		
China New Media (HK) Limited	**–**	–
Global Media Productions Limited	**–**	1
Reclassified as assets classified as held for sale (note 25)	**–**	(1)
	–	–
Analysed for reporting purposes as:		
Non-current assets	**–**	–

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 is recognised against the investment cost.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	The Company	
	2015	2014
	HK$'000	HK$'000
Amounts due from subsidiaries	**33,795**	298,244
Less: Impairment (note)	**(33,795)**	(298,244)
	–	–

Note:

Due to the prolonged poor financial performance of the subsidiaries, impairment of approximately HK$33,795,000 (2014: HK$298,244,000) 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	
	2015	2014
	HK$'000	HK$'000
Listed securities:		
– Equity securities listed in Hong Kong	**70**	42

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	
	2015	2014
	HK$'000	HK$'000
Trade debtors	**2,214**	3,130

(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	
	2015	2014
	HK$'000	HK$'000
Current	**35**	–
Less than 1 month past due	**500**	2,340
1 to 3 months past due	**1,114**	–
Over 3 months past due	**565**	790
	2,214	3,130

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 38(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 2015 and 2014 are as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
At the beginning of the year	**–**	406
Reclassified to assets classified as held for sale	**–**	(406)
	–	–

(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:

	The Group	
	2015	2014
	HK$'000	HK$'000
Past-due but not impaired:		
– Less than three months past due	**1,614**	2,340
– Over 3 months past due	**565**	790
	2,179	3,130
Neither past due nor impaired	**35**	–
	2,214	3,130

Included in the Group's trade debtors as at 30 June 2015 are debtors with an aggregate carrying amount of approximately HK$2,179,000 (2014: HK$3,130,000) 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 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	
	2015	2014
	HK$'000	HK$'000
Prepayments	**4,326**	4,750
Rental and utility deposits	**67**	359
Other deposits (note)	**16,593**	3,012
Other receivables	**13,832**	11,166
	34,818	19,287
Less: Impairment	**(11,413)**	(11,413)
	23,405	7,874

(a) Movements in the impairment loss on other receivables

	The Group	
	2015	2014
	HK$'000	HK$'000
At the beginning of the year	**11,413**	1,643
Impairment	**–**	9,770
At the end of the year	**11,413**	11,413

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

	The Company	
	2015	2014
	HK$'000	HK$'000
Prepayments	**158**	223
Rental and utility deposits	**67**	67
Other deposits (note)	**15,182**	–
	15,407	290

Note:

As at 30 June 2015, included in the Group's and the Company's other deposits of HK$15,000,000 (2014: Nil) was a refundable deposit paid for a proposed acquisition of new subsidiary.

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**7,506**	1,704	**4,551**	38

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$2,327,000 (2014: HK$1,406,000). 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 (2014: from 0.01% to 0.35% per annum).

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

	The Group	
	2015	2014
	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

26. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (notes (i) and (ii))	**191**	615	**–**	–
Accrued expenses and other payables	**28,401**	39,217	**4,343**	13,422
Amounts due to directors (note (iii))	**–**	2,815	**–**	2,810
Purchase consideration payable	**196**	196	**196**	196
Receipts in advance	**1,437**	–	**–**	–
	30,225	42,843	**4,539**	16,428

Notes:

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

	The Group	
	2015	2014
	HK$'000	HK$'000
Less than 1 month	**–**	–
1 to 3 months	**191**	596
Over 1 year	**–**	19
	191	615

(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.

27. 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 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.

28. BORROWINGS

	The Group and the Company	
	2015	2014
	HK$'000	HK$'000
Other loans, unsecured	**42,000**	20,400
Carrying amount repayable:		
Within one year	**42,000**	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 annum and is repayable on 28 February 2013. The borrowing was further extended to be repayable on 28 February 2015 with no interest-bearing. The Company had repaid the entire outstanding amount during the year ended 30 June 2015.

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. The Company had repaid the entire outstanding amount during the year ended 30 June 2015.

As at 30 June 2015, borrowings in the amount of HK$42,000,000 bears interest at 2.5% per month and is repayable on 22 September 2015. The Company has pledged all its equity interests in four wholly-owned subsidiaries to secure the borrowings of the Group (Note 42).

29. 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 Ventures. The promissory notes are repayable in one lump sum on maturity of two years and matured on 30 August 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 note holders.

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%.

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 noteholders 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.

On 28 November 2014, the Company has entered into two second deeds of extension to further amend the terms and conditions of the respective promissory notes with each of the two noteholders respectively, pursuant to which the parties to the respective second deeds of extension agreed to further extend the maturity date of the promissory notes from 30 November 2014 to 27 February 2015.

On 2 April 2015, the Company has entered into a third deed of extension to further amend the terms and conditions of the promissory note with the noteholder, pursuant to which the parties to the respective second deeds of extension agreed to further extend the maturity date of the promissory notes from 27 February 2015 to 30 October 2015.

	The Group and the Company	
	2015	2014
	HK$'000	HK$'000
At the beginning of the year	**158,913**	152,563
Interest charged (note 7)	**9,212**	6,350
Gain arising on extension of promissory notes	**(13,432)**	–
Repayment of promissory notes	**(108,000)**	–
At the end of the year	**46,693**	158,913
Classified as:		
Current liabilities	**46,693**	158,913

During the year ended 30 June 2015, the promissory note with the principal amount in aggregate of HK$108,000,000 had been repaid by the Company.

30. 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 2015 and 2014:

	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 2013	126	–	–	126
Fair value change	(126)	–	–	(126)
At 30 June 2014 and 1 July 2014	–	–	–	–
Fair value change	33,355	562,073	107,380	702,808
Gain arising from redemption of convertible notes	1,721	32,077	1,901	35,699
Redemption of convertible notes	(35,076)	(594,150)	(109,281)	(738,507)
At 30 June 2015	–	–	–	–
Liability components				
At 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 and 1 July 2014	36,296	567,739	125,719	729,754
Interest charged (note 7)	1,661	11,540	2,202	15,403
(Gain)/loss arising from extinguishment of convertible notes	(957)	50,733	(7,562)	42,214
Redemption of convertible notes	(37,000)	(630,012)	(120,359)	(787,371)
At 30 June 2015	**–**	**–**	**–**	**–**
Derivative financial liability components				
At 1 July 2013	–	–	1,510	1,510
Fair value change	–	–	(1,410)	(1,410)
Conversion of convertible notes	–	–	(95)	(95)
At 30 June 2014 and 1 July 2014	–	–	5	5
Fair value change	–	–	(5)	(5)
At 30 June 2015	**–**	**–**	**–**	**–**

30. 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%

30. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Pursuant to the deed of amendment signed between the Company and convertible note holders on 16 July 2014, the Company may, by giving no less than 2 days written notice, early redeem the convertible note at any time before the maturity date at a redemption amount equal to 24.3% of the principal amount of the convertible notes then outstanding on a date specified in the redemption notice to be satisfied by the issue and allotment of HK$0.01 each in the share capital of the Company at an issue price of HK$0.222 each, or after the proposed share consolidation becoming effective, shares of HK$0.10 each in the share capital of the Company at an issue price of HK$2.22 each. All notes which are redeemed and the relevant certificates may forthwith be cancelled or deemed to be cancelled on the redemption date. Upon receiving a redemption notice, a convertible note holder shall no longer be entitled to exercise the conversion right in respect of the outstanding principal amount of the convertible notes to be redeemed.

Pursuant to the deed of amendment signed between the Company and convertible note holders on 7 August 2014, the maturity date of the convertible notes was extended from 28 August 2014 to 28 November 2014. The deed of amendment was approved by the convertible note holders of the Company on 29 August 2014.

Pursuant to the supplemental deed of amendment signed between the Company and convertible note holders on 29 August 2014, if the conditions underlying the proposed amendments to the maturity date of the convertible notes is not fulfilled on or before 30 November 2014, the provisions of the amendment deed dated 7 August 2014 shall from such date cease to have any further force and effect and none of the parties to the amendment deed dated 7 August 2014 shall have any claim against each other.

Pursuant to the resolution of special general meeting held on 29 October 2014, the maturity date of the convertible notes was extended to 28 November 2014.

On 3 December 2014, the Company redeemed the entire outstanding amount of Convertible Note 1 by issue of 3,700,000 shares at the price of HK$2.22 each. The fair value of the Company's share on 3 December 2014 was HK$0.52.

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. The Company shall not be entitled to early redeem the convertible notes before 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.

30. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

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 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 and 1 July 2014	567,739
Interest charged calculated at an effective interest rate of 4.14%	11,540
Loss arising from extinguishment of convertible notes	50,733
Redemption of convertible notes	(630,012)
Liability component at 30 June 2015	–

The inputs used for the calculation of the fair value of the equity 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%

Pursuant to the deed of amendment signed between the Company and convertible note holders on 16 July 2014, the Company may, by giving no less than 2 days written notice, early redeem the convertible note at any time before the maturity date at a redemption amount equal to 24.3% of the principal amount of the convertible notes then outstanding on a date specified in the redemption notice to be satisfied by the issue and allotment of HK$0.01 each in the share capital of the Company at an issue price of HK$0.222 each, or after the proposed share consolidation becoming effective, shares of HK$0.10 each in the share capital of the Company at an issue price of HK$2.22 each. All notes which are redeemed and the relevant certificates will forthwith be cancelled or deemed to be cancelled on the redemption date. Upon receiving a redemption notice, a convertible note holder shall no longer be entitled to exercise the conversion right in respect of the outstanding principal amount of the convertible notes to be redeemed.

30. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Pursuant to the supplemental deed of amendment signed between the Company and convertible note holders on 29 August 2014, if the conditions underlying the proposed amendments to the maturity date of the convertible notes is not fulfilled on or before 30 November 2014, the provisions of the amendment deed dated 16 July 2014 shall from such date cease to have any further force and effect and none of the parties to the amendment deed dated 16 July 2014 shall have any claim against each other.

On 26 November 2014, all the conditions precedent of the proposed amendments to the terms and conditions of the convertible notes have been fulfilled and the proposed amendments to the terms and conditions of the convertible notes have become effective.

On 3 December 2014, the Company redeemed the entire outstanding amount of Convertible Note 2 by issuing 68,964,601 shares at the price of HK$2.22 each. The fair value of the Company's share on 3 December 2014 was HK$0.52.

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. The Company shall not be entitled to early redeem the convertible notes before 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 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.

30. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

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%	0.79%
Expected volatility	103.18%	119.98%	101.1%

Pursuant to the deed of amendment signed between the Company and convertible note holders on 16 July 2014, the Company may, by giving no less than 2 days written notice, early redeem the convertible note at any time before the maturity date at a redemption amount equal to 24.3% of the principal amount of the convertible notes then outstanding on a date specified in the redemption notice to be satisfied by the issue and allotment of HK$0.01 each in the share capital of the Company at an issue price of HK$0.222 each, or after the proposed share consolidation becoming effective, shares of HK$0.10 each in the share capital of the Company at an issue price of HK$2.22 each. All notes which are redeemed and the relevant certificates will forthwith be cancelled or deemed to be cancelled on the redemption date. Upon receiving a redemption notice, a convertible note holder shall no longer be entitled to exercise the conversion right in respect of the outstanding principal amount of the convertible notes to be redeemed.

Pursuant to the supplemental deed of amendment signed between the Company and convertible note holders on 29 August 2014, if the conditions underlying the proposed amendments to the maturity date of the convertible notes is not fulfilled on or before 30 November 2014, the provisions of the amendment deed dated 16 July 2014 shall from such date cease to have any further force and effect and none of the parties to the amendment deed dated 16 July 2014 shall have any claim against each other.

On 26 November 2014, all the conditions precedent of the proposed amendments to the terms and conditions of the convertible notes have been fulfilled and the proposed amendments to the terms and conditions of the convertible notes have become effective.

On 3 December 2014, the Company redeemed the entire outstanding amount of Convertible Note 3 by issuing 21,304,581 shares at the price of HK$2.22 each. The fair value of the Company's share on 3 December 2014 was HK$0.52.

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the consolidated statement of financial position represents:

	The Group	
	2015	2014
	HK$'000	HK$'000
Tax payable at the beginning of the year	**16,668**	31,690
Provision for the year		
– PRC Enterprise Income Tax	**–**	1,162
Under provision for prior years		
– PRC Enterprise Income Tax	**220**	–
Tax paid		
– PRC Enterprise Income Tax	**–**	(15)
Exchange realignment	**18**	1
Reclassified as liabilities directly associated with assets classified as held for sale (note 25)	**–**	(16,170)
Tax payable at the end of the year	**16,906**	16,668
The amount is presented by:		
– Tax recoverable	**–**	220
– Tax payable	**(16,906)**	(16,888)
	(16,906)	(16,668)

32. DEFERRED TAXATION

The components of deferred tax liabilities recognised in the consolidated 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 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 and 1 July 2014	51,446	4,145	55,591
Credited to profit or loss	(51,210)	(4,145)	(55,355)
At 30 June 2015	**236**	**–**	**236**

The Company

	Convertible notes HK$'000	Total HK$'000
Deferred tax on temporary differences arising from:		
At 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 and 1 July 2014	4,145	4,145
Credited to profit or loss	(4,145)	(4,145)
At 30 June 2015	**–**	**–**

32. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group has unused tax losses of approximately HK$46,514,000 (2014: 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 (2014: HK$1,497,000) due to the unpredictability of future profit streams.

33. SHARE CAPITAL

Ordinary shares

		2015 HK$'000	2014 HK$'000
(a)	**Authorised**		
	3,000,000,000 shares of HK$0.10 each (2014: 30,000,000,000 shares of HK$0.01 each) (Note (iii))	**300,000**	300,000
	Issued and fully paid		
	796,246,784 shares of HK$0.1 each (2014: 270,106,785 shares of HK$0.01 each)	**79,625**	2,701

33. 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 2013		153,961	1,540
Conversion of convertible notes	(i)	47,761	477
Placement of shares	(ii)	68,384	684
At 30 June 2014 and 1 July 2014		270,106	2,701
Shares consolidation	(iii)	(243,096)	–
Issue of shares pursuant to redemption of convertible notes	(iv)	93,969	9,397
Issue of shares pursuant to open offer	(v)	675,267	67,527
At 30 June 2015		**796,246**	**79,625**

Notes:

(i) On 10 July 2013, a convertible note holder exercised his 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 his 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 his 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 his 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.

33. SHARE CAPITAL (continued)

Notes: (continued)

(i) (continued)

On 19 December 2013, a convertible note holder exercised his 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 his 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 his 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.

(ii) 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.

(iii) The Company's share consolidation was effective on 30 October 2014 pursuant to the resolution passed at the special general meeting on 29 October 2014. Every 10 issued and unissued shares of HK$0.01 each in the share capital of the Company will be consolidated into 1 consolidation share of HK$0.10 each.

(iv) On 3 December 2014, the Company issued 93,969,182 new ordinary shares at an issue price of HK$2.22 each for redemption of outstanding convertible notes. The excess over the par value of the shares issued was credited to the share premium of the Company.

(v) On 3 December 2014, 675,266,925 shares of HK$0.10 each were issued by way of open offer at a price of HK$0.215 per share for net proceeds of approximately HK$137,674,000. The excess of the open offer over the par value of the shares issued was credited to the share premium of the Company. The Company intends to apply the net proceeds from the open offer for (a) early partial settlement of the outstanding promissory notes; (ii) paying the license fee for the Group's bus advertising business, acquiring more television airtime and acquiring other multi-media inventories to expand into advertising on other multi-media platforms; (iii) settlement of outstanding indebtedness owed to financial institutions; (iv) financing the operation of the Group and (v) for general working capital.

(vi) All new ordinary shares issued during the year ended 30 June 2015 and 2014 rank pari passu in all respects with the then existing shares.

34. 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 Post-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.

Post-IPO Share Option Scheme

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

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	837.20	2	–	–	(2)	–	–

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

Category of participant	Adjusted exercise price per share after share consolidation and open offer HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2015
Other employees and consultants	**707.09**	**263**	**–**	**–**	**–**	**(103)**	**160**

2014

Category of participant	Exercise price per share HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	433.80	263	–	–	–	–	263

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

Category of participant	Adjusted exercise price per share after share consolidation and open offer HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2015
Former directors#	**3,907.76**	**9,124**	**–**	**–**	**–**	**(3,526)**	**5,598**
Senior management	**3,907.76**	**5,832**	**–**	**–**	**–**	**(2,254)**	**3,578**
Other employees and consultants	**3,907.76**	**3,382**	**–**	**–**	**–**	**(1,306)**	**2,076**
		18,338	**–**	**–**	**–**	**(7,086)**	**11,252**

2014

Category of participant	Exercise price per share HK$	Number of shares issuable under options: Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment 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

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

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share after share consolidation and open offer HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjustment during the year**	**Outstanding and exercisable at 30 June 2015**
Senior management	**1,079.39**	**2,724**	**–**	**–**	**–**	**(1,052)**	**1,672**
Other employees and consultants	**1,079.39**	**5,383**	**–**	**–**	**–**	**(2,080)**	**3,303**
		8,107	**–**	**–**	**–**	**(3,132)**	**4,975**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment 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

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share after share consolidation and open offer HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjustment during the year**	**Outstanding and exercisable at 30 June 2015**
Other employees and consultants	**1,209.46**	**5,781**	**–**	**–**	**–**	**(2,235)**	**3,546**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	742.80	5,781	–	–	–	–	5,781

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

Category of participant	Adjusted exercise price per share HK$	Number of shares issuable under options Outstanding and exercisable at 1 July 2014	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding and exercisable at 30 June 2015
Senior management	**472.70**	**1,248**	**–**	**–**	**–**	**(483)**	**765**
Other employees and consultants	**472.70**	**4,533**	**–**	**–**	**–**	**(1,752)**	**2,781**
		5,781	**–**	**–**	**–**	**(2,235)**	**3,546**

2014

Category of participant	Exercise price per share HK$	Number of shares issuable under options Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment 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

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2015**
Other employees and consultants	**614.18**	**3,154**	**–**	**–**	**–**	**(1,222)**	**1,932**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	376.80	3,154	–	–	–	–	3,154

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2015**
Other employees and consultants	**545.72**	**3,154**	**–**	**–**	**–**	**(1,222)**	**1,932**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	334.80	3,154	–	–	–	–	3,154

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2015**
Senior management	**279.06**	**920**	**–**	**–**	**–**	**(355)**	**565**
Other employees and consultants	**279.06**	**747**	**–**	**–**	**–**	**(288)**	**459**
Former directors#	**279.06**	**131**	**–**	**–**	**–**	**(51)**	**80**
		1,798	**–**	**–**	**–**	**(694)**	**1,104**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Senior management	171.20	920	–	–	–	–	920
Other employees and consultants	171.20	747	–	–	–	–	747
Former directors#	171.20	131	–	–	–	–	131
		1,798	–	–	–	–	1,798

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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:

2015

		Number of shares issuable under options					
Category of participant	**Adjusted exercise price per share HK$**	**Outstanding and exercisable at 1 July 2014**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Adjusted during the year**	**Outstanding and exercisable at 30 June 2015**
Other employees and consultants	**452.81**	**15,767**	**–**	**–**	**–**	**(6,092)**	**9,675**

2014

		Number of shares issuable under options					
Category of participant	Exercise price per share HK$	Outstanding and exercisable at 1 July 2013	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment during the year	Outstanding and exercisable at 30 June 2014
Other employees and consultants	277.80	15,767	–	–	–	–	15,767

34. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

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.

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	31 December 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.

35. 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	Total HK$'000
At 1 July 2013	669,059	38,714	10,084	52,959	43	(935)	–	(1,673,566)	(903,642)
Loss for the year	–	–	–	–	–	–	–	(371,458)	(371,458)
Other comprehensive income for the year:									
Items that may be reclassified subsequently to profit or loss:									
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	94	–	–	94
Total comprehensive loss for the year	–	–	–	–	–	94	–	(371,458)	(371,364)
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)
Change in ownership interest of a subsidiary (note 42)	–	–	–	–	–	–	(743)	–	(743)
At 30 June 2014 and 1 July 2014	940,317	38,714	8,060	52,959	43	(841)	(743)	(2,045,024)	(1,006,515)
Profit for the year	–	–	–	–	–	–	–	716,253	716,253
Other comprehensive loss for the year:									
Items that may be reclassified subsequently to profit or loss:									
Exchange difference on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(42)	–	–	(42)
Total comprehensive income for the year	–	–	–	–	–	(42)	–	716,253	716,211
Transfer to accumulated losses upon extinguishment of convertible notes	–	–	(8,060)	–	–	–	–	8,060	–
Issue of shares pursuant to the redemption of convertible notes	39,467	–	–	–	–	–	–	–	39,467
Issue of shares pursuant to the open offer	77,656	–	–	–	–	–	–	–	77,656
Open offer expenses	(7,509)	–	–	–	–	–	–	–	(7,509)
At 30 June 2015	**1,049,931**	**38,714**	**–**	**52,959**	**43**	**(883)**	**(743)**	**(1,320,711)**	**(180,690)**

35. 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 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 and 1 July 2014	940,317	38,714	8,060	52,959	43	(1,980,486)	(940,393)
Profit and total comprehensive income for the year	–	–	–	–	–	669,232	669,232
Transfer to accumulated loss upon extinguishment of convertible notes	–	–	(8,060)	–	–	8,060	–
Issue of shares pursuant to the redemption of convertible notes	39,467	–	–	–	–	–	39,467
Issue of shares pursuant to the open offer	77,656	–	–	–	–	–	77,656
Open offer expenses	(7,509)	–	–	–	–	–	(7,509)
At 30 June 2015	**1,049,931**	**38,714**	**–**	**52,959**	**43**	**(1,303,194)**	**(161,547)**

(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(n)(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(r).

35. 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(y).

(vi) Distributable of reserves

At 30 June 2015, no reserve was available for distribution as dividends to shareholders of the Company (2014: HK$Nil).

36. DISPOSAL OF SUBSIDIARIES

On 25 April 2014, the Company entered into the conditional sale and purchase agreement (the "Sale and Purchase Agreement") to dispose the outdoor advertising on billboards and outdoor display spaces operations. The 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 cash consideration of HK$600,000. The disposal of Redgate Group was completed on 17 November 2014.

36. DISPOSAL OF SUBSIDIARIES (continued)

Summary of the effects of the disposal of Redgate Group are as follows:

	HK$'000
Net liabilities disposed of:	
Available-for-sale financial assets	1
Property, plant and equipment	89
Accounts receivable	31,649
Prepayments, deposits and other receivables	23,756
Prepaid advertising placement service costs	10,906
Cash and cash equivalents	17,913
Trade payables, accrued expenses and other payables	(297,791)
Tax payable	(15,512)
	(228,989)
Non-controlling interests	6,218
Net liabilities disposed of	(222,771)

Gain on disposal of subsidiaries:

	HK$'000
Consideration received	600
Net liabilities disposed of	222,771
Reclassification of exchange reserve upon disposal of subsidiaries to profit or loss	(392)
Gain on disposal	222,979

Net cash outflow on disposal of Redgate Group:

	HK$'000
Consideration received in cash and cash equivalents	600
Less: Cash and cash equivalents disposed of	(17,913)
	(17,313)

Gain on disposal is included in profit/(loss) for the year from discontinued operations in the consolidated statement of profit or loss and other comprehensive income (note 10) and the impact of Redgate Group on the Group's results and cash flows in the current and prior periods is disclosed in note 10.

37. 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 2015 and 2014.

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

The Group's gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Debt (note (i))	**88,693**	909,067
Cash and cash equivalents (note 24)	**(7,506)**	(1,704)
Net debt	**81,187**	907,363
Equity (note (ii))	**(101,065)**	(1,003,814)
Net debt to equity ratio	**N/A**	N/A

Notes:

(i) Debt comprises borrowings, promissory notes and convertible notes as detailed in notes 28, 29 and 30 respectively.

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

The debt decreased as at 30 June 2015 mainly representing by redemption of convertible notes by the Company during the year.

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

38. 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Fair value through profit or loss	**70**	42	**–**	–
Loans and receivables (including cash and cash equivalents)	**28,799**	7,958	**19,958**	67
Financial liabilities				
Amortised cost	**118,918**	951,910	**102,617**	934,885
Derivative financial liabilities	**–**	5	**–**	5

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 28 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.

38. 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 Group had consolidated net current liabilities and net liabilities of approximately HK$102,629,000 and HK$101,065,000 as at 30 June 2015. 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

	2015						2014					
	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	30,225	30,225	30,225	–	–	–	42,843	42,843	42,843	–	–	–
Borrowings	42,000	42,000	42,000	–	–	–	20,400	20,400	20,400	–	–	–
Promissory notes	46,693	50,000	50,000	–	–	–	158,913	160,000	160,000	–	–	–
Convertible notes	–	–	–	–	–	–	729,754	858,398	37,000	821,398	–	–
	118,918	122,225	122,225	–	–	–	951,910	1,081,641	260,243	821,398	–	–

The Company

	2015						2014					
	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	4,539	4,539	4,539	–	–	–	16,428	16,428	16,428	–	–	–
Amount due to a subsidiary	9,385	9,385	9,385	–	–	–	9,390	9,390	9,390	–	–	–
Borrowings	42,000	42,000	42,000	–	–	–	20,400	20,400	20,400	–	–	–
Promissory notes	46,693	50,000	50,000	–	–	–	158,913	160,000	160,000	–	–	–
Convertible notes	–	–	–	–	–	–	729,754	858,398	37,000	821,398	–	–
	102,617	105,924	105,924	–	–	–	934,885	1,064,616	243,218	821,398	–	–

38. 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 2015 and 2014 respectively.

Sensitivity analysis

At 30 June 2015, if equity prices at that date had been 5% higher/lower with all other variables held constant, profit after taxation would increase/decrease by approximately HK$4,000 (2014: loss after taxation would decrease/increase by HK$2,000) 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.

As at 30 June 2015, the Group had certain concentration of credit risk as 93% (2014: 79%) of the total trade receivables of the Group were due from 5 customers (2014: 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 2015 (2014: 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.

38. 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

	2015		2014	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Promissory notes	**46,693**	**47,666**	158,913	157,302
Convertible notes	**–**	**–**	729,754	760,375

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(g) 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 2015							
	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	70	–	–	70	–	–	–	–

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(g) Fair value measurements recognised in the consolidated statement of financial position (continued)

	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

There were no transfers between instruments in Level 1 and Level 2 during the two years ended 30 June 2015 and 2014.

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 2015**	Fair value as at 30 June 2014	**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$70,000**	Listed equity securities in Hong Kong: -HK$42,000	Level 1	Quoted bid prices in an active market	Nil

Financial liabilities	**Fair value as at 30 June 2015**	Fair value as at 30 June 2014	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship to unobservable inputs to fair value**
Derivative financial liabilities	**Derivative financial liabilities conversion option -HK$nil**	Derivative financial liabilities conversion option -HK$5,000	Level 3	Discounted cash flow method	Weighted average cost of capital ("WACC")	The higher the WACC, the lower the fair value

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(g) Fair value measurements recognised in the consolidated statement of financial position (continued)

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 embedded in convertible notes amounting approximately HK$5,000 is 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
At 1 July 2013	1,510
Fair value change	(1,410)
Conversion of convertible notes	(95)
At 30 June 2014 and 1 July 2014	5
Fair value change	(5)
At 30 June 2015	–

39. COMMITMENTS

(a) Operating leases commitment

At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015 **HK$'000**	2014 HK$'000
Within 1 year	**334**	404
After 1 year but within 5 years	**64**	2,301
	398	2,705

39. COMMITMENTS (continued)

(a) Operating leases commitment (continued)

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 2015, the total future minimum lease payments under non-cancellable operating leases for the Company are payable as follows:

	The Company	
	2015	2014
	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.

(b) Capital commitments

Capital commitments outstanding at 30 June 2015 not provided for in the financial statements of the Group were as follows:

	The Group and the Company	
	2015	2014
	HK$'000	HK$'000
Contracted but not provided for:		
Investment in joint venture	**7,000**	7,000

40. 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 vigorously contested such claims.

The Plaintiff's claims came before the Honourable Deputy High Court Judge Wilson Chan for trial on 3 to 7, 10 to 13, 18 and 19 November 2014 and Judgment was handed down by the Honourable Deputy High Court Judge Wilson Chan on 29 January 2015 ("the Judgment"). By the Judgment, the Honourable Deputy High Court Judge Wilson Chan dismissed all the Plaintiff's claims with costs to the Defendants.

On 4 March 2015, the Plaintiff served a Notice of Appeal against the Judgement and the Board of the Company was advised that there is no merit in such appeal at all. A date of hearing of the said appeal has not yet been fixed.

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.

(b) On 14 January 2011, a Writ of 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.

40. LITIGATION (continued)

(c) On 30 January 2015, the Securities and Futures Commission ("the Petitioner") presented a Petition to the High Court under section 214 of the Securities and Futures Ordinance, Cap. 571 ("the Petition") against the Company and 4 ex-directors of the Company, namely, Wong Yuen Yee, Wong Yao Wing, Robert, Wong Kwok Sing and Lam Shiu San (collectively "the Ex-Directors"). It is the Petitioner's complains that the Ex-Directors had conducted the business or affairs of the Company in a manner involving misfeasance or misconduct toward the Company, its members or any part of its members and/or unfairly prejudicial to its members or any part of its members.

By the Petition the Petitioner sought an order that the Company shall bring in its name civil proceedings against the Ex-Directors to seek recovery of compensation or loss and damages suffered by the Company as a result of such misfeasance or misconduct or unfairly prejudicial conduct and also disqualification of the ex-directors to be director, liquidator, or receiver or manager of any listed or unlisted company in Hong Kong or from taking part in the management of any listed or unlisted company in Hong Kong on such terms and for such periods as the Court shall think fit and/or other reliefs.

The Company has sought independent legal advice on the Petition and the Petition has been scheduled for hearing on 29 April 2015.

According to the order of the High Court, the Company has to file the writ and accordingly to the rule, it requires the company to serve the writ by 9 March 2016 and then full statement of claim within 14 days thereafter. The Company has agreed with the Petitioner will serve the writ before its expiry date. The Company has issued a writ with endorsement of claim already.

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.

41. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions:

(a) During the year, the Group entered into the following material related party transactions:

Related party relationship	Type of transaction	**2015** **HK$'000**	2014 HK$'000
A company that Mr. Ang Wing Fung, a former director of the Company, is a common director	Administrative expenses paid	**514**	–

41. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

The emoluments of directors and other members of key management during the year was as follows:

	2015 HK$'000	2014 HK$'000
Basic salary, allowance and other benefits	**603**	3,536
Recognised retirement pension	**36**	15
	639	3,551

42. PLEDGE OF ASSETS

As at 30 June 2015, the Company has pledged all its equity interests in four wholly-owned subsidiaries to secure the borrowings of the Group (2014: Nil).

43. CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

During the year ended 30 June 2014, 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

On 3 December 2014, the Company issued 93,969,182 new ordinary shares at an issue price of HK$2.22 each for settlement of outstanding convertible notes. Please refer to Note 33 to the consolidated financial statements for details.

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 33 to the consolidated financial statements for details.

45. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2015, a supplemental agreement to the memorandum of understanding in relation to a proposed acquisition ("Supplemental MOU") was entered into between the Company and the prospective vendors pursuant to which the parties agreed to extend the inspection period as six months after the execution of the Supplemental MOU and extend the long stop date as 30 days after the revised inspection period. For details, please refer to the Company's announcement dated 15 July 2015.

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 2015 (2014:Nil).

48. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 January 2016.