NEPTUNE GROUP LIMITED
海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)
stock code: 00070

ANNUAL REPORT 2014

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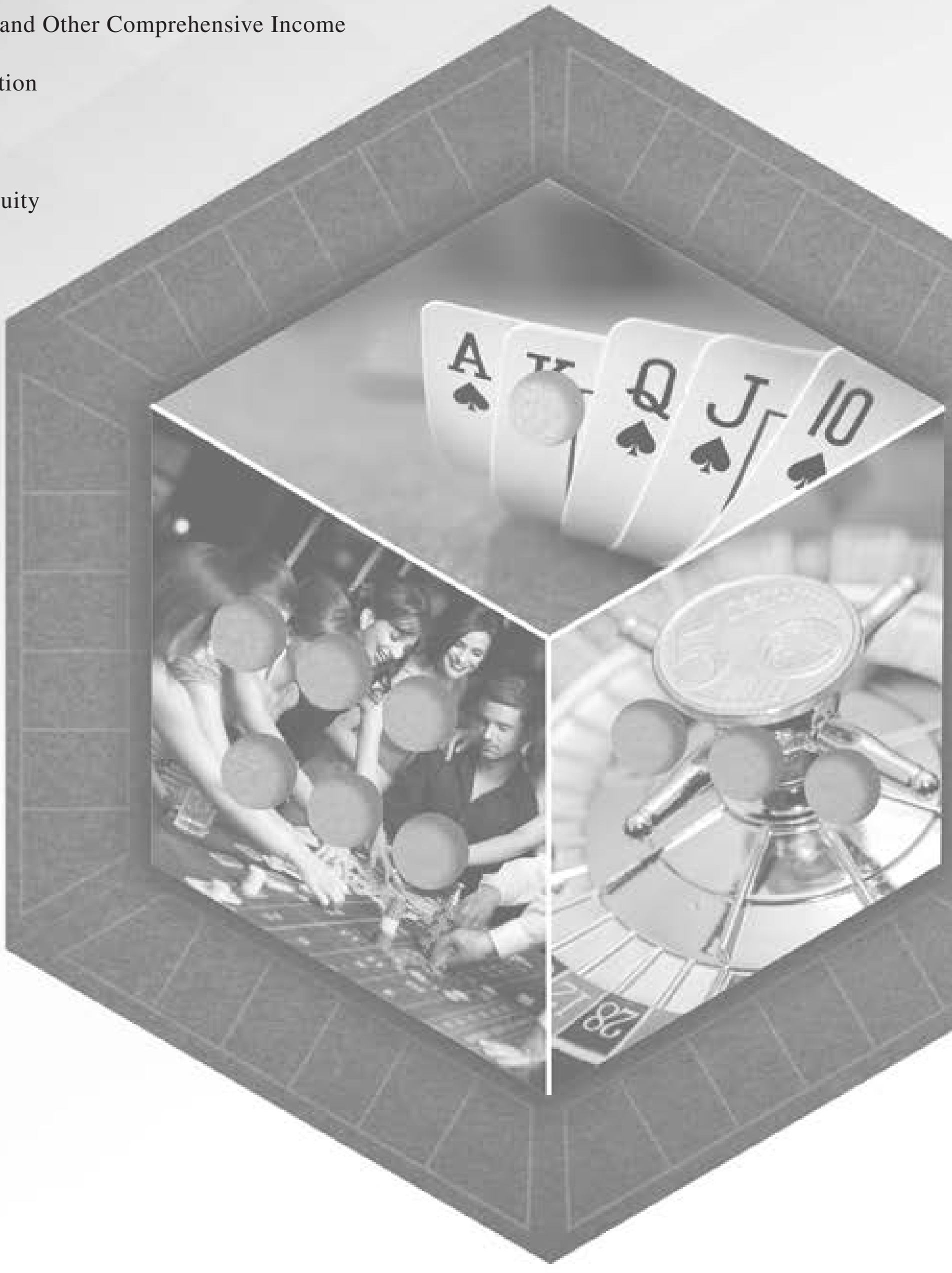

Corporate Information

BOARD OF DIRECTORS

Executive directors:
Mr. Danny Xuda Huang
(Chairman appointed on 29 November 2013)
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy
Mr. Lin Cheuk Fung (retired on 29 November 2013)

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam

COMPANY SECRETARY

Mr. Chan Shiu Kwong, Stephen

AUDIT COMMITTEE

Mr. Cheung Yat Hung, Alton *(Chairman)*
Mr. Yue Fu Wing
Mr. Chan Choi Kam

REMUNERATION COMMITTEE

Mr. Cheung Yat Hung, Alton *(Chairman)*
Mr. Yue Fu Wing
Mr. Nicholas J. Niglio

NOMINATION COMMITTEE

Mr. Danny Xuda Huang *(Chairman)*
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing

AUDITOR

CCIF CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

Bank of Communications Company Limited
Bank of China Macau Branch
Industrial And Commercial
Bank of China Limited Macau Branch

LEGAL ADVISORS

Robertsons Solicitors & Notaries
LAU, CHAN & KO Solicitors & Notaries

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Room 3328C, 33/F
China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

E-MAIL

enquiry@neptune.com.hk

STOCK CODE

00070

Group Financial Summary

RESULTS (HK$'000)

	Year ended 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	**Year ended 30 June 2014**
Turnover (including continuing and discontinued operations)	411,965	438,787	435,377	577,517	**710,396**
Profit attributable to owners of the Company	66,645	201,133	282,930	288,300	**148,762**
Earnings per share (HK cents)					
– basic	1.73	5.23	7.35	6.95	**3.22**
– diluted	0.08	5.23	7.35	6.95	**3.22**

ASSETS AND LIABILITIES (HK$'000)

	As at 30 June 2010	As at 30 June 2011	As at 30 June 2012	As at 30 June 2013	**As at 30 June 2014**
Property, plant and equipment	103,527	107	62	54,686	**965**
Investment properties	38,760	32,800	–	–	**59,140**
Interest in an associate	49,724	46,465	46,344	46,344	**58,084**
Intangible assets	1,491,593	1,444,493	1,444,493	2,102,793	**2,102,793**
Available for sales investments	–	–	–	–	**249,524**
Other non-current assets	10,483	10,438	40,438	–	**–**
Net current assets	217,390	273,439	408,091	602,863	**496,805**
Total assets less current liabilities	1,911,477	1,807,742	1,939,428	2,806,686	**2,967,311**
Convertible notes	114,937	21,482	–	–	**–**
Deferred tax liabilities	9,161	2,301	–	–	**–**
Net assets	1,787,379	1,783,959	1,939,428	2,806,686	**2,967,311**
Share capital and other statutory capital reserve	948,487	948,487	948,487	1,077,853	**1,077,853**
Other reserve	59,426	243,333	472,082	760,382	**915,066**
Equity attributable to owners of the Company	1,007,913	1,191,820	1,420,569	1,838,235	**1,992,919**
Non-controlling interests	779,466	592,139	518,859	968,451	**974,392**
Total equity	1,787,379	1,783,959	1,939,428	2,806,686	**2,967,311**
Shareholder's funds – NBV per share (HK$)	0.26	0.31	0.37	0.40	**0.43**

Chairman's Statement

On behalf of the Board of Directors (the "Board") I am pleased to present the annual report and financial results of the Neptune Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2014.

THE CONTINUING BUSINESS REVIEW

The business climate for the past year sent mixed signals to the market. We witness near record performance with incremental growth impressing the most bearish yet it was not perfect for many. Skeptics took governmental edicts at their base values applying doomsday scenarios to overshadow the future outlook of Macau's gaming industry. Certainly, these conditions are not conducive for many companies. Our group however remained focus, and committed to our core business.

The past year has provided the company a deep and introspective look into its business model. Spectacular growth of the Macau market has been in part stalled lately. Prophets predicating unrealistic growth have been brought down to face reality. A more achievable single digit to a very low teen benchmark is considered as practical and sustainable. Fiscal prudence displayed for the past five years has earned the company fiscal accolades. In the past, we have been through the highs and lows of market sentiment, much of those were driven by policy makers and ever changing protocols over gaming as a whole. We do believe that these factors could again turn in favor to reignite the market when it needs, as we agree too much loosening could only inflate investor expectation beyond unachievable levels.

The past year has provided some new competition from other Asia Pacific destination. As we have previously mentioned, Singapore alone had presented a small consumer distraction from our base. While they are progressing nicely, our core business has not been materially affected. Distance, demographics and multi branding continue to protect Macau's future and its ability to grow. We will watch carefully the dynamics of new integrated resorts in the Philippines, Cambodia and soon Russia.

LOOKING FORWARD STATEMENT

Our Group has been conservative this past year in continuing our expansion model in Macau. Making sure our investment is sensible and sustainable will always be our priority. While we never intend to minimize the growth of our core business in Macau, it is in the best interest of the Group that we shall look outward and be open to diversification. The executive team will consider profitable and strategic ventures both large and small. No sector is beyond consideration. The Group takes very serious its responsibility for further growth. Thusly, a combination of monitoring and accelerating our business in Macau and coupling with other ventures remain possible. Yet I offer a cautious and pragmatic short term projection.

Cotai expansion in 2016 is fast approaching and our Group has been evaluating various investment opportunities made available. Multiple projects will be completed with target branding to amaze all. We will leverage our relationships to invest in the best that would offer best value to shareholders. Expect future communication on this subject.

We do acknowledge a difficult macro environment ahead and its sequential impact to our results in comparison year over year. Conversely, a continuation of prior year's achievement may be postponed. Sentiment in short term does look shaky, though recovery and adjustment may take possibly twelve to eighteen months. Consensuses from all market participants, large and small, seem to support this theory. Fortunately, the company has historically years of pragmatic planning and reserve to soften the impact of any potential downturn. This is the key to our remaining at large and be in control for the long haul.

ACKNOWLEDGEMENT

Finally, I would like to express my sincere appreciation to our shareholders, strategic partners and customers for their unfailing support and confidence. I would like to extend my sincere gratitude to all staff members of the Group for their many contributions and dedication. Without them our success would not be possible.

Danny Xuda Huang
Chairman of the Board
Hong Kong, 30 September, 2014

Management Discussion and Analysis

BUSINESS OVERVIEW

The audited net profit of the Group for the year ended 30 June 2014 amounted to approximately HK$515,413,000 (2013: HK$564,506,000).

The entire Macau gaming market was slightly affected by the impact of soft landing of Chinese economy in the first half of 2014 progressed. However, it may be too early to conclude that the slow down of gaming business. In today's global, highly interwoven economy, the signal of significant rebound of peak festival holidays in months ahead can be deceptive and fleeting. Still, the increasing tendency of relaxation on China's tightening policies can be seen as a favorable support on sustainable development of Macau gaming industry, which highlighting good competitive position because it is still under developing as a diverse entertainment and leisure holiday destination as laid down by government policy.

As in second quarter, Macau gaming market resulted revenue growth that increased by 6% year on year, a moderate decrease from double digit growth. But VIP room business still remains accounting for 62% of total gaming revenue.

While China continues to grow and the rest of the world showing of intermittent growth in economy combining with acceleration in extensive reform measure initiated by the Central Government, will be key drivers in promoting China's healthy, sustainable growth. The Group will resolutely continue to develop its presence in Macau, and beyond to balance its sources of revenue. Over time, the Group will continue to benefit from our strategic investments in Macau VIP junket business. We are cautiously optimistic about the VIP room business.

At the moment we have six casinos through investment with those junkets which operated business there, namely The Venetian, Sands Macao, Galaxy, StarWorld, Grand Lisboa and City of Dream recently join in. The allocation of their VIP tables are 14 tables in Venetian, 11 tables in Sands Macao, 18 tables in Galaxy, 22 tables in StarWorld and 13 tables in Grand Lisboa and 11 tables in City of Dream, adding up to 89 tables in total.

In addition to pursuing organic growth, continued efforts will be made to expand our business by prudently seeking suitable investment opportunities that can add value to existing portfolio.

FINANCIAL REVIEW

For the financial year ended 30 June 2014, the Group recorded a turnover of approximately HK$710,396,000 (2013: HK$577,517,000), an increase of 23% year on year. The increase are mainly attribute to excellent performance by junket promoter in Sand Macau together with other junkets delivered solid performance which has fuelled our revenue to hit a record high.

A profit attributable to owners was approximately HK$148,762,000 or 3.22 cents for a share, or compared with last year's net profit of approximately HK$288,300,000 or 6.95 cents for a share.

The significant drop was caused by the result of the impairment loss of available-for-sale investments of Joyful Celebrate, amounting to approximately HK$111,126,000, which was caused by the unfavourable change in the market condition subsequent to the acquisition, and in respect of approximately HK$88,680,000 being excess of investment cost of Superiority Wealthy at time of acquisition. For the acquisition of Superiority Wealthy, the management initially employed certain general market parameters to determine the consideration. Subsequently by reference to a professional valuation report, certain entity and business specific adjustments were found to be necessary and this led to the purchase costs recognised as an expense amounting to HK$88,680,000.

Management Discussion and Analysis

During the year, the Group has made two significant investments with junket promoter business for sharing their profit stream. On 21 October 2013 the Group acquired 5% of issued share capital of Joyful Celebrate to share assigned profit based on their rolling chip revenue generated from gaming table at VIP club at Galaxy Hotel in Macau.

Further on 27 February 2014, the Group acquired 5% of the entire issued capital of Superiority Wealthy to share assigned profit based on their rolling chip revenue generated from gaming table at VIP club at City of Dream in Macau.

Our EBITDA (see Note 1) for the year ended 30 June 2014 was approximately HK$517,615,000, a decrease of approximately HK$49,607,000, or 8.7% compared to approximately HK$567,222,000 for year ended 30 June 2013.

A decrease of EBITDA of approximately HK$49.6 million are mainly attributable to the following reasons:

- The increase of rolling turnover approximately HK$132.9 million was overshadowed by two astronomical figures including an impairment loss of available-for-sale investments of HK$111.1 million arising from fragile performance in last quarter of our financial year affecting the fair value of our acquisition in VIP business operated by junket promoter in Galaxy VIP room. Similar the excess of investment cost which calculated by valuer required the Group to write down HK$88.6 million. The outbalance will have a negative impact on the EBITDA.

- Share of profit of an associate rose by 5.6% to HK$11.7 million, increase by approximately of HK$0.6 million.

- Reduction of general and administrative expenses by HK$2.6 million partly due to a decrease of depreciation of property, plant and equipment approximately HK$0.54 million for the owned office which was leased out for the purpose of earning steady income flow, and the decrease of legal and professional fee etc.

- The gain on fair value change of investment property in amount of HK$0.9 million helped to reduce the negative impact of on the EBITDA.

- During the year ended 30 June 2014, Hoi Long with the business in Grand Lisboa VIP room compensated approximately of HK$3.1 million for difference between actual rolling chip turnover to guarantee one as laid down on agreement.

Note 1: EBITDA refers to earnings before interest expenses and other finance costs, tax, depreciation and amortisation.

DIVIDEND

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

CAPITAL STRUCTURE

As at 30 June 2014, the total issued share capital of the Company was HK$46,162,445 divided into 4,616,244,500 ordinary shares of HK$0.01 each.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2014, the Group's borrowing of bank loan was approximately HK$20,931,000, a decrease of HK$2,241,000 from last year end date. The total cash and bank balance were approximately HK$45,190,000 as compare to approximately HK$95,575,000 for same period in last year.

The Group had net current assets of approximately HK$496,805,000 as at 30 June 2014 (2013: HK$602,863,000).

The equity of the Group as at year-end was approximately HK$2,967,311,000 (2013: HK$2,806,686,000). The gearing ratio, calculated on the basis of total debt over total equity of the Group as at 30 June 2014, was approximately 1.05% (2013: 1.26%). Total debt is bank borrowing HK$20.9 million and total equity is the equity attributable to owners of the Company.

As at 30 June 2014, the face value of total liabilities amounted to approximately HK$183.0 million (2013: HK$64.7 million), comprising of dividend payable to non-controlling shareholders rolled up to approximately HK$152.2 million, other payables of approximately HK$3.6 million, interest payable of approximately HK$6.1 million and bank borrowing was approximately HK$20.9 million.

With cash and marketable securities in hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2014, an investment property for the Group of HK$59,140,000 (2013: land and building with an aggregate carrying value of approximately HK$51,453,000) were pledged to secure the bank facilities.

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the years ended 30 June 2014 and 2013, there has been no significant progress.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group adopt a conservative treasury policy with all bank deposits in either Hong Kong dollars or United States dollars, and most of Group's transactions are mostly settled by Hong Kong dollars, the exposure to foreign exchange fluctuation is minimal, therefore no use of financial instruments for hedging purpose is considered necessary.

As at 30 June 2013, the Group did not have any foreign currency investments, which have been hedged by currency borrowings and other hedging instruments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Danny Xuda Huang, aged 36, has been appointed as an executive director of the Company on 1 August 2013. Mr. Huang has been the chief investment officer for a number of family trusts in Hong Kong and Greater China, managing assets over US$ 1 billion. Prior to that, he ran a consulting firm advising high net worth clients on investments strategies and estate planning. Mr. Huang has over 10 years of professional experience in assurance and advisory, tax and financial planning, internal audit and risk management, project finance and credit control. He has worked for well-known organisations including BNP Paribas, National Australia Bank, MLC Investments, Toyota Finance, PricewaterhouseCoopers and KPMG. Mr. Huang holds a Bachelor degree in Accounting and Finance from Monash University. He is currently a Chartered Accountant in Australia and a Justice of the Peace (JP) for New South Wales.

Mr. Nicholas J. Niglio, aged 68, was appointed as an executive director on 3 September 2007. He has over 25 years varied background in gambling focused entertainment field dating back to 1983. Through out all these years, he versed himself in management of all kinds of gaming activities and have proven success of his accomplishments.

Prior to his current position, Mr.Niglio previously was Executive Vice President of Trump Taj Mahal Casino Resort, Inc. Atlantic City NJ ("Trump"), serving as senior executive in Casino marketing and international operation, from Oct 1993 to Aug. 2001, he originally joined Trump in Oct 1993 as Executive Vice President to oversee all operational and administrative management of marketing program. Regional offices including Asia, Middle East, Europe and Latin America were under all his management.

Mr. Niglio worked at Caesars World Inc, Atlantic City NJ from 1986 to 1993 in such capacities as: Senior Vice President Eastern Operation and Vice President Casino Operations of Caesars Palace. He worked at Caesars in such capacities to develop casino marketing operation in all aspect and to train up staff to raise the level of customer service.

Mr. Niglio was also a senior executive holding the position of Vice President Casino Marketing and director of Casino Administration in Resort International Hotel and Casino, Atlantic city NJ from 1978 to 1986.

Mr. Niglio graduated from the California State University with a Master degree in Business Administration, a B.S. degree in accounting from Saint Peter's College, Jersey City NJ.

Mr. Chan Shiu Kwong, Stephen, aged 58, was appointed as an executive director of the Company on 20 April 2005. Mr. Chan holds a Master degree in Professional Accounting from Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University Australia. He is currently a Fellow member of Hong Kong Institute of Certified Public Accountants and Fellow member of Certified Public Accountants (Australia); Fellow member of the Institute of Chartered Secretaries and Administrators, Fellow member of the Hong Kong Institute of Company Secretaries and affiliated member of American Society of Appraisers. He has completed a certificate course in PRC accounting and PRC tax law from Chinese University of Hong Kong. Currently, he is also a member of The Association of Hong Kong Professionals and Hong Kong and Kowloon Chiu Chow Public Association.

Mr. Chan has over 25 years of experience in property development, manufacturing, travel and gaming related industries. He has worked for various multi-national organisations and Hong Kong listed companies including American President lines, Paccess International, Tileman UK, Dairy farm Cold Storage, Hopewell Construction, Shui On Construction, Wing On Travel and Deloitte and equipped with profound experience in merger and acquisition transactions, treasury, strategies and risk management, corporate finance, accounting, tax planning and company secretary practice.

Biographical Details of Directors and Senior Management

Mr. Lin Chuen Chow Andy, aged 39, is now studying for a degree course in Bachelor of Arts (Hons) Business Management in the University of Wales. He is currently an affiliate member of Hong Kong Securities and Investment Institute ("HKSI") and has obtained the HKSI Specialist Certificates in Securities and Asset Management. He has also passed the Estate Agents Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's (Individual) Licence. He is currently the General Manager of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of The Stock Exchange of Hong Kong Ltd. for more than thirteen years. At present, Mr. Lin is also a non-executive director of Oriental Unicorn Agricultural Group Limited, a company whose share are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8120).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Yat Hung, Alton, aged 51, was elected as an independent non-executive director on 5 June 2007. He has over 12 years business experience and is an elite of automobile dealer industry. At present he is currently holding directorship in a number of private companies which engaging in automobile distribution in PRC, China among most of the finest brand automobile in the world.

He graduated from California College of Arts and Craft, Berkeley, USA holding a Bachelor degree major in faculty of communication and fine arts. Also he is currently an Independent Non-executive Director of Hang Ten (Holdings) Ltd, being a listed company in Hong Kong and now a full membership of Royal Hong Kong Yacht Club and Hong Kong Jockey Club.

Mr. Yue Fu Wing, aged 46, was appointed as an independent non-executive director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years experience in accounting and finance. He has worked for a multinational company; a Hong Kong listed company and an international accounting firm.

Mr. Chan Choi Kam, aged 45, was appointed as an independent non-executive director and member of the audit committee of the Company on 24 February 2010. He received his education in Hong Kong and has over 15 years of accounting experience in general trading and shipping business.

SENIOR MANAGEMENT

Various businesses and functions of the Company are respectively under the direct responsibilities of the executive directors who are regarded as senior management of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls and transparency to all shareholders.

Save as disclosed below, the Company has, as far as possible, complied with the all code provisions and, where applicable, the recommended best practices of Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 30 June 2014.

A.6.7

– Independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director was unable to attend the annual general meeting of the Company held on 29 November 2013 due to other business engagement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code during the year ended 30 June 2014.

THE BOARD OF DIRECTORS

(a) Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises four executive Directors and three independent non-executive Directors. The Directors have no financial, business, family or other material/relevant relationships with one another. The biographical details of the Directors are set out on pages 8 and 9 of this Annual Report. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive Directors to be independent.

(b) Roles of Chairman and Chief Executive

The Code Provision A.2.1 stipulates that the roles of chairman of the Board (the "Chairman") and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the Chairman and the chief executive should be clearly stated. The Company fully supports such a division of responsibility between the Chairman and the chief executive in order to ensure a balance of power and authority. The positions of the Chairman and the chief executive are segregated and are held by Mr. Danny Xuda Huang and Mr. Nicholas J. Niglio respectively. These positions have clearly defined separate responsibilities.

The chairman is responsible for leading and supervising the operations of the Board, effective planning of board meetings, ensuring the Board is acting to the best interests of the Company.

The chief executive is responsible for the administration of the Company's business, as well as to formulate and implement Company policies, and answerable to the Board in relation to the Company's overall operation.

THE BOARD OF DIRECTORS (Continued)

(c) Responsibilities

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is delegated to the executive Director or officer in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

(d) 6 board meetings and 1 annual general meeting and 0 extraordinary general meeting were held during the financial year ended 30 June 2014. Details of Directors' attendance records are set out below:

	Attendance of		
	Board Meetings	**Annual General Meeting**	**Extraordinary General Meeting**
Executive directors			
Mr. Danny Xuda Huang (Chairman appointed on 29 November 2013)	6/6	1/1	0/0
Mr. Nicholas J. Niglio	6/6	1/1	0/0
Mr. Chan Shiu Kwong, Stephen	6/6	1/1	0/0
Mr. Lin Chuen Chow, Andy	6/6	1/1	0/0
Mr. Lin Cheuk Fung (retired on 29 November 2013)	2/6	1/1	0/0
Independent non-executive directors			
Mr. Cheung Yat Hung, Alton	4/6	0/1	0/0
Mr. Yue Fu Wing	5/6	1/1	0/0
Mr. Chan Choi Kam	4/6	1/1	0/0

BOARD COMMITTEES

(a) Audit Committee

The audit committee comprises three independent non-executive directors, namely Mr. Cheung Yat Hung, Alton (Chairman of audit committee), Mr. Chan Choi Kam and Mr. Yue Fu Wing.

The audit committee has clear terms of reference and is accountable to the Board. The principal duties of the audit committee include the review and supervision of the Group's financial reporting system and internal control procedures, monitoring the external auditor independence and objectivity and performance of corporate governance functions.

The Group's annual results for the year ended 30 June 2014 has been reviewed by the Audit Committee and audited by auditor of the Company, CCIF CPA Limited.

BOARD COMMITTEES (Continued)

(a) Audit Committee (Continued)

2 audit committee meetings were held during the financial year ended 30 June 2014. Attendance of the members is set out below:

Members	Attendance of Audit Committee meetings
Mr. Cheung Yat Hung, Alton *(Chairman)*	3/3
Mr. Yue Fu Wing	3/3
Mr. Chan Choi Kam	2/3

The following is a summary of the work performed by the audit committee during the year:

– review of the Group's audited financial statements for the year ended 30 June 2013 and unaudited interim financial statements for the six months ended 31 December 2013;

– review of the internal control and risk management framework;

– review of new and/or revised accounting standards and practices applicable to the Group and their impacts to the Group; and

– report of the findings and making recommendations to the Board for improvements or implementations in respect of the above matters.

(b) Remuneration Committee

The remuneration committee comprises two independent non-executive Directors and one executive Director. The remuneration committee was established with specific written terms of reference and is principally responsible for making recommendations to the Board on the remuneration packages of individual executive directors and senior management including benefits in kind, pension rights and compensation payment comprising of any compensation payable for loss or termination of their office or appointment. No Director or senior management will determine his own remuneration. 1 remuneration committee meeting was held during the financial year ended 30 June 2014. Attendance of the members is set out below:

Members	Attendance of Remuneration Committee meetings
Mr. Cheung Yat Hung, Alton *(Chairman)*	1/1
Mr. Yue Fu Wing	1/1
Mr. Nicholas J. Niglio	1/1

The following is a summary of the work performed by the remuneration committee during the year:

– considering and confirming the policy for the remuneration of Directors and senior management; and

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

BOARD COMMITTEES (Continued)

(c) Nomination Committee

The nomination committee comprises two independent non-executive Directors and one executive Director. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members. 1 nomination committee meeting was held during the financial year ended 30 June 2014. Attendance of the members is set out below:

Members	Attendance of Nomination Committee meetings
Mr. Danny Xuda Huang *(Chairman)*	1/1
Mr. Cheung Yat Hung, Alton	1/1
Mr. Yue Fu Wing	1/1

The following is a summary of the work performed by the nomination committee during the year:

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and

– to assess the independence of independent non-executive Directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties with its written terms of reference as set out below:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the Company's auditor about their reporting responsibilities is set out on pages 23 to 24 of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

During the year ended 30 June 2014, the remuneration paid and payable to the auditor of the Company, CCIF CPA Limited, for provision of statutory audit and other non-audit services were approximately HK$650,000 and HK$80,000 respectively.

INTERNAL CONTROL

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material misstatement or loss and manages rather than eliminates risks associated with its business activities.

The Board, recognizing its responsibilities in ensuring sound internal controls, has developed a risk management framework for the Group to assist in:

– identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;

– developing the necessary measures for managing these risks; and

– monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the audit committee with the responsibility to oversee the implementation of the risk management framework of the Group. In discharging this responsibility, the audit committee:

– periodically evaluates identified risks for their continuing relevance in the operating environment and inclusion in the risk management framework;

– assesses adequacy of action plans and control systems developed to manage these risks; and

– monitors the performance of management in executing the action plans and operating the control systems.

These on-going processes have been in place for the year under review, and are reviewed periodically by the audit committee.

Furthermore, the Board takes extreme precautionary measures in handling price-sensitive information. Such information is restricted to a need-to-know basis.

The Board has reviewed the effectiveness of the internal control system of the Company and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The situation will be reviewed from time to time.

TRAINING FOR DIRECTORS

All Directors must keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. As such, briefings are provided and organised to ensure that newly appointed Directors are familiar with the role of the Board, their legal and other duties and responsibilities as Director as well as the business and corporate governance practices of the Group. The company secretary of the Company will continuously update all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

Pursuant to Code A.6.5 of the "Corporate Governance Code", listed company directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. During the year, Mr. Chan Shiu Kwong, Stephen and Mr. Lin Chuen Chow, Andy attended one training session conducted by qualified professionals on "Connected Transactions" on 13 Dec, 2013 conducted by qualified professionals. For the year ended 30 June 2014, all Directors have participated in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

SHAREHOLDERS' RIGHTS

(I) Convene an Extraordinary General Meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-twentieth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form, each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

(II) Send Enquiries to the Board

The Company's corporate website provides email address, postal address and telephone number by which shareholders of the Company may at any time address their concerns or enquiries to the Board.

SHAREHOLDERS' RIGHTS (Continued)

(III) Make Proposals at General Meetings

The procedures for proposing resolution(s) to be moved at a general meeting are as follows:

Shareholder(s) representing not less than 2.5% of the total voting rights of all the shareholders or of at least 50 in number holding shares in the Company on which there has been paid up to an average sum of not less than HK$2,000 per shareholder may by requisition, at their own expense unless the Company otherwise resolves, propose any resolution to be moved at any general meeting of the Company pursuant to Section 115A of the Companies Ordinance of Hong Kong.

A written notice to that effect signed by such shareholder(s) together with a sum reasonably sufficient to meet the expenses in giving effect thereto must be deposited at the registered office of the Company not less than six weeks before the meeting. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the general meeting, the reasons for such proposal and any material interest(s) of the proposing shareholder(s) in such proposal.

(IV) Proposing a person for election as a director

As regards proposing a person for election as a director, please refer to the procedures available on the website of the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognizes the importance of maintaining an on-going and timely communication with shareholders to enable them to form their own judgment and to provide constructive feedback.

The primary communication channel between the Company and its shareholders is through the publication of notices, circulars, interim and annual reports. The Company's Registrars serve the shareholders regarding all share registration matters. The Company's annual general meeting provides a useful forum for shareholders to exchange views with the Board. Separate resolutions are proposed at general meeting on each substantially separate issue, including the election of individual directors. The Company has also complied with the requirements of the Listing Rules and the Articles of Association in respect of voting by poll and other related matters.

INVESTOR RELATIONS

The Company meets regularly with the press, analysts and institutional investors to facilitate their analysis on the Company in conferences and group meetings.

During the year ended 30 June 2014, there has not been any change in the Company's constitutional documents.

Enquiries from investor are closed with in an information and timely manner. To promote effective communication, the Company maintains a website at http://www.neptunegroup.com.hk, where extensive information are posted.

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2014.

PRINCIPAL PLACE OF BUSINESS

Neptune Group Limited (the "Company") is a company incorporated in Hong Kong and has its registered office and principal place of business at Room 3328C, 33/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 19 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (collectively referred to as the "Group") during the financial year are set out in note 5 to the financial statements.

RESULTS AND DIVIDEND

The profit of the Group for the year ended 30 June 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 25 to 28.

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

RESERVES

Details of movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 29 and note 30(a) to the financial statements, respectively.

FIXED ASSETS

Details of movements in the Company's and the Group's property, plant and equipment during the year is set out in notes 15 and 16 to the financial statements, respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30(b) to the financial statements.

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

Report of the Directors

DIRECTORS

The directors of the Company during the year were:

Executive directors:
Mr. Danny Xuda Huang (Chairman appointed on 29 November 2013)
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy
Mr. Lin Cheuk Fung (retired on 29 November 2013)

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam

In accordance with Articles 79 and 84 of the Company's Articles of Association, Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong, Stephen shall retire by rotation and being eligible, offer themselves for re-election as executive directors. Mr. Yue Fu Wing and Mr. Chan Choi Kam shall retire by rotation and being eligible, offer himself for re-election as independent non-executive director.

The terms of office of non-executive directors are subject to retirement by rotation in accordance with the above.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and considers all of the independent non-executive directors to be independent.

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

(1) Shares

As at 30 June 2014, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions in ordinary shares of the Company

Retired director	Nature of interest	Number of ordinary shares held	Percentage of shares held
Mr. Lin Cheuk Fung	Personal	375,000,000	8.12%

Note: Mr. Lin Cheuk Fung retired from the Board on 29 November 2013 but he remained a substantial shareholder during the year. Save as disclosed above and other than certain nominee shares in the subsidiaries held by directors in trust for the Company, none of the Company's directors or their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

(2) Options

The Company operates a share option scheme (the "Scheme") under which the directors may, at their discretion, grant options to employees, including any of the directors of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions.

Name of directors	Number of Shares options held	Percentage of Outstanding Options As at 30 June 2014
Mr. Chan Shiu Kwong, Stephen	2,388,000	4.51%
Mr. Nicholas J. Niglio	2,300,000	4.34%
Mr. Chan Choi Kam	23,000,000	43.41%

Save as disclosed above, none of the Company's directors and chief executives, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the company, or had exercised any such rights during the year.

Report of the Directors

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

The share option scheme adopted by the Company on 30 November 2000 enables the directors and employees of the Group to subscribe for shares in the Company, details of which are set out in note 32 to financial statements. The share option scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the share option scheme if the options are granted in accordance with the requirement of the new rules of Chapter 17 of the Listing Rules.

Particulars of the Company's new share option scheme effective on 18 September 2007 and unless otherwise cancelled or amended, will remain in force for 10 years from that date and details of movements in the share options of the Company during the year are set out in note 32 to the financial statements.

Saves as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

SUBSIDIARIES AND ASSOCIATE

Details of the Company's subsidiaries and associate as at 30 June 2014 are set out in notes 19 and 20 to financial statements, respectively.

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

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

DIRECTOR'S SERVICE CONTRACT

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company or any of its subsidiaries which one year without payment of compensation, other than normal statutory compensation.

DIRECTOR'S INTEREST IN CONTRACTS

Save as disclosed in note 36 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any 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.

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2014, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

Name of shareholders	Number of ordinary shares held	Percentage of shares held
Mr. Lin Cheuk Fung	375,000,000	8.12%
Ultra Choice Limited	720,000,000	15.60%
Miss Lin Yee Man	720,000,000	15.60%

Save as disclosed above, no person had registered an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of SFO as at 30 June 2014.

MATERIAL RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 36 to financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographical details of the Company's directors and senior management are set out on pages 8 to 9 of this annual report.

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 31 to the financial statements. In the opinion of the Company's directors, the Group had no significant obligations at 30 June 2014 for long service payment to its employee pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by the financial statements, except for the Code Provisions A.6.7, details of which is set out in the Corporate Governance Report on pages 10 to 16 of this annual report.

MODEL CODE FOR SECURITIES BY DIRECTORS

The Company has complied with the code of conduct regarding to securities transactions by the directors on terms no less than exacting than the required standard dealings as set in the Model Code. Having made specific enquiry of all directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding to securities transaction by the directors adopted by the Company. Details of compliance with the Model Code by directors are set out in the Corporate Governance Report on pages 10 to 16 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The audit committee, comprising three members, all being independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 30 June 2014.

AUDITOR

CCIF CPA Limited retires and, being eligible, offers themselves for re-appointment. A resolution for re-appointment of CCIF CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Danny Xuda Huang
Chairman

Hong Kong, 30 September 2014

Independent Auditor's Report

CCIF

CCIF CPA LIMITED
9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF NEPTUNE GROUP LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Neptune Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 25 to 104, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 30 September 2014

Kwok Cheuk Yuen
Practising Certificate Number P02412

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	5	**710,396**	577,517
Other revenue	6	**3,745**	521
Other net loss	7	**(113,114)**	(13,438)
Purchase costs recognised as expense	21(ii)	**(88,680)**	–
General and administrative expenses		**(8,041)**	(10,607)
Profit from operation		**504,306**	553,993
Share of profits of an associate	20	**11,740**	11,119
Finance costs	8(a)	**(633)**	(606)
Profit before taxation	8	**515,413**	564,506
Income tax	9	**–**	–
Profit for the year		**515,413**	564,506
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		**(111,126)**	–
Impairment loss on available-for-sale investment		**111,126**	–
Item that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of owner occupied building upon change of use to investment property		**5,922**	–
Profit and total comprehensive income for the year		**521,335**	564,506
Profit for the year attributable to			
– Owners of the Company	12	**148,762**	288,300
– Non-controlling interests		**366,651**	276,206
		515,413	564,506
Total comprehensive income attributable to			
– Owners of the Company		**154,684**	288,300
– Non-controlling interests		**366,651**	276,206
		521,335	564,506
Earnings per share – basic and diluted	14	**3.22 HK cents**	6.95 HK cents

The notes on pages 31 to 104 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2014

	Note	2014 HK$'000	2014 HK$'000	2013 HK$'000	2013 HK$'000
Non-current assets					
Property, plant and equipment	15		**965**		54,686
Investment property	16		**59,140**		–
Intangible assets	17		**2,102,793**		2,102,793
Goodwill	18		**–**		–
Interest in an associate	20		**58,084**		46,344
Available-for-sale investments	21		**249,524**		–
			2,470,506		2,203,823
Current assets					
Derivative financial instruments	33	**33,203**		34,600	
Securities held for trading	23	**4**		2	
Trade and other receivables	24	**543,780**		481,470	
Dividend receivable from an associate	20	**55,902**		55,902	
Amount due from an associate	20	**1,698**		–	
Cash and cash equivalents	25(a)	**45,190**		95,575	
		679,777		667,549	
Less: Current liabilities					
Other payables	26	**9,773**		9,542	
Bank borrowing	29	**20,931**		23,172	
Amount due to an associate	20	**–**		31,667	
Dividend payable to non-controlling interests	27	**152,169**		206	
Income tax payable	28	**99**		99	
		182,972		64,686	
Net current assets			**496,805**		602,863

Consolidated Statement of Financial Position

At 30 June 2014

	Note	2014 HK$'000	2014 HK$'000	2013 HK$'000	2013 HK$'000
Net assets			**2,967,311**		2,806,686
Capital and reserves	30				
Share capital: nominal value			**–**		46,162
Other statutory capital reserve			**–**		1,031,691
Share capital and other statutory capital reserves			**1,077,853**		1,077,853
Other reserves			**915,066**		760,382
Equity attributable to owners of the Company			**1,992,919**		1,838,235
Non-controlling interests			**974,392**		968,451
Total equity			**2,967,311**		2,806,686

The consolidated financial statements on pages 25 to 104 were approved and authorised for issue by the Board of Directors on 30 September 2014 and are signed on its behalf by:

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

The notes on pages 31 to 104 form an integral part of these financial statements.

Statement of Financial Position

At 30 June 2014

	Note	2014 HK$'000	2014 HK$'000	2013 HK$'000	2013 HK$'000
Non-current assets					
Property, plant and equipment	15		**965**		54,686
Investment property	16		**59,140**		–
Interests in subsidiaries	19		**1,669,154**		1,758,792
			1,729,259		1,813,478
Current assets					
Other receivables	24	**469**		965	
Cash and cash equivalents	25(a)	**5,331**		4,082	
		5,800		5,047	
Less: Current liabilities					
Other payables	26	**7,565**		7,342	
Bank borrowing	29	**20,931**		23,172	
Amounts due to subsidiaries	19	**410,104**		508,945	
		438,600		539,459	
Net current liabilities			**(432,800)**		(534,412)
Net assets			**1,296,459**		1,279,066
Capital and reserves	30				
Share capital: nominal value			**–**		46,162
Other statutory capital reserve			**–**		1,031,691
Share capital and other statutory capital reserves			**1,077,853**		1,077,853
Other reserves			**218,606**		201,213
Total equity			**1,296,459**		1,279,066

The consolidated financial statements on pages 25 to 104 were approved and authorised for issue by the Board of Directors on 30 September 2014 and are signed on its behalf by:

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

The notes on pages 31 to 104 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to owners of the Company										
	Share capital	**Share premium**	**Property revaluation reserve**	**Investment revaluation reserve**	**Non-distributable reserve**	**Share options reserve**	**Other reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 July 2012	38,472	910,015	–	–	2,264	4,576	(51,221)	516,463	1,420,569	518,859	1,939,428
Profit for the year	–	–	–	–	–	–	–	288,300	288,300	276,206	564,506
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	288,300	288,300	276,206	564,506
Issuance of new shares (Note 30(a))	7,690	121,676	–	–	–	–	–	–	129,366	–	129,366
Acquisition of a subsidiary (Note 22)	–	–	–	–	–	–	–	–	–	449,600	449,600
Transfer to retained profits upon lapse of share options	–	–	–	–	–	(353)	–	353	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(276,214)	(276,214)
Balance at 30 June 2013 and 1 July 2013	46,162	1,031,691	–	–	2,264	4,223	(51,221)	805,116	1,838,235	968,451	2,806,686
Profit for the year	-	-	-	-	-	-	-	**148,762**	**148,762**	**366,651**	**515,413**
Change in fair value of available-for-sale investment	-	-	-	**(111,126)**	-	-	-	-	**(111,126)**	-	**(111,126)**
Impairment loss on available-for-sale investment	-	-	-	**111,126**	-	-	-	-	**111,126**	-	**111,126**
Surplus on revaluation of owner occupied building upon change of use to investment property	-	-	**5,922**	-	-	-	-	-	**5,922**	-	**5,922**
Profit and total comprehensive income for the year	-	-	**5,922**	-	-	-	-	**148,762**	**154,684**	**366,651**	**521,335**
Realised on deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	**(746)**	**(746)**
Transfer to retained profits upon lapse of share options	-	-	-	-	-	**(355)**	-	**355**	-	-	-
Transition to no-par value regime on 3 March 2014	**1,031,691**	**(1,031,691)**	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	**(359,964)**	**(359,964)**
Balance at 30 June 2014	**1,077,853**	-	**5,922**	-	**2,264**	**3,868**	**(51,221)**	**954,233**	**1,992,919**	**974,392**	**2,967,311**

The notes on pages 31 to 104 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	**2014 HK$'000**	2013 HK$'000
Net cash generated from operating activities	25(b)	**582,142**	472,021
Investing activities			
Payment for acquisition of available-for-sale investments	21	**(449,330)**	–
Advance to an associate		**(24,698)**	–
Loans repayment from/(advance to) non-controlling interests		**60,895**	(60,895)
Payment for purchase of property, plant and equipment	15	**(166)**	(56,734)
Repayment from an associate		**23,000**	–
Interest received		**314**	336
Payment for acquisition of a subsidiary		**–**	(150,000)
Payment for acquisition of additional interest in profit streams		**–**	(66,300)
Partial proceeds received from disposal of assets classified as held for sale		**–**	7,702
Net cash used in investing activities		**(389,985)**	(325,891)
Financing activities			
Dividends paid to non-controlling interests		**(208,001)**	(328,222)
(Repayment to)/advance from an associate		**(31,667)**	24,695
Repayments of bank borrowing		**(2,241)**	(1,828)
Borrowing costs paid		**(633)**	(569)
Net proceeds from issuance of new shares		**–**	129,366
Proceeds from new bank borrowing		**–**	25,000
Partial payment for acquisition of additional equity interest in a subsidiary		**–**	(16,000)
Payment for interest of convertible notes		**–**	(2,500)
Net cash used in financing activities		**(242,542)**	(170,058)
Net decrease in cash and cash equivalents		**(50,385)**	(23,928)
Cash and cash equivalents at the beginning of the year		**95,575**	119,503
Cash and cash equivalents at the end of the year	25(a)	**45,190**	95,575

The notes on pages 31 to 104 form an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group and the Company is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2014 comprise the Company and its subsidiaries (including structured entity) (together referred to as the "Group") and the Group's interest in an associate.

(i) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investment property;

– financial instruments classified as trading securities;

– available-for-sale investments; and

– derivative financial instruments.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

(ii) Functional and presentation currency

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 ("functional currency"). These financial statements are presented in Hong Kong dollars ("presentation currency"), which is the Company's functional currency. All financial information presented in Hong Kong dollars has been rounded to the nearest thousand, except unless otherwise stated.

(iii) Use of estimates and judgement

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries and structured entities are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary and contributions to structured entity are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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. 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. 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associate (Continued)

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss and other comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is also recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

(e) Basis of consolidation

(i) Business combinations

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

(i) *Business combinations* (Continued)

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

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carry-forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 "Income Taxes";

- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 "Employee Benefits";

- liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRSs.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

(i) Business combinations (Continued)

Where the consideration transferred by the Group 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 included 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.

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

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business 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 some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than 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. 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.

(f) Other investments in equity securities

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

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses 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 as these are recognised in accordance with the policies set out in note 1(s)(iii) and 1(s)(iv).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in equity securities (Continued)

Investment in securities which do not fall into any of the above categories are classified as available-for-sale investments. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 1(s)(iii).

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

(g) Investment property

Investment property is land and/or building which is owned or held under a leasehold interest (see note 1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment property is stated in the statement of financial position at fair value, unless it is still in the course of construction or development at the end of the reporting period and its fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment property is accounted for as described in note 1(s)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(j).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(k)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Building held for own use	25 years
– Leasehold land	shorter of 25 years or the lease term
– Leasehold improvements and decoration	5 years
– Furniture, fixtures and equipment	5 years
– Computer equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill)

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses (see note 1(k)). Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(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.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(iii) Operating lease charges

Where the Group has the use of assets held 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 charged as expenses in the accounting period in which they are incurred.

(k) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- a 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

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

– For investment in an associate accounted for under the equity method in the consolidated financial statements (see note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(k)(ii).

– For trade and other current receivables and other financial assets carried at amortised cost, the 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 these financial assets 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.

– For available-for-sale investments which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even through the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity investments are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised in other comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(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 assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (including leasehold land);
– intangible assets; and
– interests in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating units 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 of disposal (if measurable) or value in use (if determinable).

– 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.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting" in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(k)(i) and 1(k)(ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity investments and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity investment increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(k)), 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 (see note 1(k)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost 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.

(n) Other payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

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

(p) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 share options reserve within equity. The fair value is measured at grant date using the Binomial Lattice 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 expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share options 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 options reserve until either the option is exercised (included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

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 in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

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 that 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, 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 profits 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 profits will be available.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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.

(r) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(r)(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 1(r)(ii).

(ii) Other provisions and contingent liabilities

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 expenditure expected to settle the obligation.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or 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 profit or loss as follows:

(i) Revenue from assignment of profit

Revenue from assignment of profit is recognised when the Group's right to receive profit is established.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 July 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation (i.e 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, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified from equity to profit or loss.

In the case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are 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 that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(u) Borrowing costs

Borrowing costs that are 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 are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

(vii) A person identified in note 1(v)(a)(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).

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

(w) 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 remeasurement to fair value is recognised immediately in profit or loss.

(x) 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 Group's chief operating decision makers ("CODMs") being the directors of the Company, 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.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRSs, Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7, Disclosures – Offsetting Financial Assets and Financial Liabilities
- HKFRS 10, Consolidated Financial Statements
- HKFRS 12, Disclosures of Interests in Other Entities
- HKFRS 13, Fair Value Measurement
- HKAS 19 (as revised in 2011), Employee Benefits
- HKAS 27 (as revised in 2011), Separate Financial Statements
- HKAS 28 (as revised in 2011), Investments in Associates and Joint Ventures

The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period except for Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets". In addition, except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years, and on the disclosures set out in the Group's financial statements.

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

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 regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation – Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

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

HKFRS 12, Disclosures of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 19 and 20.

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 4, 16 and 33.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Determining that certain investees are subsidiaries even though less than 50% of the potential voting power are owned by the Group

For Base Move Investments Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 80% (2013: 80%) voting power over Base Move Investments Limited ("Base Move"). Based on the directors' assessment, the currently exercisable purchased call option provided the Group with the potential voting rights over Base Move which in turn provided the Group with the right to variable returns but also the ability to use its power to affect its returns from its involvement in Base Move. In preparing the Group's consolidated financial statements for the years ended 30 June 2014 and 2013, Base Move was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 30% (2013: 30%) equity interests in Base Move at 30 June 2014, 70% (2013: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

For Essence Gold Investment Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 100% (2013: 100%) voting power over Essence Gold Investment Limited ("Essence Gold"). Based on the director's assessment, the currently exercisable purchased call option provided the Group with the potential voting right over Essence Gold which in turn provided the Group with the right to variable returns but also the ability to use its power to affect its returns from its involvement in Essence Gold. In preparing the Group's consolidated financial statements for the years ended 30 June 2014 and 2013, Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 20% (2013: 20%) equity interest in Essence Gold, 80% (2013: 80%) of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

(ii) Determining that an investee is not a subsidiary even though more than 50% of the potential voting power is owned by the Group

For Superiority Wealthy Limited

The currently exercisable purchased call option, if exercised would give, in aggregate, the Group 100% voting power over Superiority Wealthy Limited ("Superiority Wealthy"). Based on the director's assessment, the Group did not have the financial ability for paying the aggregate consideration to vendor if the call option was fully exercised. There was a financial barrier for the Group to exercise the call option. In addition, the Group did not have an intention to exercise the call option since the date of acquisition or in the future. The Group did not participate in financial and operating policy decision making process of Superiority Wealthy. Although the currently exercisable purchased call option provided the Group with the potential voting right over Superiority Wealthy, the Group did not have power over Superiority Wealthy or right to variable returns from its involvement with Superiority Wealthy due to the reasons stated above. In preparing the Group's consolidated financial statements for the year ended 30 June 2014, Superiority Wealthy was not consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statement". Superiority Wealthy was treated as available-for-sale investment on the Group's consolidated financial statements.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty

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

(i) Impairment of intangible assets with indefinite useful lives

In accordance with HKAS 36 "Impairment of Assets" and the relevant accounting policy stated in note 1, the Group is required to test each of intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount annually, whether there is any indication that such asset may be impaired. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of its fair value less costs of disposal and value in use. In determining the recoverable amount, significant judgements are required and the Group uses all readily available information, including estimates based on reasonable and supportable assumptions, projections of sale volume and operating costs or other market data, to arrive at an amount that is a reasonable approximation of recoverable amount. Any adverse changes in the assumptions used in determining the recoverable amount would cause the carrying amount of the asset to be significantly different from the recoverable amount.

(ii) Impairment of receivables

Receivables that are measured at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is a change in the objective evidence of impairment in relation to the debtor, the impairment loss would be higher or lower than the allowance for doubtful debts recognised in the financial statements.

(iii) Impairment of interests in subsidiaries

In determining whether any of the interests in subsidiaries are impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, their financial performance and net assets value of the investees at the end of the reporting period and extent by all means to which the amount will be recovered.

(iv) Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale investments and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss and other comprehensive income. In view of the significant decline in the fair value of the available-for-sale investment, an impairment loss of HK$111,126,000 has been recognised for the available-for-sale investments as at 30 June 2014 (2013: Nil). The carrying amount of the available-for-sale investments was HK$249,524,000 at 30 June 2014 (2013: Nil).

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Estimation of useful lives of property, plant and equipment and intangible assets

In assessing the estimated useful lives of property, plant and equipment and intangible assets, management takes into account factors such as the expected usage of the assets by the Group based on past experience, the expected physical wear and tear (which depends on operational factors), technical obsolescence arising from changes or improvements in production or from a change in market demand for the product or service output of the asset. The estimation of the useful life is a matter of judgement based on the experience of the Group.

Management reviews the useful lives of property, plant and equipment and intangible assets annually, and if expectations are significantly different from previous estimates of useful economic lives, the useful lives and, therefore, the depreciation and amortisation rates for the future periods will be adjusted accordingly.

(vi) Income tax

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include equity investments, derivative financial instruments, trade and other receivables, dividend receivable from an associate, cash and cash equivalents, other payables, bank borrowing, amount due from/(to) an associate and dividend payable to non-controlling interests.

The Company's major financial instruments include other receivables, cash and cash equivalents, other payables, bank borrowing and amounts due to subsidiaries.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

In respect of trade and other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Further details on the Group's credit policy are set out in note 24. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Normally, the Group does not obtain collateral from customers.

The credit risk on cash at bank is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 30 June 2014, 34.6% (2013: 30.0%) and 85.4% (2013: 66.6%) of the total trade and other receivables was due from the Group's largest customer and the three largest customers, respectively, within the gaming and entertainment segment.

The Group also has credit risk in relation to dividend receivable from an associate and amount due from an associate amounting to approximately HK$55,902,000 (2013: HK$55,902,000) and HK$1,698,000 (2013: Nil) respectively at 30 June 2014. In order to minimise the credit risk, the management has reviewed the recoverable amount of the dividend receivable regularly to ensure that adequate impairment loss is made for any irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk on dividend receivable from an associate is significantly reduced.

The Group or the Company do not provide any guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 24.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the approval from board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows 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:

Specifically, for term loan which contains a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The Group	**Contractual undiscounted cash outflows**				
	Within 1 year or on demand HK$'000	**After 1 year but less than 5 years** HK$'000	**More than 5 years** HK$'000	**Total** HK$'000	**Total carrying amount** HK$'000
At 30 June 2014					
Non-derivative financial liabilities					
Bank borrowing	**2,876**	**11,504**	**9,108**	**23,488**	**20,931**
Other payables	**8,181**	**–**	**–**	**8,181**	**8,181**
Dividend payable to non-controlling interests*	**152,169**	**–**	**–**	**152,169**	**152,169**
	163,226	**11,504**	**9,108**	**183,838**	**181,281**
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	**18,055**	**(11,504)**	**(9,108)**	**(2,557)**	
	181,281	**–**	**–**	**181,281**	
At 30 June 2013					
Non-derivative financial liabilities					
Bank borrowing	2,876	11,504	11,984	26,364	23,172
Other payables	7,950	–	–	7,950	7,950
Dividend payable to non-controlling interests*	206	–	–	206	206
Amount due to an associate	31,667	–	–	31,667	31,667
	42,699	11,504	11,984	66,187	62,995
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	20,296	(11,504)	(11,984)	(3,192)	
	62,995	–	–	62,995	

* The dividend payable to non-controlling interests is unsecured, interest-free and repayable on demand.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The Company	Contractual undiscounted cash outflows				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Total carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2014					
Non-derivative financial liabilities					
Bank borrowing	**2,876**	**11,504**	**9,108**	**23,488**	**20,931**
Other payables	**7,565**	**–**	**–**	**7,565**	**7,565**
Amounts due to subsidiaries	**410,104**	**–**	**–**	**410,104**	**410,104**
	420,545	**11,504**	**9,108**	**441,157**	**438,600**
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	**18,055**	**(11,504)**	**(9,108)**	**(2,557)**	
	438,600	**–**	**–**	**438,600**	
At 30 June 2013					
Non-derivative financial liabilities					
Bank borrowing	2,876	11,504	11,984	26,364	23,172
Other payables	7,342	–	–	7,342	7,342
Amounts due to subsidiaries	508,945	–	–	508,945	508,945
	519,163	11,504	11,984	542,651	539,459
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	20,296	(11,504)	(11,984)	(3,192)	
	539,459	–	–	539,459	

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowing issued at a variable rate that expose the Group to cash flow interest rate risk. At 30 June 2013, short term loan receivables of approximately HK$60,895,000 (2014: Nil) (see note 24) bore interest at fixed rates and were carried at amortised cost. Accordingly, they do not expose the Group to cash flow interest rate risk on their interest income. In the opinion of directors of the Company, the fair value interest rate risk on their carrying amounts was minimal. The Group's interest rate profile as monitored by management is set out below.

During the years ended 30 June 2014 and 2013, the Group and the Company did not enter into any interest rate swap contracts.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

Interest rate profile

The following table details the interest rate profile of the Group's and the Company's bank borrowing at the end of the reporting period:

	The Group and the Company			
	2014		2013	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Variable rate borrowings:				
Bank borrowing	**2.85%**	**20,931**	2.85%	23,172

Sensitivity analysis

At 30 June 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax or the Company's profit after tax and retained profits of the Group or the Company by approximately HK$209,000 (2013: decrease/increase the Group's profit after tax and retained profits of the Group or the Company and increase/decrease the Company's loss after tax by approximately HK$232,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2013: 100 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(d) Other price risk

The Group is exposed to equity price changes arising from equity investments classified as securities held for trading (see note 23). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles, and will consider hedging the risk exposure should the need arise.

In the opinion of the Company's directors, the Group does not expect any changes on equity prices which might materially affect the Group's result of operations.

The Group is exposed to other price risk arising from the call options of the Group in certain subsidiaries (see note 33) and available-for-sale investments measured at fair value (see note 21). The fair values of the call options were calculated using the Black Scholes Option Pricing Model and amongst other inputs including the estimates of the share price of subsidiaries by reference to the expected earnings of the relevant subsidiaries. The fair values of the available-for-sale investments were calculated with reference to the recoverable amount of the intangible assets of investees based on the value-in-use calculations and amongst other inputs including the discount rate by reference to specific risks relating to the gaming and entertainment segment.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Other price risk (Continued)

Sensitivity analysis

The fair values of the call options and available-for-sale investments were valued using the Black Scholes Option Pricing Model and with reference to the recoverable amount of the intangible assets of investees based on the value-in-use calculations, respectively, which based on assumptions that are not supported by observable current market transactions nor based on available observable market data. The fair values of the call options and available-for-sale investments recognised in the consolidated financial statements would have been changed significantly if one or more of those assumptions were changed.

If the following input to the valuation model/method had been 10% higher/lower while all variables were held constant, the profit and the other components of consolidated equity for the years ended 30 June 2014 and 2013 would have increased (decreased) as follows:

	2014		2013	
	Higher by 10% HK$'000	**Lower by 10% HK$'000**	Higher by 10% HK$'000	Lower by 10% HK$'000
(i) Call options and the effect on profit				
Expected share price of relevant subsidiaries	**33,734**	**(20,316)**	26,734	(18,240)
(ii) Available-for-sale investments and the impact on equity				
Discount rate	**(10,774)**	**12,816**	–	–

In management's opinion, the sensitivity analysis are not necessarily representative of the inherent market risk as the pricing model used in the fair value valuation of the derivatives and available-for-sale investments involves multiple variables where certain variables are interdependent.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Assets

The Group	Fair value HK$'000	Fair value measurement as at 30 June 2014 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Securities held for trading	**4**	**4**	**–**	**–**
Derivative financial instruments	**33,203**	**–**	**–**	**33,203**
Available-for-sale investments	**249,524**	**–**	**–**	**249,524**
	282,731	**4**	**–**	**282,727**

The Group	Fair value HK$'000	Fair value measurement as at 30 June 2013 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Securities held for trading	2	2	–	–
Derivative financial instruments	34,600	–	–	34,600
	34,602	2	–	34,600

During the years ended 30 June 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Derivative financial instruments	Black Scholes Option Pricing Model	Expected volatility of underlying share price	16.86%
Available-for-sale investments	Income approach with reference to the recoverable amount of the intangible assets of investees	Discount rate	10.69%

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2014 and 2013.

5. TURNOVER AND SEGMENT REPORTING

The principal activity of the Company is investment holding. The principal activity of its subsidiaries is receiving the profit streams from gaming and entertainment related business ("Gaming and Entertainment Business").

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's CODMs, being the directors of the Company, for the purposes of resource allocation and performance assessment, the CODMs reviewed the Group's profit as a whole which was generated solely from receiving the profit streams from gaming and entertainment related business and the Group has identified the Gaming and Entertainment Business as the Group's sole operating reportable segment. The Group's results and financial position are reviewed as a whole. Accordingly, no segment analysis is presented other than entity wide disclosure.

(a) Geographical information

The Group's business operates in two principal geographical areas – (i) Hong Kong and (ii) Macau (place of domicile). In presenting information on the basis of geographical locations, turnover is based on the location of customers. The Group's non-current assets include property, plant and equipment, investment property, intangible assets, goodwill and interest in an associate. The geographical locations of property, plant and equipment and investment property are based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangibles are allocated. In the case of interest in an associate, it is the location of operation of such associate.

	Hong Kong		**Macau**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Turnover from external customers	**–**	–	**710,396**	577,517
Non-current assets	**60,105**	54,686	**2,160,877**	2,149,137

(b) Information about major customers

For the year ended 30 June 2014, revenue from Gaming and Entertainment Business of approximately HK$271,939,000, HK$173,575,000 and HK$159,928,000 were derived from the largest external customer (which is an entity owned by a non-controlling interest of a subsidiary), the second largest external customer (which is an entity owned by a substantial shareholder of the Company) and the third largest external customer (which is an entity owned by a non-controlling interest of another subsidiary), respectively. Transactions with each of these three customers have exceeded 10% of the Group's turnover.

5. TURNOVER AND SEGMENT REPORTING (Continued)

(b) Information about major customers (Continued)

For the year ended 30 June 2013, revenue from Gaming and Entertainment Business of approximately HK$215,310,000, HK$160,998,000 and HK$102,645,000 are derived from the largest external customer (which is an entity owned by a non-controlling interest of a subsidiary), the second largest external customer (which is an entity owned by a substantial shareholder of the Company) and the third largest external customer (which is an entity owned by a non-controlling interest of another subsidiary), respectively. Transactions with each of these three customers have exceeded 10% of the Group's turnover.

The analysis for turnover derived from non-controlling interests of subsidiaries, substantial shareholders of the Company and others for the years ended 30 June 2014 and 2013 were as follow:

	2014 **HK'$000**	2013 HK$'000
Turnover from external customers		
– Non-controlling interests of subsidiaries	**431,867**	317,955
– Substantial shareholders of the Company	**231,433**	214,664
– Others	**47,096**	44,898
	710,396	577,517

6. OTHER REVENUE

An analysis of the Group's other revenue is as follows:

	2014 **HK$'000**	2013 HK$'000
Total interest income on financial assets not at fair value through profit or loss:		
– Bank interest income	**314**	336
Compensation from the junket promoter for shortfall in guaranteed profit (note)	**3,061**	–
Gross rental income	**370**	–
Sundry income	**–**	185
Total	**3,745**	521

Note: Pursuant to the profit guarantee agreements and the supplementary profit guarantee agreements in respect of the acquisition of Essence Gold, the Group is entitled to receive compensations from junket promoter, for Essence Gold's failure to achieving a predetermined guaranteed profits for the period up to 30 September 2014.

During the year ended 30 June 2014, profits generated from Essence Gold did not meet the guaranteed profit under the relevant profit guarantee agreement, and accordingly the Group is entitled to receive the compensation from the junket promoter for shortfall in guarantee profits of Essence Gold.

7. OTHER NET LOSS

An analysis of the Group's other net loss is as follows:

	2014 HK$'000	2013 HK$'000
Impairment loss of goodwill	–	(10,438)
Fair value changes on derivative financial instruments	(1,397)	(3,000)
Fair value change on securities held for trading	2	–
Fair value change on investment property	900	–
Impairment loss of other receivables	(713)	–
Impairment loss of available-for-sale investments (Note 21(i))	(111,126)	–
Loss on deregistration of a subsidiary (Note 19)	(780)	–
	(113,114)	(13,438)

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2014 HK$'000	2013 HK$'000
Interest on bank borrowing not wholly repayable within five years (Note)	633	569
Other interest expenses	–	37
Total interest expense on financial liabilities not at fair value through profit or loss	633	606

Note: The amount represented the finance costs of bank borrowing which contains a repayable on demand clause.

(b) Staff costs (including directors' remuneration)

	2014 HK$'000	2013 HK$'000
Contributions to defined contribution retirement plan	72	74
Salaries and other benefits	2,917	2,971
Total staff costs	2,989	3,045

8. PROFIT BEFORE TAXATION (Continued)

(c) Other items

	2014 HK$'000	2013 HK$'000
Auditor's remuneration		
– audit services	**650**	650
– other services	**80**	80
Depreciation of property, plant and equipment (Note 15)	**1,569**	2,110
Donations	**–**	135
Operating lease charges in respect of land and buildings	**199**	597
Gross rental income from investment property less direct outgoings of HK$100,000 (2013: Nil)	**270**	–

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(i) Income tax in profit or loss:

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entities did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdictions concerned during the years ended 30 June 2014 and 2013.

(ii) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 HK$'000	2013 HK$'000
Profit before taxation	**515,413**	564,506
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**52,401**	67,131
Tax effect of non-deductible expenses	**33,782**	3,561
Tax effect of non-taxable income	**(86,183)**	(70,692)
Actual tax expenses	**–**	–

(iii) Deferred taxation

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2014 and 2013.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32) is as follows:

Name of director	Directors' fee		Salaries, allowances and benefits in kind		Mandatory provident fund contributions		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Executive director								
Mr. Danny Xuda Huang (Appointed on 1 August 2013) (Note d)	**–**	–	**550**	–	**14**	–	**564**	–
Mr. Lin Cheuk Fung (Retired on 29 November 2013)	**–**	–	**315**	630	**8**	15	**323**	645
Mr. Chan Shiu Kwong, Stephen	**–**	–	**536**	536	**15**	15	**551**	551
Mr. Nicholas J. Niglio (Note a, b)	**–**	–	**430**	421	**–**	–	**430**	421
Mr. Lin Chuen Chow, Andy (Appointed on 30 November 2012) (Note c)	**–**	–	**375**	225	**15**	8	**390**	233
Mr. Lau Kwok Hung (Resigned on 30 November 2012) (Note b)	**–**	–	**–**	233	**–**	–	**–**	233
Independent non-executive director								
Mr. Yue Fu Wing	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Cheung Yat Hung, Alton	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Chan Choi Kam	**20**	20	**–**	–	**–**	–	**20**	20
	140	140	**2,206**	2,045	**52**	38	**2,398**	2,223

Note:

(a) Mr. Nicholas J. Niglio is the chief executive of the Company.

(b) These directors reached the age of 65 in November 2011 and no mandatory provident fund was required to contribute by the Group thereafter.

(c) Mr. Lin Chuen Chow, Andy was a senior management of the Company before the appointment as an executive director of the Company on 30 November 2012. Total remuneration paid to Mr. Lin Chuen Chow, Andy for the year ended 30 June 2013 was approximately HK$355,000, of which HK$233,000 shown in the above table represented the remuneration paid to him after the appointment as an executive director of the Company.

(d) Mr. Danny Xuda Huang was a senior management of the Company before the appointment as an executive director of the Company on 1 August 2013. Total remuneration paid to Mr. Danny Xuda Huang for the year ended 30 June 2014 was approximately HK$614,000, of which HK$564,000 shown in the above table represented the remuneration paid to him after the appointment as an executive director of the Company.

During the years ended 30 June 2014 and 2013, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during both years.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2013: five) are directors of the Company, details of whose emoluments are disclosed in note 10 above.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the Group's profit attributable to owners of the parent of HK$148,762,000 (2013: HK$288,300,000), a profit of HK$11,471,000 (2013: loss of HK$10,403,000) has been dealt with in the financial statements of the Company (note 30(a)).

13. DIVIDEND

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

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the consolidated profit attributable to owners of the Company of approximately HK$148,762,000 (2013: HK$288,300,000) and the weighted average of 4,616,245,000 ordinary shares (2013: 4,150,631,000 ordinary shares) in issue during the year, calculated as follow:

Weighted average number of ordinary shares

	2014 **'000**	2013 '000
Issued ordinary shares at the beginning of the year	**4,616,245**	3,847,245
Effect of new shares issued	**–**	303,386
	4,616,245	4,150,631

(b) Diluted earnings per share

Diluted earnings per share for the years ended 30 June 2014 and 2013 was the same as the basic earnings per share because the exercise prices of the Company's outstanding share options were higher than the average market price of the Company's shares during both years.

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP AND THE COMPANY

	Leasehold improvements and decoration	Furniture, fixtures and equipment	Computer equipment	Building held for own use	Subtotal	Leasehold land	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:							
At 1 July 2012	–	165	258	–	423	–	423
Additions	2,202	943	177	2,992	6,314	50,420	56,734
At 30 June 2013 and 1 July 2013	2,202	1,108	435	2,992	6,737	50,420	57,157
Additions	115	51	–	–	166	–	166
Transfer to investment property	(2,202)	–	–	(2,992)	(5,194)	(50,420)	(55,614)
At 30 June 2014	115	1,159	435	–	1,709	–	1,709
Accumulated depreciation:							
At 1 July 2012	–	152	209	–	361	–	361
Charge for the year	38	69	44	110	261	1,849	2,110
At 30 June 2013 and 1 July 2013	38	221	253	110	622	1,849	2,471
Charge for the year	90	191	42	70	393	1,176	1,569
Eliminated on transfer to investment property	(91)	–	–	(180)	(271)	(3,025)	(3,296)
At 30 June 2014	37	412	295	–	744	–	744
Carrying amount:							
At 30 June 2014	**78**	**747**	**140**	**–**	**965**	**–**	**965**
At 30 June 2013	2,164	887	182	2,882	6,115	48,571	54,686

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of carrying value of property is as follows:

	2014 HK$'000	2013 HK$'000
Medium lease in Hong Kong	–	51,453
Representing:		
Leasehold land	–	48,571
Building held for own use	–	2,882
	–	51,453

16. INVESTMENT PROPERTY

THE GROUP AND THE COMPANY

	HK$'000
At fair value	
At 1 July 2012, 30 June 2013 and 1 July 2013	–
Transfer from property, plant and equipment	58,240
Increase in fair value recognised in profit or loss (Note 7)	900
At 30 June 2014	59,140

The investment property is located in Hong Kong under medium lease.

Fair value measurement of property

(i) Fair value hierarchy

The following table presents the fair value of the Group's property measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

16. INVESTMENT PROPERTY (Continued)

Fair value measurement of property (Continued)

(i) *Fair value hierarchy* (Continued)

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2014 HK$'000	Fair value measurements as at 30 June 2014 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
The Group and the Company				
Recurring fair value measurement				
Investment property:				
– Commercial – HK	59,140	–	59,140	–

During the year ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The Group's investment property was revalued as at 30 June 2014 and at the date of transfer from property, plant and equipment. The valuations were carried out by an independent firm of property valuer, Ascent Partners Valuation Services Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The management has discussion with the property valuer on the valuation assumptions and valuation results when the valuation is performed at 30 June 2014 and at the date of transfer from property, plant and equipment.

(ii) *Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of investment property located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

17. INTANGIBLE ASSETS

THE GROUP

	Rights in sharing of profit streams HK$'000
Cost:	
At 1 July 2012	2,260,393
Addition through acquisition of a subsidiary (Note 22)	562,000
Addition through acquisition of an additional 10% beneficial interest in profit streams	96,300
At 30 June 2013, 1 July 2013 and 30 June 2014	2,918,693
Accumulated impairment losses:	
At 1 July 2012, 30 June 2013, 1 July 2013 and 30 June 2014	815,900
Carrying amount:	
At 30 June 2014	**2,102,793**
At 30 June 2013	2,102,793

The intangible assets represent the rights in sharing of profit streams from junket businesses at respective casinos' VIP rooms in Macau for an indefinite period of time. As a result, the intangible assets are considered by the directors of the Company as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. Such intangible assets are carried at cost less accumulated impairment losses, and are related to Gaming and Entertainment Business.

17. INTANGIBLE ASSETS (Continued)

THE GROUP (Continued)

Details of rights in sharing of profit streams are as follows:

	Hou Wan Profit Agreement	Neptune Ouro Profit Agreement	Hao Cai Profit Agreement	Lucky Star Profit Agreements	Hoi Long Profit Agreement	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2012	567,793	201,000	603,100	72,600	–	1,444,493
Additions during the year	–	–	–	96,300	562,000	658,300
At 30 June 2013, 1 July 2013 and 30 June 2014	567,793	201,000	603,100	168,900	562,000	2,102,793

Impairment tests for intangible assets with indefinite useful life

The recoverable amount of the intangible assets with indefinite useful life is determined based on value-in-use calculations by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero (2013: zero) growth rate, which does not exceed the long-term average growth rate for gaming and entertainment industry. The cash flows are discounted using a discount rate of 10.69% (2013: 12.59%). The discount rate used is pre-tax and reflects specific risks relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from respective junket businesses, and such estimation is based on the past performance and management's expectation for the market development.

During the year ended 30 June 2014 and 2013, the directors of the Company assessed recoverable amount of intangible assets, by reference to the valuation report above, and determined that no impairment losses was recognised in respect of the Group's Gaming and Entertainment Business.

18. GOODWILL

THE GROUP

	Gaming and entertainment unit	
	2014 **HK$'000**	2013 HK$'000
Cost:		
At 1 July	**221,411**	221,411
Effect on deregistration of a subsidiary	**(45)**	–
At 30 June	**221,366**	221,411
Accumulated impairment losses:		
At 1 July	**(221,411)**	(210,973)
Impairment loss recognised during the year	**–**	(10,438)
Effect on deregistration of a subsidiary	**45**	–
At 30 June	**(221,366)**	(221,411)
Carrying amount:		
At 30 June	**–**	–

As at 30 June 2013, the directors of the Company assessed the recoverable amount of CGU, and determined that an impairment loss on the goodwill associated with the Group's gaming and entertainment unit of approximately HK$ 10,438,000 (2014: Nil) was recognised during the year ended 30 June 2013 because the recoverable amount of that unit was less than its carrying amount. The recoverable amount of the gaming and entertainment unit was assessed by reference to value-in-use. As at 30 June 2013, a pre-tax discount factor of 12.59% per annum was applied and reflected specific risk relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from respective junket businesses, and such estimation is based on the past performance and management's expectation for the market development.

The main factor contributing to the impairment was the decrease in profit forecasts in relation to the CGU. In the opinion of the directors of the Company, the keen competition in the VIP market of Macau's gaming and entertainment industry was the major factor leading to the decrease in profit forecasts in relation to the CGU.

The value-in-use calculation uses cash flow projections based on financial budgets approved by the Company's directors covering a five-year period. As at 30 June 2013, cash flows beyond that five-year period are extrapolated using zero growth rate. This growth rate used does not exceed the long-term average growth rate for the industry in which the gaming and entertainment unit operates.

18. GOODWILL (Continued)

Details of goodwill of gaming and entertainment unit are as follows:

	Credible Limited HK$'000	Sky Advantage Limited HK$'000	Profit Forest Limited HK$'000	Total HK$'000
Cost:				
At 1 July 2012, 30 June 2013 and 30 June 2014	10,438	4,266	206,662	221,366
Accumulated impairment losses:				
At 1 July 2012	–	(4,266)	(206,662)	(210,928)
Impairment loss recognised during the year	(10,438)	–	–	(10,438)
At 30 June 2013 and 30 June 2014	(10,438)	(4,266)	(206,662)	(221,366)
Carrying amount:				
At 30 June 2014 and 2013	**–**	**–**	**–**	**–**

At 30 June 2013, the goodwill of cruise leasing unit of approximately HK$45,000 was fully impaired in prior years. During the year ended 30 June 2014, such goodwill was written-off upon the deregistration of a subsidiary.

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY

	THE COMPANY	
	2014 HK$'000	2013 HK$'000
Unlisted investments, at cost	**240,374**	308,374
Less: Accumulated impairment losses recognised in respect of investment costs (Note a)	**–**	(18,650)
	240,374	289,724
Amounts due from subsidiaries (Note b)	**1,434,229**	1,475,654
Less: Accumulated impairment losses recognised in respect of amounts due from subsidiaries	**(5,449)**	(6,586)
	1,428,780	1,469,068
Total interests in subsidiaries	**1,669,154**	1,758,792
Amounts due to subsidiaries (Note c)	**410,104**	508,945

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY (Continued)

Note:

(a) The directors of the Company have reviewed the net asset values of the Company's subsidiaries as at 30 June 2014 and their operating performance, and are of the view that no impairment loss on the investment costs was recognised for the year ended 30 June 2014 (2013: Nil).

(b) The amounts due from subsidiaries are non-trade nature, unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors of the Company, these amounts are considered as quasi-equity loans to the Company's subsidiaries.

The directors of the Company have reviewed the net asset values of the Company's subsidiaries as at 30 June 2014 and their operating performance, and are of the view that no impairment loss on the amounts due from subsidiaries (2013: Nil) was recognised for the year ended 30 June 2014.

(c) The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(d) Particulars of the Company's subsidiaries at 30 June 2014 are as follows:

Name of subsidiary	Place of incorporation/ business	Particulars of issued share capital/registered capital	Proportion of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activity
Base Move (Note (i))	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	30	Receive profit streams from gaming and entertainment related business
Best Max Enterprises Limited	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	100	Receive profit streams from gaming and entertainment related business
Credible Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding
Essence Gold (Note (ii))	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	20	Receive profit streams from gaming and entertainment related business
Essence Gold Investment (Macau) Limited	Macau/Macau	25,000 ordinary shares of MOP$1 each	–	20	Receiving trade debt from Group's customer and remitting cash to Group's entities
Great Well Global Limited	The British Virgin Islands/Hong Kong	1 ordinary share of US$1 each	100	–	Inactive
Hero Will Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding
Koppert International Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding
Prime Jade Enterprises Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY (Continued)

Note: (Continued)

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

Name of subsidiary	Place of incorporation/ business	Particulars of issued share capital/registered capital	Proportion of issued ordinary share capital/registered capital held by the Company		Principal activity
			Directly %	Indirectly %	
Profit Forest Limited ("Profit Forest")	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	85	Receive profit streams from gaming and entertainment related business
Profit Forest (Macau) Limited	Macau/Macau	25,000 ordinary shares of MOP$1 each	–	85	Receiving trade debts from the Group customers and remitting cash to the Group's entities
Rich Pearl Enterprises Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding
Sky Advantage Limited ("Sky Advantage")	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	85	Receive profit streams from gaming and entertainment related business
Sources Investments Limited	Hong Kong/ Hong Kong	2 ordinary shares of HK$1 each	100	–	Securities trading
Stand Great Limited	The British Virgin Islands/Hong Kong	100 ordinary shares of US$1 each	100	–	Investment holding

None of the subsidiaries had any loan capital outstanding at the end of each year, or at any time during both years.

Note:

(i) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 80% (2013: 80%) voting power over Base Move. Based on the directors' assessment, the currently exercisable purchased call option provided the Company with the potential voting rights over Base Move which in turn provided the Company with the power to control Base Move. In preparing the Group's consolidated financial statements for the years ended 30 June 2014 and 2013, Base Move was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Company held 30% (2013: 30%) equity interests in Base Move, 70% (2013: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

(ii) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Company 100% (2013: 100%) voting power over Essence Gold. Based on the director's assessment, the currently exercisable purchased call option provided the Company with the potential voting right over Essence Gold which in turn provided the Company with the power to control Essence Gold. In preparing the Group's consolidated financial statements for the years ended 30 June 2014 and 2013, Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Company held 20% (2013: 20%) equity interest in Essence Gold, 80% (2013: 80%) of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY (Continued)

Note: (Continued)

(e) Walden Maritime S.A., a non-wholly owned subsidiary of the Company, was deregistered by the Company during the year ended 30 June 2014, and a loss on deregistration of approximately HK$780,000 (2013: Nil) was recognised in the consolidated profit or loss.

(f) The following table lists out the information relating to each of the Group's subsidiaries which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	For the year ended 30 June 2014			
	Base Move HK$'000	Essence Gold HK$'000	Profit Forest HK$'000	Sky Advantage HK$'000
NCI percentage	70%	80%	15%	15%
Current assets	669,638	400,271	876,472	277,715
Non-current assets	567,793	562,000	603,100	201,001
Current liabilities	(669,637)	(391,911)	(876,254)	(277,715)
Net assets	567,794	570,360	603,318	201,001
Carrying amount of NCI	397,456	456,288	90,498	30,150
Revenue	159,940	275,001	173,584	57,858
Expenses	(17)	(11)	(17)	(5)
Profit for the year	159,923	274,990	173,567	57,853
Other comprehensive income	–	–	–	–
Total comprehensive income	159,923	274,990	173,567	57,853
Profit allocated to NCI	111,946	219,992	26,035	8,678
Dividend paid to NCI	111,946	213,305	26,035	8,678
Cash flows from/(used in):				
– operating activities	203,881	152,465	156,298	43,214
– investing activities	(5,108)	(74,157)	(199,403)	(43,214)
– financing activities	(288,772)	(40,053)	43,243	–

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY (Continued)

Note: (Continued)

(f) (Continued)

	For the year ended 30 June 2013			
	Base Move HK$'000	Essence Gold HK$'000	Profit Forest HK$'000	Sky Advantage HK$'000
NCI percentage	70%	80%	15%	15%
Current assets	594,691	165,336	659,659	219,862
Non-current assets	567,793	562,000	603,100	201,001
Current liabilities	(594,690)	(165,335)	(659,441)	(219,862)
Net assets	567,794	562,001	603,318	201,001
Carrying amount of NCI	397,456	449,601	90,498	30,150
Revenue	102,645	215,310	160,998	53,666
Expenses	(5)	(53)	(42)	(5)
Profit for the year	102,640	215,257	160,956	53,661
Other comprehensive income	–	–	–	–
Total comprehensive income	102,640	215,257	160,956	53,661
Profit allocated to NCI	71,848	172,206	24,143	8,049
Dividend paid to NCI	71,848	172,206	24,111	8,049
Cash flows from/(used in):				
– operating activities	55,840	157,947	155,377	60,261
– investing activities	(18,695)	(108,001)	(141,299)	(50,167)
– financing activities	33,856	(49,946)	(37,078)	(10,455)

19. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES/STRUCTURED ENTITY (Continued)

Note: (Continued)

(g) As at 30 June 2014, there was one structured entity controlled by the Group, which operates in Macau, particulars of which are as follows:

Name of structured entity	**Principal activities**
Base Move Investment (Macau) Ltd ("Base Move (Macau)")	Receiving trade debts from the Group's customers and remitting cash to the Group's entities

The Group controls a structured entity, Base Move (Macau), which is set up solely for receiving trade debts from the Group's customers and remitting cash to the Group's entities. As the Group has the power to direct the relevant activities of the Base Move (Macau) and the Group has the ability to use its power over Base Move (Macau) to affect its exposure to returns, the assets, liabilities and the profit or loss of Base Move (Macau) are included in the Group's consolidated statement of financial position in accordance to HKFRS 10 "Consolidated Financial Statements".

At 30 June 2014 and 2013, assets in this structured entity mainly consisted of bank balances.

20. INTEREST IN AN ASSOCIATE/DIVIDEND RECEIVABLE FROM AN ASSOCIATE/AMOUNT DUE FROM/(TO) AN ASSOCIATE

	THE GROUP	
	2014 HK$'000	2013 HK$'000
Share of net assets	**58,084**	46,344
Dividend receivable from an associate (Note a)	**55,902**	55,902
Amount due from an associate (Note b, c)	**1,698**	–
Amount due to an associate (Note b)	**–**	31,667

Note:

(a) The dividend receivable from an associate is unsecured, interest-free and repayable on demand.

(b) The amounts are unsecured, interest-free and repayable on demand.

(c) During the year ended 30 June 2014, the maximum outstanding balance of the amount due from an associate is approximately HK$24,698,000 (2013: N/A).

At 30 June 2014, the Group had interest in the following associate, which is an unlisted company:

Name of entity	Form of business structure	Place of incorporation/ business	Class of shares held	Proportion of issued capital held by the Group	Proportion of voting power held	Principal activity
Good Omen Enterprises Limited ("Good Omen")	Incorporated	The British Virgin Islands/Macau	Ordinary	20%	20%	Receive profit streams from gaming and entertainment related business

The above associate is accounted for using the equity method in the consolidated financial statements.

20. INTEREST IN AN ASSOCIATE/DIVIDEND RECEIVABLE FROM AN ASSOCIATE/AMOUNT DUE FROM/(TO) AN ASSOCIATE (Continued)

Summarised financial information of the associate, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Good Omen	
	2014	2013
	HK$'000	HK$'000
Gross amount of the associate		
Current assets	**225,207**	96,146
Non-current assets	**231,722**	231,722
Current liabilities	**(166,510)**	(96,145)
Net assets	**290,419**	231,723
Revenue	**58,701**	55,600
Expenses	**(5)**	(5)
Profit for the year	**58,696**	55,595
Other comprehensive income	**–**	–
Total comprehensive income	**58,696**	55,595
Dividend received from the associate	**–**	11,119
Reconciled to the Group's interest in the associate:		
Net assets of the associate	**290,419**	231,723
Proportion of the Group's interest in Good Omen	**20%**	20%
Carrying amount of the Group's interest in the associate	**58,084**	46,344

21. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Available-for-sale equity investments		
– Unlisted investments, at fair values	**249,524**	–

All of the unlisted investments were measured at fair value at the end of the reporting period by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer, and were held for strategic purpose not to be dispose of in the foreseeable future.

(i) Joyful Celebrate Global Limited ("Joyful Celebrate")

On 21 October 2013 and 18 December 2013, the Group entered into a sale and purchase agreement and a supplemental agreement with the vendor, the junket promoter and the junket owner, pursuant to which the Group agreed to acquire and the vendor agreed to sell 5% of the issued share capital of Joyful Celebrate for a consideration of HK$241 million, by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer.

Joyful Celebrate, a company incorporated in the British Virgin Islands with limited liability, entered into a profit assignment agreement (the "Profit Assignment Agreement") on 21 October 2013 with the junket promoter and the junket owner, pursuant to which the junket promoter assigned, as legal and beneficial owner, and the junket owner procured the junket promoter to assign to Joyful Celebrate absolutely and free from any encumbrance whatsoever the junket promoter's right, title interest and benefits in and to 0.3% of the rolling turnover (the "Profit Streams") generated from not less than 16 gaming tables at Guangdong VIP Club at Galaxy Hotel in Macau.

Under the Profit Assignment Agreement and the supplemental profit assignment agreement dated 18 December 2013, the junket promoter irrevocably and unconditionally guaranteed to Joyful Celebrate that the Profit Streams for the first and the second relevant periods shall not be less than HK$270 million and HK$324 million, respectively. In the event that the Profit Streams received and/or receivable by Joyful Celebrate for the first and the second relevant periods shall be less than HK$270 million and HK$324 million, respectively, the junket promoter undertook to pay to Joyful Celebrate an amount equivalent to the difference between HK$270 million and the Profit Streams received and/or receivable by Joyful Celebrate during the first relevant period; and the difference between HK$324 million and the Profit Streams received and/or receivable by Joyful Celebrate during the second relevant period.

As a result of the adverse changes in the market environment which this investee operated, the material decline in the fair value below cost indicated that the cost of the Group's investments may not be recovered. Impairment loss of HK$111,126,000 (2013: Nil) was recognised in the other comprehensive income in accordance with the accounting policy set out in note 1(k)(i).

21. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(ii) Superiority Wealthy

On 13 January 2014, the Group entered into a sale and purchase agreement with the vendor, the junket promoter and the junket owner, pursuant to which the Group agreed to acquire and the vendor agreed to sell 5% of the issued share capital of Superiority Wealthy for a consideration of HK$208,330,000. The Group also entered into a call option agreement dated 13 January 2014 with the vendor for a consideration of HK$1 and the vendor irrevocably granted to the Group the right to require the vendor to transfer the shares (the "SW Call Option") representing in aggregate up to 95% of the issued share capital of Superiority Wealthy (the "SW Call Option Shares") or any part to the Group at HK$41,666,000 per the SW Call Option Share. The SW Call Option will be expired after 36 months after completion of this acquisition.

Superiority Wealthy, is a company incorporated in the British Virgin Islands with limited liability, entered into a profit assignment agreement (the "SW Profit Assignment Agreement") on 13 January 2014 with the junket promoter and the junket owner, pursuant to which the junket promoter assigned, as legal and beneficial owner, and the junket owner procured the junket promoter to assign to Superiority Wealthy absolutely and free from any encumbrance whatsoever the junket promoter's right, title interest and benefits in and to 0.3% of the rolling turnover (the "SW Profit Streams") generated from not less than 11 gaming tables at COD Neptune Guangdong VIP Club at the City of Dream in Macau.

Under the SW Profit Assignment Agreement dated 13 January 2014, the junket promoter irrevocably and unconditionally guaranteed to Superiority Wealthy that the SW Profit Streams for the first and the second relevant periods shall not be less than HK$11,574,000 and HK$13,888,800, respectively. In the event that the SW Profit Streams received and/or receivable by Superiority Wealthy for the first and the second relevant periods shall be less than HK$11,574,000 and HK$13,888,800, respectively, the junket promoter undertook to pay to Superiority Wealthy an amount equivalent to the difference between HK$11,574,000 and the SW Profit Streams received and/or receivable by Superiority Wealthy during the first relevant period; and the difference between HK$13,888,800 and the SW Profit Streams received and/or receivable by Superiority Wealthy during the second relevant period.

The SW Call Option, if fully exercised, would give, in aggregate, the Group additional 95% voting power over Superiority Wealthy. Based on the director's assessment, the Group did not have the financial ability for paying the aggregate consideration to vendor if the SW Call option was fully exercised. There was a financial barrier for the Group to exercise the SW Call Option. In addition, the Group did not have an intention to exercise the SW Call Option since the date of acquisition or in the future. The Group did not participate in financial and operating policy decision making process of Superiority Wealthy. Although the currently exercisable SW Call Option provided the Group with the potential voting right over Superiority Wealthy, the Group did not have power over Superiority Wealthy or right to variable returns from its involvement with Superiority Wealthy due to the reasons stated above. As a result, the financial performance of Superiority Wealthy shall not be accounted for as a subsidiary and was treated as available-for-sale investment on the Group's consolidated financial statements.

21. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(ii) Superiority Wealthy (Continued)

The acquisition of 5% equity interests in Superiority Wealthy had been reviewed and approved by the audit committee of the Company (the "Audit Committee") prior to its completion on 27 February 2014. The executive directors of the Company were in the view that the consideration of HK$208,330,000 (the "Consideration") was reasonable by reference to certain general market parameters which were principally the Price/Earnings ratios of certain HK-listed companies in the gaming industry. The Audit Committee concurred with the view of the executive directors of the Company in this aspect. Subsequently, the executive directors of the Company and the Audit Committee shared the view of a professional valuer that the determination of the Consideration based on Market Approach could be done in more sophisticated manner and certain entity/business specific adjustments (e.g. marketability discount on shares of private limited company) should have been considered. Taking these into account, it was found that the Consideration exceeded the fair value of 5% equity interests of Superiority Wealthy at time of initial recognition by HK$88,680,000. This overpayment to the vendor should be accounted for as a loss in the consolidated financial statements of the Group for the year ended 30 June 2014. The Audit Committee confirmed that they had reviewed the details of the transaction again before the date of this report and they shared the view of the executive directors of the Company that the absence of a professional valuation report in the determination of the Consideration was solely due to administrative reasons and no fraud was identified. They also considered that the acquisition of 5% equity interests of Superiority Wealthy was a non-connected transaction. The over-payment of HK$88,680,000 was recognised as an expense in the consolidated statement of profit or loss and other comprehensive income during the year.

22. ACQUISITION OF A SUBSIDIARY

Acquisition of assets through acquisition of a subsidiary

For the year ended 30 June 2013

On 19 September 2012, the Group entered into a sale and purchase agreement with the vendor, the junket promoter and the junket owner, pursuant to which the Group agreed to acquire and the vendor agreed to sell 20% of the issued share capital of Essence Gold for a consideration of HK$150,000,000 (the "ES Acquisition"). The Group also entered into a call option agreement dated 19 September 2012 with the vendor for a consideration of HK$1 and the vendor irrevocably granted to the Group the right to require the vendor to transfer the shares (the "ES Call Option") representing in aggregate up to 80% of the issued share capital of Essence Gold (the "ES Call Option Shares") or any part to the Group at HK$7.5 million per the ES Call Option Share. The ES Call Option will be expired after 36 months after completion of this ES Acquisition.

Essence Gold, which is a company incorporated in the British Virgin Islands with limited liability, entered into a profit assignment agreement (the "ES Profit Assignment Agreement") on 19 September 2012 with the junket promoter and the junket owner, pursuant to which the junket promoter assigned, as legal and beneficial owner, and the junket owner procured the junket promoter to assign to Essence Gold absolutely and free from any encumbrance whatsoever the junket promoter's right, title interest and benefits in and to 0.4% of the rolling turnover (the "ES Profit Streams") generated from not less than 11 gaming tables at Guangdong 31 Sky Club at Grand Lisboa in Macau.

Under the ES Profit Assignment Agreement and the supplemental profit assignment agreement dated 30 January 2013, the junket promoter irrevocably and unconditionally guaranteed to Essence Gold that the ES Profit Streams for the first and the second relevant periods (first relevant period commencing from the completion date of the ES Acquisition up to the first anniversary and second relevant period commencing from the expiration of the first relevant period up to the second anniversary) shall not be less than HK$275 million for each relevant period. In the event that the ES Profit Streams received and/or receivable by Essence Gold for each relevant period shall be less than HK$275 million, the junket promoter undertook to pay to Essence Gold an amount equivalent to the difference between HK$275 million and the ES Profit Streams received and/or receivable by Essence Gold during the first and the second relevant periods.

The ES Call Option, if fully exercised, would give in aggregate the Group 100% voting power over Essence Gold. Based on the directors' assessment, the ES Call Option provides the Group with the potential voting right over Essence Gold which in turn provides the Group with the ability to control Essence Gold. As a result, Essence Gold was consolidated as a subsidiary on 30 September 2012, which was the date of legal transfer of the 20% issued share capital of Essence Gold by the vendor to the Group. As the Group currently holds 20% equity interests in Essence Gold, 80% of the post-acquisition results and net assets of Essence Gold are allocated to non-controlling interests. At the time of acquisition, Essence Gold had not yet commenced business.

22. ACQUISITION OF A SUBSIDIARY (Continued)

Acquisition of assets through acquisition of a subsidiary (Continued)

For the year ended 30 June 2013 (Continued)

The transaction was accounted for as an acquisition of assets through acquisition of a subsidiary and the details of the net assets acquired are summarised below:

	HK$'000
Net assets acquired:	
Intangible asset – right in sharing profit stream	562,000
Less: Non-controlling interest	(449,600)
20% equity interests of Essence Gold	112,400
Derivative financial instrument (Note)	37,600
	150,000
Total consideration satisfied by:	
Cash paid	150,000
Net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary:	150,000

Note: The derivative financial instrument represented the call options of the Group in the 80% interest in Essence Gold and the fair value of the call options as at the date of acquisition of Essence Gold was approximately HK$37,600,000, by reference to the valuation report issued by Roma Appraisals Limited, an independent qualified professional valuer.

23. SECURITIES HELD FOR TRADING

	THE GROUP	
	2014 **HK$'000**	2013 HK$'000
Securities held for trading, at fair value – Equity securities listed in Hong Kong	**4**	2

The fair values of the listed equity are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

24. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**539,262**	418,134	–	–
Short term loan receivables (note)	**–**	60,895	–	–
Compensation receivable under the profit guarantee agreement	**3,061**	–	**–**	–
Other receivables	**209**	1,365	**179**	848
Loans and receivables	**542,532**	480,394	**179**	848
Sundry deposits and prepayments	**1,248**	1,076	**290**	117
Total trade and other receivables	**543,780**	481,470	**469**	965

Note: During the year ended 30 June 2013, the Group's subsidiaries entered into 3 loan agreements with 3 non-controlling interests of certain subsidiaries to provide short term loans amounting to approximately HK$10,222,000, HK$24,156,000 and HK$26,517,000, respectively for their business use. The amounts of short term loan receivables are unsecured, interest bearing of 5% per annum and repayable on demand. The whole amounts of short term loan receivables were fully repaid during the year ended 30 June 2014.

24. TRADE AND OTHER RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for gaming and entertainment segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At 30 June 2014 and 2013, no impairment loss on trade receivables was recognised by the Group.

Included in the Group's trade and other receivables are trade receivables with the following aging analysis as of the end of each reporting period:

	2014 **HK$'000**	2013 HK$'000
0 – 30 days	**44,285**	46,625
31 – 60 days	**79,548**	41,525
61 – 90 days	**52,248**	40,545
Over 90 days	**363,181**	289,439
Total trade receivables	**539,262**	418,134

As at 30 June 2014, the Group's trade receivables amounting to approximately HK$508,825,000 (2013: HK$350,434,000) were derived from Gaming and Entertainment Business and these trade debtors are entities owned by substantial shareholders of the Company or non-controlling interests of certain subsidiaries.

The analysis for trade receivables from non-controlling interests of subsidiaries and substantial shareholders of the Company as at 30 June 2014 and 2013 were as follow:

	2014 **HK$'000**	2013 HK$'000
– Non-controlling interests of subsidiaries	**276,006**	176,171
– Substantial shareholders of the Company	**232,819**	174,263
	508,825	350,434

24. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**44,285**	46,625
Less than 1 month past due	**79,548**	41,525
1 to 3 months past due	**122,045**	83,854
More than 3 months but less than 12 months past due	**293,384**	245,130
More than 12 months past due	**–**	1,000
Total amounts past due	**494,977**	371,509
Total trade receivables	**539,262**	418,134

Receivables that were neither past due nor impaired relate to the customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Up to the date of approval of these financial statements, approximately 54% (2013: 64%) of the outstanding trade receivables as at 30 June 2014 have been settled subsequently.

25. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	THE GROUP		THE COMPANY	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash at banks and in hand	**44,942**	95,327	**5,083**	3,834
Cash balance maintained with securities companies	**248**	248	**248**	248
Cash and cash equivalents shown in the statements of financial position and the consolidated statement of cash flows	**45,190**	95,575	**5,331**	4,082

(b) Reconciliation of profit before taxation to net cash generated from operating activities:

	Note	**2014 HK$'000**	2013 HK$'000
Operating activities			
Profit before taxation		**515,413**	564,506
Adjustments for:			
Interest income	6	**(314)**	(336)
Impairment loss of goodwill	7, 18	**–**	10,438
Impairment loss of available-for-sale investment	7	**111,126**	–
Impairment loss of other receivables	7	**713**	–
Depreciation	15	**1,569**	2,110
Finance costs	8(a)	**633**	606
Share of profits of an associate	20	**(11,740)**	(11,119)
Fair value changes on derivative financial instruments	33	**1,397**	3,000
Fair value change on securities held for trading		**(2)**	–
Fair value change on investment property	16	**(900)**	–
Loss on deregistration of a subsidiary	7	**780**	–
Purchase costs recognised as expense	21	**88,680**	–
Compensation from the junket promoter for shortfall in guaranteed profit	6	**(3,061)**	–
Changes in working capital:			
Increase in trade and other receivables		**(122,383)**	(96,963)
Increase/(decrease) in other payables		**231**	(221)
Net cash generated from operating activities		**582,142**	472,021

26. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest payable	**6,160**	6,161	**6,160**	6,160
Other payables	**314**	313	**–**	–
Accruals	**1,558**	1,476	**1,256**	1,182
Deposit received	**149**	–	**149**	–
Financial liabilities measured at amortised cost	**8,181**	7,950	**7,565**	7,342
Provision for legal claim for rental payment	**1,592**	1,592	**–**	–
	9,773	9,542	**7,565**	7,342

27. DIVIDEND PAYABLE TO NON-CONTROLLING INTERESTS

The amounts are unsecured, interest-free and repayable on demand.

28. INCOME TAX PAYABLE

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Balance of Hong Kong Profits Tax provision relating to prior years	**99**	99

29. BANK BORROWING, SECURED

THE GROUP AND THE COMPANY

At 30 June 2014, the bank borrowing was due for repayment as follows:

	2014 HK$'000	2013 HK$'000
The bank borrowing that contain a repayable on demand clause:		
Current portion of term loan due for repayment within one year (note)	**2,305**	2,241
Non-current portion of term loan due for repayment after one year (note)		
– After 1 year but within 2 years	**2,372**	2,305
– After 2 years but within 5 years	**7,534**	7,323
– After 5 years	**8,720**	11,303
	18,626	20,931
	20,931	23,172

Note: The amounts due are based on scheduled repayment dates set out in the loan agreement.

The non-current portion of interest-bearing term loan is carried at amortised cost and is expected to be settled after one year in accordance with the repayment schedule.

The term loan is secured by the mortgages over the investment property of approximately HK$59,140,000 (2013: land and building with an aggregate carrying value of HK$51,453,000) and interest bearing at bank's best lending rate less 2.4% (2013: 2.4%) per annum.

In addition, the Company's term loan agreement contain a clause which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company has complied with the covenants and met the scheduled repayment obligations. The Company does not consider it probable that the bank will exercise its discretion to demand immediate repayment for so long as the Company continues to meet the repayment schedule. Further details of the Company's management of liquidity risk are set out in note 4(b).

30. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of movements in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 July 2012	38,472	910,015	–	1,264	4,576	205,776	1,160,103
Loss for the year	–	–	–	–	–	(10,403)	(10,403)
Other comprehensive loss for the year	–	–	–	–	–	–	–
Loss and total comprehensive loss for the year	–	–	–	–	–	(10,403)	(10,403)
Issuance of new shares	7,690	121,676	–	–	–	–	129,366
Transfer to retained profits upon lapse of share option	–	–	–	–	(353)	353	–
Balance at 30 June 2013 and 1 July 2013	46,162	1,031,691	–	1,264	4,223	195,726	1,279,066
Profit for the year	**-**	**-**	**-**	**-**	**-**	**11,471**	**11,471**
Surplus on revaluation of owner occupied building upon change of use to investment property	**-**	**-**	**5,922**	**-**	**-**	**-**	**5,922**
Profit and total comprehensive income for the year	**-**	**-**	**5,922**	**-**	**-**	**11,471**	**17,393**
Transfer to retained profits upon lapse of share option	**-**	**-**	**-**	**-**	**(355)**	**355**	**-**
Transition to no-par value regime on 3 March 2014	**1,031,691**	**(1,031,691)**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2014	**1,077,853**	**-**	**5,922**	**1,264**	**3,868**	**207,552**	**1,296,459**

30. SHARE CAPITAL AND RESERVES (Continued)

(b) Share capital

	2014 Number of shares ('000)	2014 HK$'000	2013 No. of shares ('000)	2013 HK$'000
Authorised: (note 1)				
Ordinary shares of HK$0.01 each (note 2)	–	–	50,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 July	**4,616,245**	**46,162**	3,847,245	38,472
Issuance of new shares (note 3)	–	–	769,000	7,690
Transition to no-par value regime on 3 March 2014 (note 4)	–	**1,031,691**	–	–
At 30 June	**4,616,245**	**1,077,853**	4,616,245	46,162

Notes:

(1) Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(2) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(3) On 6 February 2013, the Company issued 769,000,000 ordinary shares to two subscribers at an issue price of HK$0.173 per share for financing the Group's acquisition or for general working capital purposes. The net proceeds from the shares issued amounted to approximately HK$129,366,000 net of issue costs of approximately HK$3,671,000.

(4) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

30. SHARE CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital (see note 30(b)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) Share options reserve

Share options reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(p)(ii).

(iii) Other reserve

The other reserve represents the difference between the consideration paid and the amount of non-controlling interests being adjusted in connection with the acquisition of an additional equity interest in a subsidiary.

(iv) Property revaluation reserve

Property revaluation reserve represents the difference between the carrying amount and the fair value of a property at the date of transfer from property, plant and equipment to investment property that has been recognised in accordance with the accounting policy in note 1(h), and it is not distributable.

(d) Distributability of reserves

At 30 June 2014, the aggregate amount of reserves available for distribution to owners of the Company, as calculated under the provisions of Part 6 of the new Hong Kong Companies Ordinance (Cap. 622) was approximately HK$207,552,000 (2013: HK$195,726,000).

30. SHARE CAPITAL AND RESERVES (Continued)

(e) Capital management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consisted of debt (which included bank borrowing) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and shareholders' equity.

The gearing ratio at the end of the reporting period was as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Total debt#	**20,931**	23,172	**20,931**	23,172
Equity attributable to owners of the Company	**1,992,919**	1,838,235	**1,296,459**	1,279,066
Gearing ratio	**1.05%**	1.26%	**1.61%**	1.81%

\# Total debt solely comprises bank borrowing as detailed in note 29.

31. RETIREMENT BENEFITS SCHEME

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 jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Old Share Option Scheme

Under the terms of the Share Option Scheme adopted by the Company on 30 November 2000 (the "Scheme"), the Board may, at its discretion, invite employees, including the directors of the Company and its subsidiaries, to take up options to subscribe for shares in the share capital of the Company. The subscription price for the Company's shares under the Scheme is determined by the Board and will not be less than 80% of the average of the closing prices of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of offer of the option or the nominal value of the Company's shares (if any), whichever is the higher. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company (excluding shares issued under the Scheme) from time to time and that the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the aggregate number of shares under the Scheme.

The Scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the Scheme if the options are granted in accordance with the requirements of the new rules of Chapter 17 of the Listing Rules which include, inter alia, the followings:

(i) the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of shares of the Company (or its subsidiaries) in issue at the date of approval of the Scheme. Subject to compliance with the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the relevant class of shares of the Company in issue from time to time;

(ii) the maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Grant of options to connected persons are subject to more stringent requirements; and

(iii) the exercise price of the share options is determined by directors, but may not be less than the higher of (a) the closing price of the Company's share listed on the Stock Exchange on the date of grant of the share options; and (b) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the grant of the share options.

The share options under the Scheme must be taken up by the participants within 21 business days from the date of grant upon payment of HK$1. Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

New Share Option Scheme

On 18 September 2007, an ordinary resolution passed to approve the termination of the Scheme and adoption of a new share option scheme (the "New Scheme"). Upon adoption of the New Scheme, the Scheme was terminated and no further option would be granted.

The Company operates the New Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Scheme include employees of the Group, executive or non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity, suppliers of goods or services to the Group or invested entity, person or entity that provides research, development or other technical support to the Group or invested entity, shareholders of members of the Group or invested entity, holders of securities issued by members of the Group or invested entity, advisers or consultants to business development of the Group or invested entity, and joint venture partners or counter-parties to business operation or business arrangements of the Group or its employees. The New Scheme became effective on 18 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The subscription price for the Company's shares under the New Scheme is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares listed on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares listed on the Stock Exchange on five trading days immediately preceding the date of the offer of the share options, and (iii) the nominal value of the Company's shares (if any).

The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and the Scheme shall not exceed 30% of the shares in issue from time to time. The total number of shares available for issue upon exercise of all options which have been or may be granted under the New Scheme and the Scheme must not exceed 69,120,000 shares. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the aggregate number of shares for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

New Share Option Scheme (Continued)

Share options granted to a connected person or its associates shall be approved by independent non-executive directors. In addition, any share options granted to a connected person who is also a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and the aggregate value (based on the closing price of the Company's shares listed on the Stock Exchange at the date of the offer of share options) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of the share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the offeree. The exercise period of the share options ends on ten years from the date of the offer of the share options, notwithstanding the expiry of the New Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Each share option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

Details of share options granted

At 30 June 2014, the total number of shares available for issue under the Scheme was 88,000 (2013: 178,000) shares, representing 0.002% (2013: 0.004%) of the number of ordinary shares of the Company in issue as at 30 June 2014. During the year ended 30 June 2014, 90,000 options (2013: 88,000) granted under the Scheme were lapsed because the eligible participant left the Group.

At 30 June 2014, the total number of shares available for issue under the New Scheme was 52,900,000 (2013: 55,200,000) shares, representing 1.15% (2013: 1.20%) of the number of ordinary shares of the Company in issue as at 30 June 2014. During the year ended 30 June 2014, 2,300,000 options (2013: 2,300,000) granted under the New Scheme were lapsed because the eligible participant left the Group.

The options under the Scheme and the New Scheme have exercise prices of HK$0.728 and HK$0.337 respectively. At 30 June 2014, the weighted average remaining contractual life of the options was 3.14 years (2013: 4.14 years).

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2014 and 2013 are as follows:

Participants	Share option type*	Number of share options outstanding and exercisable At 1 July 2013 '000	Lapsed during the year ended 30 June 2014 '000	At 30 June 2014* '000	Date of grant of share options**	Exercise period of share options	Exercise price of share options	Fair value at grant date	Closing price of the Company's shares immediately before the grant date
Directors									
Mr. Lin Cheuk Fung	2007A	90	(90)	–	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	(2,300)	–	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Chan Shiu Kwong, Stephen	2007A	88	–	88	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Nicholas J. Niglio	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Chan Choi Kam	2008A	23,000	–	23,000	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Consultants and employees									
In aggregate	2008A	25,300	–	25,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
		55,378	(2,390)	52,988					
Weighted average exercise price (HK$)		0.338	0.352	0.338					

* Share option types of 2007A and 2008A represent share options granted during the years ended 30 June 2007 and 2008, respectively. During the years ended 30 June 2014 and 2013, no share options were granted or exercised.

** The vesting period of the share options is from the grant date until the commencement of the exercise period.

33. DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP

Derivative financial instruments represent the call options of the Group in the 50% interests in Base Move, 80% interests in Essence Gold and 95% interests in Superiority Wealthy. The fair value of the call options were approximately HK$33,203,000 (2013: HK$ 34,600,000) as at 30 June 2014, by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. The movements during the years ended 30 June 2014 and 2013 are as follows:

	HK$'000
At 1 July 2012	–
Acquired on acquisition of a subsidiary (Note 22)	37,600
Fair value changes included in profit or loss	(3,000)
At 30 June 2013 and 1 July 2013	34,600
Fair value changes included in profit or loss	(1,397)
At 30 June 2014	**33,203**

34. COMMITMENTS

The Group and the Company as lessee

At 30 June 2014 and 2013, the total future minimum lease payments under non-cancellable operating leases in respect of the properties are payable as follows:

	2014 **HK$'000**	2013 HK$'000
Within 1 year	**629**	–
After 1 year but within 5 years	**419**	–
	1,048	–

34. COMMITMENTS (Continued)

The Group and the Company as lessor

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	1,536	–
After 1 year but within 5 years	1,753	–
	3,289	–

The Group and the Company leases out investment property under operating lease. The lease typically runs for an initial period of 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the lease includes contingent rentals.

35. CONTINGENT LIABILITIES

Contingent liability in respect of legal claim for office rental

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements as at 30 June 2004. During the years ended 30 June 2014 and 2013, there has been no significant progress.

36. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, during the year, the Group had entered into transactions with related parties as shown below:

Key management personnel remuneration

The remuneration of key management personnel during the year is as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other short-term benefits	**2,346**	2,185
Post-employment benefits	**52**	38
Total	**2,398**	2,223

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2014

Up to the date of approval of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2014 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2010-2012 Cycle	1 July 2014, with limited exception
Annual Improvements to HKFRSs 2011-2013 Cycle	1 July 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"	1 January 2014
Amendments to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	1 January 2016
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS 14 "Regulatory Deferral Accounts "	1 January 2016
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2017

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	Effective for accounting periods beginning on or after
Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1 January 2016
Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants"	1 January 2016
Amendments to HKAS 19 "Defined Benefit Plans: Employee Contribution"	1 July 2014
Amendments to HKAS 27 "Equity Method in Separate Financial Statements"	1 January 2016
Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities"	1 January 2014
Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	1 January 2014
HK (IFRIC) – Int 21 "Levies"	1 January 2014

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's or the Company's results of operations and financial positions.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 July 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.