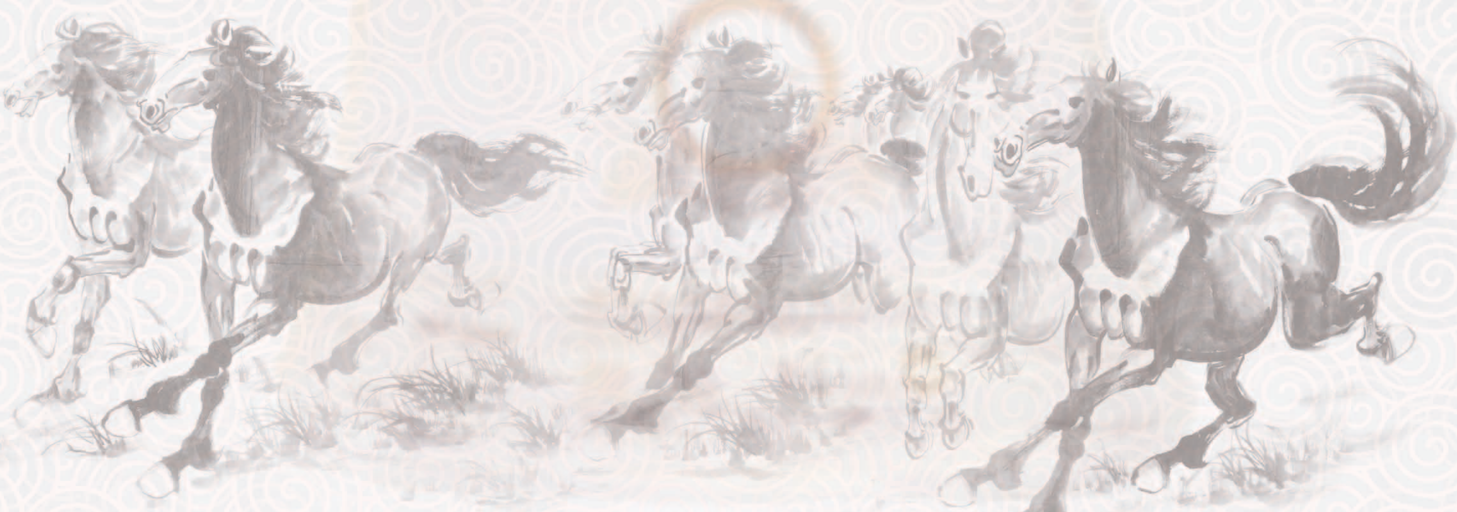
國藏集團有限公司

Guocang Group Limited

(Incorporated in Bermuda with limited liability)

ANNUAL REPORT 2014

(香港聯合交易所上市編號｜HK Stock code：559)



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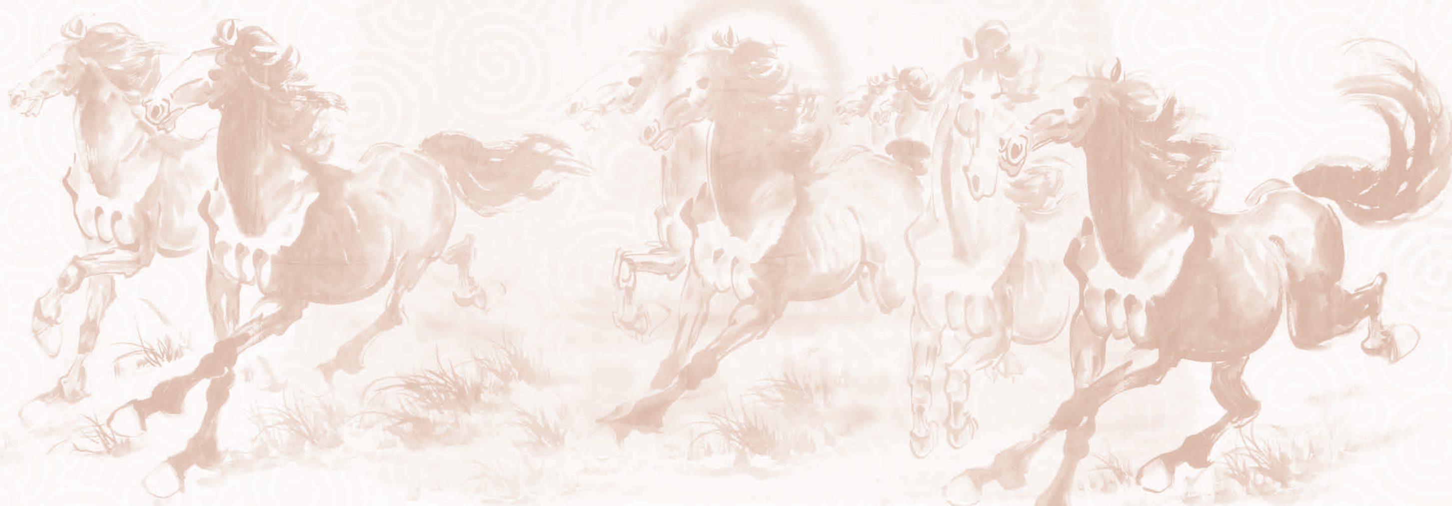

Corporate Information

DIRECTORS

Executive Directors

WONG Hin Shek *(Chairman)*
CHI Chi Hung, Kenneth *(Chief Executive Officer)*

Independent Non-executive Directors

CHIU Wai On
MAN Kwok Leung
WONG Yun Kuen

COMPANY SECRETARY

CHI Chi Hung, Kenneth

AUDIT COMMITTEE

CHIU Wai On *(Chairman)*
MAN Kwok Leung
WONG Yun Kuen

REMUNERATION COMMITTEE

CHIU Wai On *(Chairman)*
MAN Kwok Leung
WONG Yun Kuen

NOMINATION COMMITTEE

CHIU Wai On *(Chairman)*
MAN Kwok Leung
WONG Yun Kuen

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 3908, 39/F.
Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

STOCK CODE

559

WEBSITE

www.guocanggroup.com

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

Michael Li & Co.
19th Floor, Prosperity Tower
39 Queen's Road Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Bank of Communications Co., Ltd.
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited

Chairman's Statement

Dear Shareholders,

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

BUSINESS REVIEW AND PROSPECTS

Loss for the year ended 30 June 2014 attributable to shareholders of the Company amounted to approximately HK$41 million as compared to approximately HK$73 million for the same financial period of 2013. Basic loss per share was approximately HK1.15 cents as compared to that of HK2.18 cents in the previous year. The loss for the year was mainly attributable to (i) the unsatisfactory results of the liquor and wine business, and (ii) the impairment loss on property, plant and equipment, goodwill and intangible assets, which partly offset the gain on changes in fair value of financial assets and liabilities at fair value through profit or loss.

During the year under review, the turnover of the Group's cable and wires business and copper rods business were increased by 4% to HK$153 million (2013: approximately HK$147 million) and 41% to HK$192 million (2013: approximately HK$136 million) respectively. The cable and wires business recorded a segment loss of approximately HK$3 million (2013: segment profit of approximately HK$1 million). On the other hand, the segment results of copper rods business was improved, from loss of approximately HK$27 million in 2013 to HK$6 million for the year ended 30 June 2014. In the view that both the cable and wires business and copper rods business have been affected by increasing labor costs and the competitive market in recent years, the financial and operating performance of these two segments remained lack of satisfaction. On 24 July 2014, the Group entered into a sale and purchase agreement to dispose of both the cable and wires business and copper rods business to Zhan Liang Holdings Limited, an independent third party of the Group. The resolution of the disposal has been duly passed by the shareholders at the special general meeting held on 18 September 2014. The completion of the disposal is still subject to other conditions precedent in the sale and purchase agreement. Upon the completion of the disposal, the Group would better utilise its existing resources in the liquor and wine business more effectively and efficiently.

The liquor and wine business had contributed approximately HK$91 million (2013: approximately HK$125 million) turnover to the Group for the year ended 30 June 2014 and recorded a segment loss of approximately HK$648 million (2013: segment profit of approximately HK$31 million). The segment loss was mainly attributable to the impairment loss on intangible assets and goodwill in aggregate of approximately HK$608 million. The liquor and wine business in Mainland China had a hard year in 2013 and in the first half year of 2014. The enforcement of frugality policies by the Chinese government and the economic slowdown led to a significant adjustment in the liquor and wine business. The high-end liquor market was tardy that the distributors were facing the problem of slow liquidity flow. Recently, a distributor returned material quantity of limited edition liquor of which was purchased in 2013 to the Group. As a result, the turnover for the year ended 30 June 2014 dropped and the segment results was adversely affected. It is expected that the liquor and wine market will remain harsh in the coming year and will gradually become stabilized and rationalized in the long run. The Group will continue to cooperate with other well-known liquor and wine manufacturers to explore new liquor and wine products, including but not limited to low to middle class liquor and increase its publicity.

Chairman's Statement

Pursuant to the terms of the sale and purchase agreement dated 1 November 2012 and the supplemental agreement dated 23 January 2013 entered into between the Group and the then vendor in relation to the acquisition of the liquor and wine business, if the profits of the acquired liquor and wine business for the three financial years ending 31 December 2013, 2014 and 2015 in aggregate shall be less than RMB300 million, the number of the convertible preference shares to be released to the then vendor will be adjusted downward. Therefore, a gain on change in fair value of contingent share consideration payable of approximately HK$491 million was recognised for the year ended 30 June 2014. As at 30 June 2014 and up to the date of this report, no convertible preference share has been released to the then vendor by the escrow agent engaged by the Group.

On 5 September 2014, the Group entered into a non-legally binding memorandum of understanding (the "MOU") with Integrated Capital Investments Limited (the "Issuer"), an independent third party of the Group, in connection with a possible subscription of 3-year 2% coupon convertible bonds issued in the principal amount of HK$450 million. Pursuant to the terms of the MOU, the parties to the MOU shall negotiate in good faith towards one another in ensuring that a legally-binding formal subscription agreement will be entered into on or before 5 December 2014. The Issuer has a direct wholly-owned subsidiary operating resort towers in Niseko, Hokkaido, Japan. Niseko is one of the famous ski resort areas in Japan and is well known for its heavy light powder snow and spectacular backcountry. With the continuous growth of tourism and the potential momentum and prospects of the hotel and resort industry in Japan, the possible subscription will provide an attractive and unique opportunity for the Company to be well-positioned and ride-on the growing trend in hotel and resort sector in Japan.

Looking forward, the Group will continue to proactively seize strategic investment opportunities with an aim to further strengthen the asset base and strive for the best return to the shareholders.

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our staff for their dedication and commitment as well as to our valued shareholders, customers, suppliers and other business partners for their support and encouragement to the Group in the past year.

Wong Hin Shek
Chairman

Hong Kong, 29 September 2014

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group was principally engaged in four segments, (i) liquor and wine business; (ii) investments in listed securities; (iii) copper rods business; and (iv) cable and wires business. For the year ended 30 June 2014, the Group recorded a turnover of approximately HK$439 million, representing an increment of approximately 7% as compared to that for last year (2013: approximately HK$411 million). Loss for the year attributable to shareholders of the Company was approximately HK$41 million (2013: approximately HK$73 million). The loss was mainly due to (i) the unsatisfactory results of the liquor and wine business, and (ii) the impairment loss on property, plant and equipment, goodwill and intangible assets, which partly offset the gain on changes in fair value of financial assets and liabilities at fair value through profit or loss. Basic loss per share was approximately HK1.15 cents (2013: HK2.18 cents).

Liquor and Wine Business

The turnover of the liquor and wine business dropped by approximately HK$34 million to approximately HK$91 million (2013: approximately HK$125 million) and a segment loss of approximately HK$648 million (2013: segment profit of approximately HK$31 million) was recorded for the year ended 30 June 2014. The decline of the turnover and the segment results were mainly due to the economic slowdown in Mainland China and the enforcement of a number of frugality policies by the Chinese government which resulted in dramatically drop of sale orders. The recent sales return by a distributor also adversely affected the turnover and results. Due to the changes of the market conditions, the Group gradually agreed with the distributors to discontinue the cooperation agreements, including the formation of the joint-venture companies and the share of profits from stores. In return, the Group charged a higher profit margin on the sales to distributors. Opportunities and flexibility were given to the Group and distributors in transforming the business model in a simple and cost-effective manner. It is expected that the market of liquor and wine business will remain harsh in the coming year and gradually become stabilized and rationalized in the long run. Impairment losses on intangible assets and goodwill in aggregate of approximately HK$608 million were recognised for the year ended 30 June 2014.

Pursuant to the terms of the sale and purchase agreement dated 1 November 2012 and the supplemental agreement dated 23 January 2013 entered into between the Group and the then vendor in relation to the acquisition of the liquor and wine business, if the profits of the acquired liquor and wine business for the three financial years ending 31 December 2013, 2014 and 2015 in aggregate shall be less than RMB300 million, the number of the convertible preference shares to be released to the then vendor will be adjusted downward. Therefore, a gain on change in fair value of contingent share consideration payable of approximately HK$491 million was recognised for the year ended 30 June 2014.

Listed Securities Investments

As at 30 June 2014, the Group managed a portfolio of listed securities with fair value of approximately HK$85 million (2013: approximately HK$112 million). During the year under review, the Group recorded an unrealised gain arising from the fair value change of investments in listed securities of approximately HK$20 million and a realised gain on disposal of certain investments in listed securities of approximately HK$114 million due to favorable results of global equity market caused by rebound of global economic environment.

Copper Rods Business

The copper rods business covers the manufacturing and trading of copper rods and copper wires used primarily in producing copper wires and cables for electrical products and infrastructure facilities. The turnover for the year ended 30 June 2014 increased by 41% to approximately HK$192 million (2013: approximately HK$136 million) and a segment loss of approximately HK$6 million (2013: approximately HK$27 million) was recorded. The loss was mainly due to the impairment loss of property, plant and equipment of approximately HK$6 million.

Cable and Wires Business

The cable and wires business covers the manufacturing and trading of domestic and electronic appliances. The cable and wires business was continuously affected by increasing labor costs and the competitive market. For the year ended 30 June 2014, the turnover of cable and wires business slightly increased by 4% to approximately HK$153 million (2013: approximately HK$147 million) while a segment loss of approximately HK$3 million (2013: segment profit of approximately HK$1 million) was recorded. The loss was mainly due to the impairment loss on property, plant and equipment of approximately HK$3 million.

PROSPECTS

The liquor and wine business will continue to face challenges in the near futures. However, after the recent adjustments on the liquor market in the Mainland China, the business environment of liquor market will gradually be stabilized and become more rationalized in the long run. Together with the increasing trend of the consumption power of China citizens and introduction of the low to middle class liquor products, the development of liquor and wine business will be sustainable. The Group will continue the collaboration with various well-known liquor and wine manufacturers to explore other new liquor and wine products and increase its publicity.

On 24 July 2014, the Company, as vendor entered into a sale and purchase agreement with Zhan Liang Holdings Limited (the "Purchaser"), an independent third party of the Group, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Company's entire issued share capital of Hua Yi Copper (BVI) Company Limited and its subsidiaries at a consideration of HK$136.2 million. Hua Yi Copper (BVI) Company Limited and its subsidiaries are principally engaged in the manufacturing and trading of cables and wires and copper rods. The resolution of the disposal has been duly passed by the shareholders at the special general meeting held on 18 September 2014. The completion of the disposal is still subject to other conditions precedent in the sale and purchase agreement. Upon the completion of the disposal, the Group would better utilise the existing resources in the development of liquor and wine business.

On 5 September 2014, Noble Advantage Limited, a direct wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding (the "MOU") with Integrated Capital Investments Limited (the "Issuer"), an independent third party of the Group, in connection with a possible subscription of 3-year 2% coupon convertible bonds issued in the principal amount of HK$450 million. Pursuant to the terms of the MOU, the parties to the MOU shall negotiate in good faith towards one another in ensuring that a legally-binding formal subscription agreement will be entered into on or before 5 December 2014. A refundable deposit of HK$180 million has been paid in cash to the Issuer upon signing of the MOU. The Issuer has a direct wholly-owned subsidiary which engaged in the operation of resort in Niseko, Hokkaido, Japan. Niseko is one of the renowned ski resort areas in the world and well-known for its heavy light powder snow and spectacular backcountry. Given the increasing trend in tourism in Japan, the possible subscription gives an unique chance to the Group to seek investment opportunity in hotel and resort sector in Japan.

Looking ahead, the Group will continue to cautious in its investment approach on listed securities investments, closely monitor the liquor and wine market and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders.

FINAL DIVIDEND

The Board resolved not to declare any dividend for the year ended 30 June 2014 (2013: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had pledged deposits and cash and bank balances amounting to approximately HK$528 million (2013: approximately HK$328 million) and net current assets value was approximately HK$718 million (2013: approximately HK$58 million). The Group's gearing ratio as at 30 June 2014 was 0.33 (2013: 0.73), being a ratio of total debts, including bills payable, borrowings, corporate bonds and contingent share consideration payable under financial liabilities of approximately HK$247 million (2013: approximately HK$546 million) to the shareholders' fund of approximately HK$747 million (2013: approximately HK$744 million).

As at 30 June 2014, the Group had pledged certain property, plant and equipment and prepaid lease payments for land with aggregate carrying value of approximately HK$44 million (2013: approximately HK$47 million) to secure general banking facilities granted to the Group. The Group's bank deposits of approximately HK$122 million (2013: Nil) were pledged for the bank loans.

During the year, a direct wholly-owned subsidiary issued 3-year 8% and 10% coupon unlisted corporate bonds with principal amount of HK$15.5 million and HK$57.5 million respectively (2013: Nil). The bonds are guaranteed by the Company.

Save as disclosed above, no other group assets were charged or pledged to secure any loans or borrowings.

CAPITAL STRUCTURE

On 4 July 2013 and 19 July 2013, the Board granted 259,400,000 and 100,000,000 share options respectively to the eligible participants as defined in the share option scheme adopted by the Company on 4 December 2003 at the exercise price of HK$0.435 and HK$0.433 per share respectively.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities (2013: Nil).

COMMITMENTS

As at 30 June 2014, the Group had capital commitments, which are contracted but not provided for, in respect of acquisition of plant and machinery amounting to approximately HK$0.64 million (2013: approximately HK$0.72 million).

As at 30 June 2014, the Group did not have capital commitments in respect of investments in investee companies (2013: approximately HK$3.2 million).

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014 the Group had approximately 480 (2013: 450) employees in Hong Kong and the People's Republic of China (the "PRC"). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for PRC employees and share option scheme.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Wong Hin Shek ("Mr. Wong"), aged 44, has been appointed as the Chairman and Executive Director of the Company since July 2009. He has over 20 years of experience in the investment banking industry. Mr. Wong holds a Master of Science (Financial Management) degree from University of London in United Kingdom and a Bachelor of Commerce degree from University of Toronto in Canada. Mr. Wong is also a responsible officer of Veda Capital Limited, a licensed corporation which carries out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance. He has been involved in the management, business development and strategic investment of listed companies in Hong Kong. Mr. Wong was an executive director of EverChina Int'l Holdings Company Limited (formerly known as "Interchina Holdings Company Limited") (stock code: 202) from October 2011 to August 2012 and KuangChi Science Limited (formerly known as "Climax International Company Limited") (stock code: 439) from June 2007 to August 2014.

Mr. Chi Chi Hung, Kenneth ("Mr. Chi"), aged 46, has been appointed as the Chief Executive Officer and the Executive Director of the Company since January 2010. Mr. Chi has over 20 years of experience in accounting and financial control area. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an executive director of China Sandi Holdings Limited (stock code: 910), Ceneric (Holdings) Limited (stock code: 542) and e-Kong Group Limited (stock code: 524). He is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085), Aurum Pacific (China) Group Limited (stock code: 8148), China Natural Investment Company Limited (stock code: 8250), Perfect Shape (PRC) Holdings Limited (stock code: 1830), Noble Century Investment Holdings Limited (stock code: 2322) and L'sea Resources International Holdings Limited (stock code: 195). Mr. Chi was an independent non-executive director of EverChina Int'l Holdings Company Limited (formerly known as "Interchina Holdings Company Limited") (stock code: 202) from October 2011 to August 2012 and an executive director of M Dream Inworld Limited (stock code: 8100) from July 2010 to June 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Wai On ("Mr. Chiu"), aged 44, joined the Company since June 2009. Mr. Chiu is also the chairman of each of the audit committee, remuneration committee and nomination committee of the Company. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chiu possesses over 10 years of professional experience in accounting and auditing services. Mr. Chiu is also an independent non-executive director of New Times Energy Corporation Limited (stock code: 166).

Mr. Man Kwok Leung ("Mr. Man"), aged 67, joined the Company since May 2009. Mr. Man is also the member of each of the audit committee, remuneration committee and nomination committee of the Company. He is a solicitor of the High Court of Hong Kong and a civil celebrant of marriages. Mr. Man has extensive experience in the legal practice. He had been appointed by Xinhua News Agency as a district advisor from 1995 to 1997. He is currently appointed as a director of Apleichau Kai Fong Primary School, the deputy chairman of Apleichau Kai Fong Welfare Association, the secretary of Apleichau Promotion of Tourism Association and the honorary legal advisor of Junior Police Officers' Association. Mr. Man is currently an independent non-executive director of Kong Sun Holdings Limited (stock code: 295) and Noble Century Investment Holdings Limited (stock code: 2322). He was an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) from November 2009 to September 2012 and KuangChi Science Limited (formerly known as "Climax International Company Limited") (stock code: 439) from May 2008 to August 2014.

Directors' Profile

Dr. Wong Yun Kuen ("Dr. Wong"), aged 57, joined the Company since June 2009. Dr. Wong is also the member of each of the audit committee, remuneration committee and nomination committee of the Company. He received his Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited (stock code: 768), and an independent non-executive director of Harmony Asset Limited (stock code: 428), Bauhaus International (Holdings) Limited (stock code: 483), Kaisun Energy Group Limited (stock code: 8203), China Yunnan Tin Minerals Group Company Limited (stock code: 263), Kong Sun Holdings Limited (stock code: 295), Kingston Financial Group Limited (stock code: 1031), China Sandi Holdings Limited (stock code: 910) and Sincere Watch (Hong Kong) Limited (stock code: 444). Dr. Wong was an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) from November 2009 to September 2012, KuangChi Science Limited (formerly known as "Climax International Company Limited") (stock code: 439) from June 2007 to August 2014 and New Island Development Holdings Limited (stock code: 377) from October 2010 to September 2014.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of senior management of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhance the shareholders' value and safeguard the interests of the shareholders. Accordingly, the Company has adopted sound corporate governance practices that emphasis an effective internal control and accountability to all shareholders.

During the year, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the deviation from the code provision A.4.1 which is explained below.

Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing Independent Non-executive Directors were not appointed for a specific term as required under the code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set of in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board comprises five Directors, with two Executive Directors, Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth and three Independent Non-executive Directors, Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen. Biographical information of the Directors is set out in the section "Directors' Profile" of this annual report.

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. Directors take decisions objectively in the interests of the Company. Some functions including, inter alia, monitor and approval of material transactions, matters involving conflict of interest for a substantial shareholder or director of the Company, the approval of the interim and annual results, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Chief Executive Officer.

The Board meets regularly throughout the financial year. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the Company Secretary to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

Throughout the year and up to the date of this report, the Company complied with Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of a sufficient number of independent non-executive directors and at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise. The Company has received annual confirmations from all Independent Non-executive Directors that they did not have any businesses or financial interests with the Group and were independent in accordance with Rule 3.13 of the Listing Rules.

There is no relationship, including financial, business, family or other material/relevant relationships among the Board members.

Appointment, Re-election and Removal of Directors

In accordance with Bye-law 86 of the Bye-laws of the Company (the "Bye-laws"), a director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

According to Bye-law 87 of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years, and shall then be eligible for re-election.

In accordance with Bye-law 86 of the Bye-laws, the shareholders of the Company may by an ordinary resolution remove any director (but without prejudice to any claim for damages under any contract) before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Company is Mr. Wong Hin Shek whereas the Chief Executive Officer of the Company is Mr. Chi Chi Hung, Kenneth. Their roles are separated, with a clear division of responsibilities. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

BOARD COMMITTEES

The Board has established three committees, namely, Remuneration Committee, Nomination Committee and Audit Committee, for overseeing particular aspects of the Group's affairs. Details of which are set out below. All Board committees of the Company are established with defined written terms of reference which are available on the Company's website and the Stock Exchange's website.

Audit Committee

The Audit Committee of the Company comprises three Independent Non-executive Directors, Mr. Chiu Wai On (the Chairman of the Audit Committee), Mr. Man Kwok Leung and Dr. Wong Yun Kuen. The primary duties of the Audit Committee are to (i) review the Group's financial reporting system, the nature and scope of audit review; (ii) review the effectiveness of the system of internal control procedures and risk management; (iii) make recommendations in relation to the appointment, reappointment and removal of the external auditor; and (iv) review and monitor the external auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year.

During the year, the Audit Committee reviewed the interim and annual results with the external auditor and made recommendation to the Board on the re-appointment of the external auditor in accordance with the Audit Committee's written terms of reference.

The Audit Committee held 2 meetings during the year ended 30 June 2014. The attendance record of each member of the Audit Committee is set out in the sub-section "Directors' and Committees' Meeting Attendance" below.

Remuneration Committee

The Remuneration Committee of the Company comprises three Independent Non-executive Directors, Mr. Chiu Wai On (the Chairman of the Remuneration Committee), Mr. Man Kwok Leung and Dr. Wong Yun Kuen. The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for remuneration policy; (ii) make recommendations to the Board on the remuneration package of individual executive directors, non-executive directors and senior management; and (iii) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment. The Remuneration Committee shall meet at least once a year.

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors and senior management and made recommendations to the Board on the remuneration of the Directors and senior management in accordance with the Remuneration Committee's written terms of reference.

The Remuneration Committee held 3 meetings during the year ended 30 June 2014. The attendance record of each member of the Remuneration Committee is set out in the sub-section "Directors' and Committees' Meeting Attendance" below.

Nomination Committee

The Nomination Committee of the Company comprises three Independent Non-executive Directors, Mr. Chiu Wai On (the Chairman of the Nomination Committee), Mr. Man Kwok Leung and Dr. Wong Yun Kuen. The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board; (ii) identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive directors; and (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee shall meet at least once a year.

During the year, the Nomination Committee reviewed the composition of the Directors and made recommendations to the Board on the re-election of the Directors in accordance with the Nomination Committee's written terms of reference.

The Nomination Committee held 2 meetings during the year ended 30 June 2014. The attendance record of each member of the Nomination Committee is set out in the sub-section "Directors' and Committees' Meeting Attendance" below.

DIRECTORS' AND COMMITTEES' MEETING ATTENDANCE

During the year ended 30 June 2014, the Board held 21 Board meetings.

The attendance record of each Director at the Board meetings, the committees' meetings and the general meetings of the Company held during the year is set out below:

	No. of Meetings attended/held				
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Wong Hin Shek	21/21	–	–	–	1/1
Mr. Chi Chi Hung, Kenneth	21/21	–	–	–	1/1
Independent Non-executive Directors					
Mr. Chiu Wai On	11/21	2/2	3/3	2/2	1/1
Mr. Man Kwok Leung	11/21	2/2	3/3	2/2	1/1
Dr. Wong Yun Kuen	9/21	2/2	3/3	2/2	1/1

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged at the expenses of the Company where necessary.

For the year ended 30 June 2014, the Executive Directors, Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth and the Independent Non-executive Directors, Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen confirmed their participation in continuous professional development as follows:

Directors	Attending seminars conducted by professional parties	Attending training relating to directors' development and duties or relevant topics	Reading materials relating to directors' development and duties or relevant topics	Teaching relating to corporate governance or relevant topics
Executive Directors				
Mr. Wong Hin Shek	✓	✓	✓	
Mr. Chi Chi Hung, Kenneth	✓			
Independent Non-executive Directors				
Mr. Chiu Wai On	✓		✓	
Mr. Man Kwok Leung	✓		✓	
Dr. Wong Yun Kuen	✓	✓	✓	✓

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company. In preparing the financial statements for the year ended 30 June 2014, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statements of the Company is set out in the "Independent Auditor's Report" of this annual report.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

COMPANY SECRETARY

The Company Secretary, Mr. Chi Chi Hung, Kenneth, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of directors.

During the year under review, Mr. Chi has attended relevant professional seminars to update his skills and knowledge. He met the training requirement set out in Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services for the year ended 30 June 2014 provided by the Company's auditor, BDO Limited, are as follows:

	HK$'000
Audit services	1,100
Non-audit services	230
Total	1,330

SHAREHOLDERS' RIGHTS

(I) Convene a Special General Meeting

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company can at all times submit a signed written requisition, specifying the purpose, to the Board or the Company Secretary to require the convening of a special general meeting ("SGM"). If within 21 days of such deposit the Board fails to proceed to convene the SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, themselves may convene a SGM, but any SGM so convened shall not be held after the expiration of three months from 21 days of the deposit.

(II) Send Enquiries to the Board

Enquiries of shareholders can be sent to the Company either by email at info.gc@guocanggroup.com or by post to the Company's Hong Kong head office at Suite 3908, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Shareholders can also make enquires with the Board directly at the general meetings.

(III) Make Proposals at General Meetings

Shareholders representing not less that one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the general meeting or who are no less than 100 shareholders can submit a written requisition to the Board or the Company Secretary to propose a resolution at a general meeting. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and contain the signatures of all the requisitionists (which may be contained in one document or in several documents in like form). Such requisition must be deposited to the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda not less than 6 weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than 1 week before the general meeting in the case of any other requisition and be accompanied by a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules.

INVESTOR RELATIONS

The Company considers effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meeting and other general meetings. The website of the Company at www.guocanggroup.com has provided an effective communication platform to the public and the shareholders.

During the year ended 30 June 2014, there has not been any change in the Company's constitutional documents. A consolidated version of the Company's constitutional documents is available on the Company's website and the Stock Exchange's website.

INTERNAL CONTROL

The Board ensures the maintenance of sound and effective internal controls to safeguard the shareholders' investment and the assets of the Company. It has been an important duty of the Directors to conduct a review of the effectiveness of the system of internal control of the Group annually or at anytime necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions. For the year under review, the Board has through the Audit Committee, reviewed and reached the conclusion that the Group's internal control system was in place and effective.

Director's Report

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are engaged in the businesses of (i) trading and distribution of liquor and wine; (ii) investments in listed securities; (iii) manufacture and trading of cable and wires; and (iv) manufacture and trading of copper rods.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2014 are set out in the consolidated statement of comprehensive income on page 23.

The Board resolved not to pay any final dividend for the year ended 30 June 2014 (2013: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2014, the five largest customers of the Group together accounted for approximately 38% (2013: approximately 34%), with the largest customer accounted for approximately 10% (2013: approximately 10%) of the Group's total turnover. The five largest suppliers of the Group together accounted for approximately 62% (2013: approximately 86%), with the largest supplier accounted for approximately 25% (2013: approximately 50%) of the Group's total purchases during the year.

To the best of the Directors' knowledge, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements during the year in the share capital and share options of the Company are set out in respective note 31 and 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 June 2014, the Company had no reserves available for distribution (2013: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past 5 financial years is set out on page 94.

EVENTS AFTER REPORTING PERIOD

Disposal of Hua Yi Copper (BVI) Company Limited

On 24 July 2014, the Company, as vendor entered into a sale and purchase agreement with Zhan Liang Holdings Limited (the "Purchaser") , an independent third party of the Group, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Company's entire issued share capital of Hua Yi Copper (BVI) Company Limited (the "Hua Yi Group") at a consideration of HK$136.2 million. The Hua Yi Group is principally engaged in the manufacturing and trading of cables and wires and copper rods. The resolution of the disposal transaction has been duly passed by the shareholders at the special general meeting held on 18 September 2014. The completion of the disposal is still subject to other conditions precedent in the sale and purchase agreement.

Details of the disposal are disclosed in the announcements of the Company dated 24 July 2014 and 18 September 2014 and the circular of the Company dated 29 August 2014.

Memorandum of understanding in respect of possible subscription of convertible bonds

On 5 September 2014, Noble Advantage Limited, a direct wholly-owned subsidiary of the Company, as subscriber, entered into a non-legally binding memorandum of understanding (the "MOU") with Integrated Capital Investments Limited, an independent third party of the Group in connection with a possible subscription of 3-year 2% coupon convertible bonds issued in the principal amount of HK$450 million. Pursuant to the terms of the MOU, the parties to the MOU shall negotiate in good faith towards one another in ensuing that a legally-binding formal subscription agreement will be entered into on or before 5 December 2014. A refundable deposit in the sum of HK$180 million has been paid in cash to Integrated Capital Investments Limited upon signing of the MOU.

Details of the transaction are disclosed in the announcement of the Company dated 5 September 2014.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Wong Hin Shek *(Chairman)*
Mr. Chi Chi Hung, Kenneth *(Chief Executive Officer)*

Independent Non-executive Directors:

Mr. Chiu Wai On
Mr. Man Kwok Leung
Dr. Wong Yun Kuen

In accordance with Bye-law 87 of the Bye-laws, Mr. Wong Hin Shek and Mr. Chiu Wai On will retire as Directors by rotation and being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

Independent Non-executive Directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the Bye-laws.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within 1 year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme, at no time during the year was the Company or its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole and any substantial part of the business of the Company was entered into or in existence during the year.

CONNECTED TRANSACTIONS

Related party transactions entered by the Group during the year ended 30 June 2014, which do not constitute connected transactions in accordance with the requirements of the Listing Rules, are disclosed in note 38 to the consolidated financial statements.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SECURITIES OF THE COMPANY

As at 30 June 2014, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

Long positions in the shares of the Company

Name of directors	Capacity	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of the issued share capital
Mr. Wong Hin Shek	Beneficial owner	–	29,900,000	29,900,000	0.83%
Mr. Chi Chi Hung, Kenneth	Beneficial owner	23,000,000	–	23,000,000	0.64%

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES OF THE COMPANY

As at 30 June 2014 , the following shareholders (other than the Directors or the chief executive of the Company) had an interest or short positions in the shares or underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group were as follows:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of the issued share capital
Goldsure Limited (note 1)	Beneficial owner	–	1,238,095,238	1,238,095,238	34.44%
Mr. Tang Tong (note 1)	Interest of controlled corporation	–	1,238,095,238	1,238,095,238	34.44%
Intense Rise Holdings Limited (note 2)	Beneficial owner	870,007,125	–	870,007,125	24.20%
Mr. Choy Shiu Tim (note 2)	Beneficial owner and Interest of controlled corporation	1,050,007,125	–	1,050,007,125	29.21%
Wise Profit Group Limited (note 3)	Beneficial owner	418,210,000	–	418,210,000	11.63%
Mr. Wong Yat Fai (note 3)	Beneficial owner and Interest of controlled corporation	420,850,000	–	420,850,000	11.71%

Notes:

1. The 1,238,095,238 convertible preference shares are held by Goldsure Limited, which is wholly-owned by Mr. Tang Tong. Thus, he is deemed to be interested in the 1,238,095,238 convertible preference shares held by Goldsure Limited pursuant to the SFO.

2. The 870,007,125 shares out of the 1,050,007,125 shares are held by Intense Rise Holdings Limited, which is wholly-owned by Mr. Choy Shiu Tim. Thus, he is deemed to be interested in the 870,007,125 shares held by Intense Rise Holdings Limited pursuant to the SFO.

3. The 418,210,000 shares out of the 420,850,000 shares are held by Wise Profit Group Limited, which is wholly-owned by Mr. Wong Yat Fai. Thus, he is deemed to be interested in the 418,210,000 shares held by Wise Profit Group Limited pursuant to the SFO.

Save as disclosed above, no person other than the Directors or the chief executive of the Company, whose interests are set out in the paragraph headed "Directors' and the chief executive's interests in securities of the Company", and shareholders, whose interests are set out in the paragraph headed "Substantial shareholders' and other persons' interests in securities of the Company" above, had registered an interest or short position in the shares or underlying shares that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

Full details on the Company's corporate governance practices are set out in pages 10 to 15.

AUDIT COMMITTEE

The Audit Committee of the Company was established with written terms of reference which are in line with the CG Code and comprises three Independent Non-executive Directors.

The Audit Committee has reviewed with the management of the Company and the external auditor the Group's annual results for the year ended 30 June 2014, and was of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report as required under the Listing Rules.

AUDITOR

BDO Limited shall retire and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Wong Hin Shek
Chairman and Executive Director

Hong Kong, 29 September 2014

Independent Auditor's Report

BDO

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TO THE SHAREHOLDERS OF GUOCANG GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Guocang Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 93, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the presentation 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 90 of the Companies Act of Bermuda, 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

BDO Limited
Certified Public Accountants

Lam Hung Yun, Andrew
Practising Certificate Number P04092
Hong Kong, 29 September 2014

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	6	439,316	410,975
Cost of sales		(399,529)	(358,261)
Gross profit		39,787	52,714
Interest income		6,713	6,229
Other income		3,261	4,884
Selling and distribution expenses		(8,185)	(2,940)
General and administrative expenses		(126,815)	(73,485)
Finance costs	9	(8,576)	(3,615)
Reversal of impairment loss on loan receivable	22	550	300
Impairment loss on property, plant and equipment	14	(9,461)	(16,887)
Impairment loss on intangible assets	17	(178,511)	–
Impairment loss on goodwill	18	(429,617)	–
Impairment loss on financial assets at fair value through profit or loss	23	–	(18,040)
Change in fair value of financial assets at fair value through profit or loss	23	134,118	(3,678)
Change in fair value of financial liabilities at fair value through profit or loss	28	491,167	(9,924)
Loss before income tax	7	(85,569)	(64,442)
Income tax credit/(expense)	10	44,293	(8,144)
Loss for the year attributable to owners of the Company		(41,276)	(72,586)
Other comprehensive income attributable to owners of the Company			
Item that will be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		566	5,097
Total comprehensive income for the year attributable to owners of the Company		(40,710)	(67,489)
Loss per share attributable to owners of the Company:	13		
— Basic		(1.15)HK cents	(2.18)HK cents
— Diluted		N/A	N/A

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**87,022**	110,051
Prepayments for acquisition of property, plant and equipment	14	**582**	175
Prepaid lease payments for land	15	**9,762**	10,016
Intangible assets	17	**–**	182,862
Goodwill	18	**–**	428,805
Prepayments	19	**2,370**	–
Total non-current assets		**99,736**	731,909
Current assets			
Inventories	20	**138,577**	75,841
Trade receivables, other receivables, deposits and prepayments	19	**197,605**	254,146
Bills receivable	21	**12,182**	6,542
Loans receivable	22	**65,610**	47,444
Prepaid lease payments for land	15	**248**	248
Financial assets at fair value through profit or loss	23	**85,489**	112,263
Pledged deposits	24	**121,534**	–
Bank balances and cash	24	**406,578**	328,249
Total current assets		**1,027,823**	824,733
Current liabilities			
Trade payables, other advances and accruals	25	**123,492**	211,781
Bills payable	26	**1,460**	–
Borrowings	27	**165,278**	44,100
Tax payable		**9,007**	9,260
Financial liabilities at fair value through profit or loss	28	**10,675**	501,456
Total current liabilities		**309,912**	766,597
Net current assets		**717,911**	58,136
Total assets less current liabilities		**817,647**	790,045

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Corporate bonds	29	**69,526**	–
Deferred tax liabilities	30	**690**	46,434
Total non-current liabilities		**70,216**	46,434
Net assets		**747,431**	743,611
EQUITY			
Share capital	31	**179,721**	179,721
Reserves		**567,597**	563,777
Equity attributable to owners of the Company		**747,318**	743,498
Non-controlling interests		**113**	113
Total equity		**747,431**	743,611

These consolidated financial statements were approved and authorised for issue by the board of directors on 29 September 2014 and are signed on its behalf by:

Wong Hin Shek
DIRECTOR

Chi Chi Hung, Kenneth
DIRECTOR

Statement of Financial Position

At 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	16	**567,902**	1,087,396
Property, plant and equipment	14	**1,198**	1,542
Total non-current assets		**569,100**	1,088,938
Current assets			
Prepayments		**199**	255
Bank balances and cash	24	**14**	44
Total current assets		**213**	299
Current liabilities			
Accruals		**232**	491
Amounts due to subsidiaries	16	**12,522**	4,789
Financial liabilities at fair value through profit or loss	28	**10,575**	501,429
Total current liabilities		**23,329**	506,709
Net current liabilities		**(23,116)**	(506,410)
Net assets		**545,984**	582,528
EQUITY			
Share capital	31	**179,721**	179,721
Reserves	32	**366,263**	402,807
Total equity		**545,984**	582,528

These financial statements were approved and authorised for issue by the board of directors on 29 September 2014 and are signed on its behalf by:

Wong Hin Shek
DIRECTOR

Chi Chi Hung, Kenneth
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium* HK$'000	Contributed surplus* HK$'000 (note (a))	Exchange reserve* HK$'000 (note (b))	Statutory reserve fund* HK$'000 (note (c))	Special reserve* HK$'000 (note (d))	Share option reserve* HK$'000 (note (e))	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2012	149,771	451,898	340,932	31,864	14,005	(43,246)	17,265	(373,697)	588,792	–	588,792
Issue of shares upon exercise of warrants	29,950	158,737	–	–	–	–	–	–	188,687	–	188,687
Recognition of equity-settled share-based payments expense	–	–	–	–	–	–	33,508	–	33,508	–	33,508
Lapse of share options	–	–	–	–	–	–	(774)	774	–	–	–
Capital contribution from a non-controlling equity owner	–	–	–	–	–	–	–	–	–	113	113
Transactions with owners	29,950	158,737	–	–	–	–	32,734	774	222,195	113	222,308
Loss for the year	–	–	–	–	–	–	–	(72,586)	(72,586)	–	(72,586)
Other comprehensive income	–	–	–	5,097	–	–	–	–	5,097	–	5,097
Total comprehensive income for the year	–	–	–	5,097	–	–	–	(72,586)	(67,489)	–	(67,489)
Transfer to statutory reserve fund	–	–	–	–	2,895	–	–	(2,895)	–	–	–
At 30 June 2013	179,721	610,635	340,932	36,961	16,900	(43,246)	49,999	(448,404)	743,498	113	743,611

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium* HK$'000	Contributed surplus* HK$'000 (note (a))	Exchange reserve* HK$'000 (note (b))	Statutory reserve fund* HK$'000 (note (c))	Special reserve* HK$'000 (note (d))	Share option reserve* HK$'000 (note (e))	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2013	179,721	610,635	340,932	36,961	16,900	(43,246)	49,999	(448,404)	743,498	113	743,611
Recognition of equity-settled share-based payments expense	–	–	–	–	–	–	44,530	–	44,530	–	44,530
Lapse of share options	–	–	–	–	–	–	(16,491)	16,491	–	–	–
Transactions with owners	–	–	–	–	–	–	28,039	16,491	44,530	–	44,530
Loss for the year	–	–	–	–	–	–	–	(41,276)	(41,276)	–	(41,276)
Other comprehensive income	–	–	–	566	–	–	–	–	566	–	566
Total comprehensive income for the year	–	–	–	566	–	–	–	(41,276)	(40,710)	–	(40,710)
At 30 June 2014	179,721	610,635	340,932	37,527	16,900	(43,246)	78,038	(473,189)	747,318	113	747,431

* These reserve accounts comprise of the consolidated reserves of HK$567,597,000 (2013: HK$563,777,000) in the consolidated statement of financial position.

Notes:

(a) In prior years, the Group undertook capital reorganisations resulting in the elimination of: (i) the share premium account of the Company with a balance of HK$260,881,000 as at 30 September 2005 against accumulated losses of HK$88,157,000 as at that date with the remaining balance of HK$172,724,000 credited to contributed surplus of the Company; and (ii) share capital of the Company of HK$168,208,000 which was credited to contributed surplus of the Company.

(b) Exchange reserve comprises all foreign exchange differences arising on the translation of foreign operations.

(c) According to articles of association of the Group's subsidiaries operating in the People's Republic of China (the "PRC"), the subsidiaries are required to transfer 10% of their net profit as determined in accordance with the PRC Accounting Rules and Regulations to their statutory reserve fund until the statutory reserve fund reaches 50% of the respective registered capital. The transfer to this reserve must be made before distribution of dividend to equity holders of the PRC subsidiaries.

(d) Special reserve arose from the business combination carried out by the Company in 2004, which was accounted for as a reverse acquisition. Details of the transaction were set out in the circular of the Company dated 14 June 2004.

(e) Share option reserve represents the fair value of the share options granted to the eligible parties at the grant date.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss before taxation		**(85,569)**	(64,442)
Adjustments for:			
Depreciation of property, plant and equipment	7	**14,861**	13,765
Amortisation of intangible assets	7	**4,148**	2,074
Amortisation of issuance costs of corporate bonds	7	**176**	–
Provision for inventories	7	**–**	657
Amortisation of prepaid lease payments for land	7	**249**	244
Impairment loss on trade receivables	7	**28,451**	368
Impairment loss on financial assets at fair value through profit or loss	23	**–**	18,040
Reversal of impairment loss on loan receivable	22	**(550)**	(300)
Impairment loss on property, plant and equipment	14	**9,461**	16,887
Impairment loss on intangible assets	17	**178,511**	–
Impairment loss on goodwill	18	**429,617**	–
Impairment loss on prepayments for acquisition of property, plant and equipment	7	**–**	7,650
Share-based payment expenses	7	**44,530**	33,508
Change in fair value of financial assets at fair value through profit or loss	23	**(134,118)**	3,678
Change in fair value of financial liabilities at fair value through profit or loss	28	**(491,167)**	9,924
Loss on disposal of property, plant and equipment	7	**851**	32
Interest income on loans receivable	7	**(3,508)**	(4,340)
Bank interest income	7	**(3,205)**	(1,889)
Finance costs	9	**8,576**	3,615
Operating profit before working capital changes		**1,314**	39,471
(Increase)/decrease in inventories		**(62,736)**	32,944
Decrease/(increase) in trade receivables, other receivables, deposits and prepayments		**25,720**	(145,884)
(Increase)/decrease in bills receivable		**(5,640)**	7,523
Proceeds on disposal of financial assets at fair value through profit or loss		**160,892**	64
(Decrease)/increase in trade payables, other advances and accruals		**(88,289)**	38,367
Increase in bills payable		**1,460**	–
Cash generated from/(used in) operations		**32,721**	(27,515)
Tax (paid)/refunded		**(1,788)**	231
Net cash generated from/(used in) operating activities		**30,933**	(27,284)

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Investing activities			
Interest income on loans receivable received		**3,508**	4,340
Bank interest income received		**3,205**	1,889
Net cash inflow from acquisition of subsidiaries	33	**–**	101
Increase in loans receivable		**(17,616)**	(27,806)
Purchase of property, plant and equipment		**(2,017)**	(4,037)
Proceeds on disposal of financial liabilities at fair value through profit or loss		**386**	128
Prepayments made for acquisition of property, plant and equipment	14	**(582)**	(175)
Increase in pledged deposits		**(121,534)**	–
Net cash used in investing activities		**(134,650)**	(25,560)
Financing activities			
Interest paid on borrowings and corporate bonds		**(8,576)**	(3,615)
Net proceeds from issue of shares upon exercise of warrants		**–**	113,810
Net proceeds from issue of corporate bonds		**69,350**	–
Capital contribution from a non-controlling equity owner		**–**	113
Proceeds from borrowings		**262,304**	59,396
Repayments of borrowings		**(141,126)**	(78,510)
Net cash generated from financing activities		**181,952**	91,194
Net increase in cash and cash equivalents		**78,235**	38,350
Effect of foreign exchange rate changes		**94**	1,687
Cash and cash equivalents at the beginning of the year		**328,249**	288,212
Cash and cash equivalents at the end of the year		**406,578**	328,249
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	24	**406,578**	328,249

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Suite 3908, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 16.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2013:

Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle

The adoption of these amendments has no significant impact on the Group's financial statements.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32. The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new/revised HKFRSs (continued)

HKFRS 10 — Consolidated Financial Statements (continued)

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. As a result of the adoption of HKFRS 10, the Group has changed its accounting policies 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 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in note 16. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in notes 23 and 28. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKFRSs (Amendments) — Annual Improvements 2010–2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Asset[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 (2014) adds to the existing HKFRS 9. HKFRS 9 (2014) introduces new impairment requirement for all financial assets that are not measured at fair value through profit or loss and amendments to the previously finalised classification and measurement requirements.

A new "expected loss" impairment model in HKFRS 9 (2014) replaces the "incurred loss" model in HKAS 39 Financial Instruments: Recognition and Measurement. For financial assets at amortised cost or fair value through other comprehensive income, an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. For trade receivables, there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases.

HKFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to give rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost, which may result in additional financial assets being measured at amortised cost.

A third measurement category has also been added for debt instruments — fair value through other comprehensive income which applies to debt instruments that meet the SPPI contractual cash flow characteristic test.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 15 — Revenue from Contracts with Customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

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

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. An entity may adopt HKFRS 15 on a full retrospective basis. Alternatively, it may choose to adopt it prospectively from the date of initial application.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The adoption of the amendments will not have an impact on its financial position or performance as the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the presentation of HKAS 32.

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

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

The Company's financial statements have been prepared on a going concern basis though the Company was in a net current liabilities position of HK$23,116,000 as at 30 June 2014 (2013: HK$506,410,000). Excluding financial liabilities at fair value through profit or loss as set out in note 28, which will be settled by issuance of the Company's ordinary shares, the Company was in a net current liabilities position of HK$12,541,000 as at 30 June 2014 (2013: HK$4,981,000). The directors are of the opinion, after considering the distribution of profits available from its subsidiaries when necessary, that the Company has sufficient cash resources to satisfy its future working capital and other financial requirements and the Company can be operated as a going concern for the next twelve months.

3.3 Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Business combination and basis of consolidation (continued)

Subsequent to acquisition, the carrying amount of non-controlling interest that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

3.5 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business and the use by others of the Group's assets yielding interest and dividends, net of returns, discounts and other similar allowances and excludes value-added tax or other sales related taxes.

(i) Sales of goods are recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

(ii) Interest income from a financial asset is accrued on a time-apportioned basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimate future cash receipts through the expected life of the financial asset's net carrying amount.

(iii) Dividend income is recognised when the right to receive the dividend is established.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Buildings are depreciated over the shorter of the term of the lease or 50 years using the straight-line method.

Leasehold improvements are depreciated over the shorter of the remaining term of the lease or at 5% per annum using the straight-line method.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Property, plant and equipment (continued)

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Equipment, furniture and fixtures	6.67% – 30.00%
Plant and machinery	6.67% – 20.00%
Motor vehicles	12.50% – 30.00%

The assets' estimated useful lives, estimated residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year in which the item is derecognised.

3.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any impairment losses and intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives as follows. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any change in estimate being accounted for on a prospective basis.

Distribution rights	0.5 year

The amortisation expense is recognised in profit or loss and included in general and administrative expenses.

Intangible assets are tested for impairment as described in note 3.11.

3.9 Goodwill

Goodwill represents the excess of the consideration transferred of a business combination, the amount recognised for non-controlling interest and the fair value of the Group's previously held equity interest over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities measure as at the acquisition date. The consideration transferred of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 3.11).

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Goodwill (continued)

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.10 Prepaid lease payments for land

Prepaid lease payments for land are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments for land are amortised on a straight-line basis over the respective terms of the land use rights.

3.11 Impairment of non-financial assets

Goodwill arising on acquisition of subsidiaries, property, plant and equipment, prepayments for acquisition of property, plant and equipment, prepaid lease payments for land, intangible assets and interests in subsidiaries are subject to impairment testing.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of non-financial assets (continued)

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other non-financial assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill 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.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less any applicable selling expense and the estimated costs necessary to make the sale.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14 Taxation

Taxation for the year comprise of current tax and deferred tax.

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Taxation (continued)

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.16 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognised as profit or loss in the period in which they arise. Non-monetary items carried at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and included as profit or loss or other comprehensive income as appropriate.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (i.e. exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation on or after acquisition date are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at each reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Financial assets at fair value through profit or loss*

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

(ii) *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

(iii) *Impairment of financial assets*

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

For loans and other receivables 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, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Financial assets (continued)

(iii) Impairment of financial assets (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of 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 and other 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by an entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings and corporate bonds

Borrowings and corporate bonds are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the terms of the borrowings.

(ii) Other financial liabilities

Other financial liabilities including trade payables and other advances are subsequently measured at amortised cost, using the effective interest method.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iv) Derivatives not qualified for hedging

Derivatives that do not qualify for hedge accounting are deemed as financial assets/financial liabilities held for trading and are measured at fair value with fair value changes recognised in profit or loss except for derivative instruments which are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured and such derivative instruments are stated at cost less any impairment losses, if applicable.

(v) Contingent share consideration payable

Share-settled contingent consideration arrangements are classified as financial liabilities where the number of shares to be issued in settlement varies. They are initially recognised at their fair values at the date of issue. Changes in fair values in subsequent periods are recognised in profit or loss.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Derecognition

The Group derecognises a financial asset when the contractual right to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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 economic benefits is remote. Possible obligations, the existence of which 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.

3.19 Share-based payment transactions

Share options granted to employees of the Group and others providing similar services

The fair value of share options has been recognised in the profit or loss as share-based payments.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed in full when the equity instruments granted vest immediately unless the compensation qualifies for recognition as an asset with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.21 Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leaves and other allowances are accrued in the year in which the associated services are rendered by employees.

Defined contribution pension obligations

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme not previously covered by the ORSO Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The Scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the Scheme are charged to profit or loss as they become payable in accordance with the rules of the PRC.

3.22 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 key management personnel of the Group or the Company's parent.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Related parties (continued)

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

(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 the employees of the Group or an entity related to the Group.

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

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of 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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3.23 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major businesses.

The Group has identified the following reportable segments: (i) manufacture and trading of cable and wires; (ii) manufacture and trading of copper rods; (iii) investments in listed securities; and (iv) trading and distribution of liquor and wine.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms' length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

— expenses related to share-based payments

— finance costs

— bank interest income

— interest income on loans receivable

— change in fair value of contingent share consideration payable

— corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but loans receivable. In addition, corporate assets and bank balances and cash which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities include all liabilities but tax payable, deferred tax liabilities and corporate bonds. In addition, corporate liabilities and financial liabilities at fair value through profit or loss which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at the end of each reporting period.

Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on either a straight-line basis or reducing balance method where appropriate over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives, depreciation method and the estimated residual values, if any, of the assets at least at the end of each reporting period in order to determine the amount of depreciation expense to be recorded during any reporting period. The depreciation method, useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Income taxes

The Group is subject to income taxes in Hong Kong and the PRC. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimated impairment of trade receivables, loans receivable and other receivables

Impairment loss on receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Allowances for impairment are determined by management of the Group based on the repayment history of its debtors and the current market conditions. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. Management reassesses the amount of impairment allowances of receivables, if any, at each reporting date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of impairment assessment are set out in note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Intangible assets with indefinite useful life are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to disposal and its value in use. The calculation of the fair value less costs to disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Amortisation of intangible assets

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

Valuation of share options granted

The fair value of share options granted was calculated using Black-Scholes valuation model based on the Group management's significant inputs into calculation including an estimated life of share options granted to be 5 years, based on exercise restrictions and behavioural consideration, the volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes no future dividends.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fair value measurement

Certain of the Group's assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1:	Quoted prices in active markets for identical items (unadjusted);
Level 2:	Observable direct or indirect inputs other than Level 1 inputs;
Level 3:	Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

— Financial assets at fair value through profit or loss (note 23)

— Financial liabilities at fair value through profit or loss (note 28)

For more detailed information in relation to the fair value measurement of the items above, please refer to note 5(b).

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, bills receivable, loans receivable, financial assets at fair value through profit or loss, pledged deposits, bank balances and cash, bills payable, trade payables, deposits, other advances, borrowings, financial liabilities at fair value through profit or loss and corporate bonds.

The main risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group mainly operates in Hong Kong and the PRC with most of the transactions denominated and settled in HK$ and Renminbi ("RMB"), which are the functional currencies of respective group companies. The Group's exposure to foreign currency risk primarily arise from certain financial instruments which are denominated in RMB, which are currencies other than the functional currency. The following table summarises the Group's major financial assets denominated in RMB other than the functional currencies of the respective group companies:

	2014 HK$'000	2013 HK$'000
Denominated in RMB		
Pledged deposits	121,534	–
Bank balances and cash	5,932	159

The following table demonstrates the sensitivity at the reporting date to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's loss for the year.

	2014 HK$'000	2013 HK$'000
Increase/(decrease) in loss for the year:		
5% strengthening in HK$	6,373	8
5% weakening in HK$	(6,373)	(8)

The Group currently does not have a foreign currency hedging policy.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group has concentration risk on debtors and loans receivable.

At the end of reporting period, the Group has concentration of credit risk as HK$11,052,000 (2013: HK$28,438,000) and HK$31,924,000 (2013: HK$124,292,000) of total trade receivables due from the Group's largest trade debtor and the five largest trade debtor debtors respectively.

The Group also has concentration of credit risk as HK$30,770,000 (2013: HK$40,444,000) and HK$65,610,000 (2013: HK$47,444,000) of total loans receivable due from the Group's largest borrower and the five largest borrowers respectively.

To monitor the credit risk exposure, the management of the Group has reviewed the recoverability of each debtor and borrower periodically.

The credit risk on bank balances is limited because the counterparts are banks with high credit-ratings or with good reputation.

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and pledged deposits. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances and pledged deposits with a floating interest rate. Management closely monitors cash flow interest rate risk and will consider hedging significant interest rate exposure should the need arise.

As at 30 June 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after income tax and accumulated loss by approximately HK$4,488,000 (2013: HK$2,868,000) respectively.

The sensitivity analysis above was determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis was performed on the same basis for 2013.

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group'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 reporting period) and the earliest date the Group can be required to pay.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Trade payables, other advances and accruals	**117,867**	**117,867**	**117,867**	**–**	**–**	**–**
Bills payable	**1,460**	**1,460**	**1,460**	**–**	**–**	**–**
Borrowings	**165,278**	**175,195**	**175,195**	**–**	**–**	**–**
Corporate bonds	**69,526**	**90,250**	**5,750**	**5,750**	**78,750**	**–**
	354,131	**384,772**	**300,272**	**5,750**	**78,750**	**–**
2013						
Trade payables, other advances and accruals	211,781	211,781	211,781	–	–	–
Borrowings	44,100	45,146	45,146	–	–	–
	255,881	256,927	256,927	–	–	–

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Copper price risk

The Group is exposed to price risk of copper rods, which are the major raw materials for the production process. To mitigate the copper price risk, the Group has entered into copper futures contracts to minimise the Group's risk exposure on the fluctuations of copper price. Details of the copper futures contracts outstanding at the end of reporting period are set out in note 28.

As at 30 June 2014, it was estimated that a general increase/decrease of 10% in copper futures contract price, with all other variables held constant, would decrease/increase the Group's loss after income tax and accumulated losses by HK$186,000 (2013: HK$312,000).

The sensitivity analysis above has been determined assuming that the change in copper futures contract price had occurred at the end of reporting period and had been applied to the exposure to copper futures contract price risk in existence at that date. The 10% increase or decrease represents management's assessment of a reasonably possible change in copper futures contract price over the period until the end of next reporting period. The analysis is performed on the same basis for 2013.

The Group currently does not have a copper price hedging policy.

Price risk

The Group was exposed to equity price changes arising from financial assets and liabilities at fair value through profit or loss.

The Group's listed investments are listed on the Stock Exchange. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

The Group was also exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of contingent share consideration payable of the Group.

Sensitivity analysis

At 30 June 2014, it was estimated that a general increase/decrease of 10% in equity price, with all other variables held constant, would decrease/increase the Group's loss after income tax and accumulated losses by HK$7,491,000 (2013: increase/decrease the Group's loss after income tax and accumulated losses by HK$38,917,000) respectively.

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. The 10% increase or decrease represents management's assessment of a reasonably possible change in equity price over the period until the end of next reporting period. The analysis is performed on the same basis for 2013.

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value

The fair values of the Group's financial assets and financial liabilities are determined as follows:

- the fair value of listed securities and copper future contracts with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of contingent share consideration payable is determined by the directors of the Company with reference to the valuation performed by Grant Sherman Appraisal Limited ("Grant Sherman"), an independent professional qualified valuer and a member of The Hong Kong Institute of Surveyor, by reference to the adjusted number of convertible preference shares to be released to the vendor and the closing share price of the Company at the end of each reporting period.

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1	—	Quoted price (unadjusted) in active markets for identical assets or liabilities.
Level 2	—	Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3	—	Inputs for the asset or liability that are not based on observable market data.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30 June 2014				
Assets				
Financial assets at fair value through profit or loss				
— Hong Kong listed equity investments	85,489	–	–	85,489
Liabilities				
Financial liabilities at fair value through profit or loss				
— Copper future contracts	100	–	–	100
— Contingent share consideration payable	–	–	10,575	10,575
	100	–	10,575	10,675

5. FINANCIAL RISK MANAGEMENT (continued)
(b) Fair value (continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30 June 2013				
Assets				
Financial assets at fair value through profit or loss				
— Hong Kong listed equity investments	112,263	–	–	112,263
Liabilities				
Financial liabilities at fair value through profit or loss				
— Copper future contracts	27	–	–	27
— Contingent share consideration payable	–	–	501,429	501,429
	27	–	501,429	501,456

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. There were no significant transfers of financial assets and liabilities between Level 1, Level 2 and Level 3 fair value hierarchy classifications.

The fair value of contingent share consideration payable is Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below.

	2014 HK$'000
Opening balance (Level 3 recurring fair value)	**501,429**
Change in fair value recognised in profit or loss during the year	**(490,854)**
Closing balance (Level 3 recurring fair value)	**10,575**

Contingent share consideration payable represented the fair value of convertible preference shares to be released to the vendor at the end of reporting period for the business combination as disclosed in note 33. Pursuant to the acquisition agreements, if the total net profit of the liquor and wine business fails to meet the sum of RMB300 million for the 3 years ending 31 December 2015 (the "Profit Target"), the number of convertible preference shares to be released to the vendor shall be adjusted by a pre-defined formula as specified in the acquisition agreements. The pre-defined formula is as follow:

$$\text{Adjusted number of convertible preference shares} = \frac{\text{Actual total net profits} \times 1{,}238{,}095{,}238}{\text{RMB}300{,}000{,}000}$$

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value (continued)

As at 30 June 2014, the directors of the Company are of the opinion that the liquor and wine business is not likely to meet the Profit Target. The number of the convertible preference shares to be released to the vendor would be adjusted from 1,238,095,000 to 44,620,000 by the abovementioned pre-defined formula based on the result of profit forecast on the liquor and wine business up to 31 December 2015. The profit forecast is involved in significant unobservable inputs as follow:

Significant unobservable inputs	
Average growth rate	15%
Average net profit ratio	11%

A higher in the growth rate and the net profit ratio would result in an increase in the fair value of the contingent consideration payable, and vice versa.

The share price used to compute the fair value of the contingent share consideration payable is HK$0.237 per share, being the closing share price of the Company's share on 30 June 2014. If the closing share price of the Company changed by 10%, the impact on the profit or loss would be approximately HK$1,057,000. An increase in closing share price would result in an increase in the fair value of contingent share consideration payable, and vice versa.

6. TURNOVER AND SEGMENT REPORTING

Turnover, which is also revenue, represents the amounts received and receivable for goods sold to outside customers and dividend income from listed securities, net of returns and discounts and sales related taxes during the year.

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) manufacture and trading of cable and wires;

(ii) manufacture and trading of copper rods;

(iii) investments in listed securities; and

(iv) trading and distribution of liquor and wine.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker for assessment of segment performance.

6. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 30 June 2014

	Cable and wires HK$'000	Copper rods HK$'000	Investments in listed securities HK$'000	Liquor and wine HK$'000	Total HK$'000
Turnover	**152,910**	**192,053**	**3,424**	**90,929**	**439,316**
Segment (loss)/profit	**(3,030)**	**(6,459)**	**137,387**	**(647,824)**	**(519,926)**
Unallocated corporate income					**551**
Unallocated corporate expenses					**(10,655)**
Interest income on loans receivable					**3,508**
Bank interest income					**3,205**
Finance costs					**(8,576)**
Share-based payment expenses					**(44,530)**
Change in fair value of contingent share consideration payable					**490,854**
Loss before income tax					**(85,569)**

For the year ended 30 June 2013

	Cable and wires HK$'000	Copper rods HK$'000	Investments in listed securities HK$'000	Liquor and wine HK$'000	Total HK$'000
Turnover	147,495	136,205	2,565	124,710	410,975
Segment profit/(loss)	1,036	(26,510)	(19,185)	30,539	(14,120)
Unallocated corporate income					303
Unallocated corporate expenses					(9,663)
Interest income on loans receivable					4,340
Bank interest income					1,889
Finance costs					(3,615)
Share-based payment expenses					(33,508)
Change in fair value of contingent share consideration payable					(10,068)
Loss before income tax					(64,442)

6. TURNOVER AND SEGMENT REPORTING (continued)

(c) Segment assets and liabilities

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

	2014 HK$'000	2013 HK$'000
Segment assets		
Cable and wires	**135,447**	138,627
Copper rods	**101,597**	67,367
Investments in listed securities	**321,546**	115,781
Liquor and wine	**434,569**	1,119,958
Total segment assets	**993,159**	1,441,733
Loans receivable	**65,610**	47,444
Unallocated bank balances and cash	**63,706**	65,558
Unallocated corporate assets	**5,084**	1,907
Consolidated total assets	**1,127,559**	1,556,642

	2014 HK$'000	2013 HK$'000
Segment liabilities		
Cable and wires	**75,824**	36,035
Copper rods	**27,780**	24,648
Investments in listed securities	**140**	445
Liquor and wine	**185,594**	194,211
Total segment liabilities	**289,338**	255,339
Tax payable	**9,007**	9,260
Deferred tax liabilities	**690**	46,434
Corporate bonds	**69,526**	–
Unallocated financial liabilities at fair value through profit or loss	**10,575**	501,429
Unallocated corporate liabilities	**992**	569
Consolidated total liabilities	**380,128**	813,031

6. TURNOVER AND SEGMENT REPORTING (continued)

(d) Other segment information

For the year ended 30 June 2014

	Cable and wires HK$'000	Copper rods HK$'000	Investments in listed securities HK$'000	Liquor and wine HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	1,821	464	–	489	–	2,774
Amortisation of prepaid lease payments for land	(175)	(74)	–	–	–	(249)
Depreciation of property, plant and equipment	(9,390)	(3,848)	–	(1,270)	(353)	(14,861)
Impairment loss on property, plant and equipment	(3,062)	(6,399)	–	–	–	(9,461)
Amortisation of intangible assets	–	–	–	(4,148)	–	(4,148)
Impairment loss on intangible assets	–	–	–	(178,511)	–	(178,511)
Impairment loss on goodwill	–	–	–	(429,617)	–	(429,617)
Change in fair value of financial liabilities at fair value through profit or loss	313	–	–	–	490,854	491,167
Change in fair value of financial assets at fair value through profit or loss	–	–	134,118	–	–	134,118
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Income tax (expense)/credit	(334)	–	–	45,173	(546)	44,293
Finance costs	(1,796)	(1,029)	–	(5,751)	–	(8,576)

6. TURNOVER AND SEGMENT REPORTING (continued)

(d) Other segment information (continued)

For the year ended 30 June 2013

	Cable and wires HK$'000	Copper rods HK$'000	Investments in listed securities HK$'000	Liquor and wine HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets through business combination	–	–	–	614,646	–	614,646
Additions to non-current assets	202	79	–	3,756	–	4,037
Amortisation of prepaid lease payments for land	(172)	(72)	–	–	–	(244)
Depreciation of property, plant and equipment	(9,199)	(3,782)	–	(340)	(444)	(13,765)
Impairment loss on property, plant and equipment	–	(16,887)	–	–	–	(16,887)
Impairment loss on prepayments for acquisition of property, plant and equipment and exploration and evaluation asset	–	(7,650)	–	–	–	(7,650)
Amortisation of intangible assets	–	–	–	(2,074)	–	(2,074)
Change in fair value of financial liabilities at fair value through profit or loss	144	–	–	–	(10,068)	(9,924)
Change in fair value of financial assets at fair value through profit or loss	–	–	(3,678)	–	–	(3,678)
Impairment loss on financial assets at fair value through profit or loss	–	–	(18,040)	–	–	(18,040)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Income tax credit/(expense)	119	141	–	(7,898)	(506)	(8,144)
Finance costs	(3,085)	(530)	–	–	–	(3,615)

6. TURNOVER AND SEGMENT REPORTING (continued)

(e) Geographic information

The Group's operations are mainly located in Hong Kong (place of domicile) and the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical markets are detailed as below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**3,424**	2,565	**5,876**	4,792
PRC	**435,892**	408,410	**93,860**	727,117
	439,316	410,975	**99,736**	731,909

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and intangible assets, the geographical location is based on the areas of operation. The geographical location of other non-current assets is based on the physical location of the assets.

(f) Major customers

Revenue from customer of the corresponding years contributing over 10% of the total turnover of the Group is as follow:

	2014	2013
	HK$'000	HK$'000
Customer A	**44,454**	18,214

This is a customer of copper rods segment for the year ended 30 June 2014 and revenue from this customer is less than 10% of the total turnover of the Group for the year ended 30 June 2013.

7. LOSS BEFORE INCOME TAX

	2014 HK$'000	2013 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**1,100**	1,420
Depreciation of property, plant and equipment	**14,861**	13,765
Cost of inventories recognised as expense (note (a))	**399,529**	358,261
Provision for inventories (note (b))	**–**	657
Amortisation of issuance cost of corporate bonds	**176**	–
Amortisation of prepaid lease payments for land	**249**	244
Amortisation of intangible assets	**4,148**	2,074
Impairment loss on trade receivables	**28,451**	368
Impairment loss on prepayments for acquisition of property, plant and equipment	**–**	7,650
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**33,088**	25,380
Contributions to retirement benefit schemes	**2,979**	2,613
Share-based payment expenses	**2,934**	3,351
Share-based payment expenses to consultants of the Group	**41,596**	30,157
Operating lease rentals in respect of:		
Office premises	**5,521**	2,036
Motor vehicles	**1,658**	340
Exchange losses, net	**127**	345
Sale of scrapped materials	**(506)**	(276)
Interest income on loans receivable	**(3,508)**	(4,340)
Bank interest income	**(3,205)**	(1,889)
Loss on disposal of property, plant and equipment	**851**	32

Notes:

(a) Cost of inventories includes HK$34,564,000 (2013: HK$30,025,000) relating to staff costs and depreciation of property, plant and equipment for which the amounts are also included in the respective total amounts disclosed separately above.

(b) Provision for inventories has been included in "Cost of sales" on the face of the consolidated statement of comprehensive income.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals for the year were as follows:

For the year ended 30 June 2014

	Fees HK$'000	Share-based payments expense HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Mr. Wong Hin Shek	**2,950**	**–**	**15**	**2,965**
Mr. Chi Chi Hung, Kenneth	**2,450**	**–**	**15**	**2,465**
Independent non-executive directors				
Dr. Wong Yun Kuen	**100**	**–**	**–**	**100**
Mr. Chiu Wai On	**100**	**–**	**–**	**100**
Mr. Man Kwok Leung	**100**	**–**	**–**	**100**
Total	**5,700**	**–**	**30**	**5,730**

For the year ended 30 June 2013

	Fees HK$'000	Share-based payments expense HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Mr. Wong Hin Shek	1,600	3,351	–	4,951
Mr. Chi Chi Hung, Kenneth	1,950	–	–	1,950
Independent non-executive directors				
Dr. Wong Yun Kuen	100	–	–	100
Mr. Chiu Wai On	100	–	–	100
Mr. Man Kwok Leung	100	–	–	100
Total	3,850	3,351	–	7,201

During the current year, no share options (2013: 29,900,000) were granted to directors in respect of their services to the Group. No other emolument was paid to the directors of the Company and there was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 30 June 2014 and 2013.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

The five highest paid individuals of the Group include two (2013: two) executive directors of the Company, details of whose remuneration are included above. The emoluments of the remaining three (2013: three) individuals for the year ended 30 June 2014 were as follows:

	2014 HK$'000	2013 HK$'000
Salaries	1,357	771
Contributions to retirement benefit schemes	30	47
Share-based payment expenses	2,543	–
	3,930	818

Their emoluments fell within the following bands:

	Number of individuals 2014	2013
Nil – HK$1,000,000	2	3
HK$2,500,001 – HK$3,000,000	1	–

20,500,000 share options (2013: Nil) were granted to non-director, highest paid individuals in respect of their services to the Group for the year ended 30 June 2014.

There was no arrangement under which the above non-director, highest paid individuals waived or agreed to waive any remuneration, and neither incentive payment nor compensation for loss of office paid to them for the year ended 30 June 2014 and 2013.

9. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on corporate bonds	764	–
Interest on bank loans and other borrowings wholly repayable within 5 years	7,812	3,615
	8,576	3,615

10. INCOME TAX CREDIT/EXPENSE

For both the years ended 30 June 2014 and 2013, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. The subsidiaries established in the PRC are subject to income taxes at tax rate of 25% (2013: 25%).

	2014	2013
	HK$'000	HK$'000
Current tax for the year		
Hong Kong	**545**	504
PRC	**729**	8,418
Under/(over)-provision for prior years		
PRC	**261**	(231)
Deferred taxation (note 30)	**(45,828)**	(547)
Total income tax (credit)/expense	**(44,293)**	8,144

The taxation for the year can be reconciled to the loss before income tax per the consolidated statement of comprehensive income as follows:

	2014	2013
	HK$'000	HK$'000
Loss before income tax	**(85,569)**	(64,442)
Tax calculated at PRC enterprise income tax of 25% (2013: 25%)	**(21,392)**	(16,111)
Effect of different tax rates of subsidiaries operating in other jurisdictions and changes in tax rates	**5,784**	717
Tax effect of expenses not deductible for tax purposes	**128,699**	42,717
Tax effect of income not taxable for tax purposes	**(158,285)**	(18,948)
Tax effect of tax losses not recognised	**686**	–
Utilisation of tax losses previously not recognised	**(46)**	–
Under/(over)-provision for prior years	**261**	(231)
Total income tax (credit)/expense	**(44,293)**	8,144

11. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 30 June 2014 includes a loss of HK$84,362,000 (2013: a loss of HK$52,039,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2014 (2013: Nil).

13. LOSS PER SHARE

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic loss per share amounts is based on the following data:

	2014	2013
	HK$'000	HK$'000
Loss for the purpose of calculating basic loss per share	**(41,276)**	(72,586)

	Number of shares	
	2014	2013
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**3,594,414**	3,325,274

Diluted loss per share amount for both years was not presented because the impact of the exercise of the share options and convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

14. PROPERTY, PLANT AND EQUIPMENT AND PREPAYMENTS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP						
COST:						
At 1 July 2012	65,292	7,584	10,090	124,139	1,103	208,208
Additions	–	2,242	885	42	868	4,037
Acquired through business combination (note 33)	–	452	453	–	–	905
Disposals	–	–	(3)	–	(292)	(295)
Exchange realignment	2,371	13	270	4,842	42	7,538
At 30 June 2013	67,663	10,291	11,695	129,023	1,721	220,393
Additions	1,221	63	322	586	–	2,192
Disposals	–	(667)	(401)	–	–	(1,068)
Exchange realignment	(44)	(7)	(5)	(87)	(1)	(144)
At 30 June 2014	68,840	9,680	11,611	129,522	1,720	221,373
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
At 1 July 2012	13,402	2,462	7,062	52,831	772	76,529
Provided for the year	3,530	204	794	9,209	28	13,765
Impairment loss	13,726	–	8	3,113	40	16,887
Disposals	–	–	–	–	(263)	(263)
Exchange realignment	727	1	185	2,483	28	3,424
At 30 June 2013	31,385	2,667	8,049	67,636	605	110,342
Provided for the year	3,598	854	818	9,419	172	14,861
Impairment loss	–	–	–	9,461	–	9,461
Disposals	–	(125)	(92)	–	–	(217)
Exchange realignment	(22)	(1)	(4)	(68)	(1)	(96)
At 30 June 2014	34,961	3,395	8,771	86,448	776	134,351
NET CARRYING AMOUNT:						
At 30 June 2014	33,879	6,285	2,840	43,074	944	87,022
At 30 June 2013	36,278	7,624	3,646	61,387	1,116	110,051

14. PROPERTY, PLANT AND EQUIPMENT AND PREPAYMENTS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT (continued)

	Equipment, furniture and fixtures HK$'000
THE COMPANY	
COST:	
At 1 July 2012, 30 June 2013 and 30 June 2014	2,900
ACCUMULATED DEPRECIATION:	
At 1 July 2012	915
Provided for the year	443
At 30 June 2013	1,358
Provided for the year	344
At 30 June 2014	1,702
NET CARRYING AMOUNT:	
At 30 June 2014	1,198
At 30 June 2013	1,542

As at 30 June 2014, the directors reviewed the recoverable amounts of certain property, plant and equipment in the business segments of cable and wires and copper rods as the businesses incurred losses for the past several years. The recoverable amounts of the cash-generating unit of cable and wires and copper rods are based on the fair value less costs of disposal by reference to a valuation performed by Grant Sherman. As a result of such review, an impairment loss of HK$9,461,000 in aggregate was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2014.

As at 30 June 2013, the directors considered and identified that certain property, plant and equipment under the cash-generating unit of copper rods business were damaged. The directors of the Company are of the opinion that it was not cost-effective to incur additional repair and maintenance costs to restore the condition of those items, for which the recoverable amount of those items was nil. Accordingly, provision for impairment loss of HK$16,887,000 in aggregate was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2013.

14. PROPERTY, PLANT AND EQUIPMENT AND PREPAYMENTS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT (continued)

The Group has pledged buildings with a carrying amount as at 30 June 2014 of HK$33,879,000 (2013: HK$36,278,000) to secure banking facilities granted to the Group (note 36).

As at 30 June 2014, the prepayment of HK$582,000 (2013:HK$175,000) represented prepayment made for acquisition of property, plant and equipment.

15. PREPAID LEASE PAYMENTS FOR LAND — GROUP

	2014 **HK$'000**	2013 HK$'000
Net carrying amount:		
At the beginning of year	**10,264**	10,174
Amortisation for the year	**(249)**	(244)
Exchange realignment	**(5)**	334
At the end of year	**10,010**	10,264

The Group's net carrying amount of the prepaid lease payments for land is analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Leasehold land under medium-term leases in the PRC	**10,010**	10,264
Analysed for reporting purposes as:		
Non-current	**9,762**	10,016
Current	**248**	248
	10,010	10,264

The Group has pledged prepaid lease payments for land with an aggregate carrying amount as at 30 June 2014 of HK$10,010,000 (2013: HK$10,264,000) to secure banking facilities granted to the Group (note 36).

16. INTERESTS IN SUBSIDIARIES — COMPANY

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1**	1
Deemed capital contributions	**607,863**	563,333
Amounts due from subsidiaries	**666,254**	664,278
	1,274,118	1,227,612
Less: Impairment losses on amounts due from subsidiaries	**(140,216)**	(140,216)
Impairment losses on deemed capital contributions	**(566,000)**	–
	567,902	1,087,396

The amounts due from subsidiaries are unsecured, interest-free and are not repayable within twelve months after the end of reporting period. The amounts due from subsidiaries in substance represent the Company's interests in the subsidiaries in the form of quasi-equity loans and therefore they are included under the non-current assets of the Company.

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

In the view of poor financial performance of the liquor and wine business, the directors of the Company are of opinion that it was appropriate to provide impairment of HK$566,000,000 (2013: Nil) on the relevant deemed capital contribution for the year ended 30 June 2014.

The following list contains only the particulars of the principal subsidiaries as at 30 June 2014 which principally affect the results, assets or liabilities of the Group as the directors of the Company are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital or registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Directly	Indirectly	
Hua Yi Copper (BVI) Company Limited	British Virgin Islands	US$1	100%	–	Investment holding
Wah Yeung Capital Resources Limited	British Virgin Islands	US$1	–	100%	Investment holding
Max June Limited	British Virgin Islands	US$1	100%	–	Investment holding

16. INTERESTS IN SUBSIDIARIES — COMPANY (continued)

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital or registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Directly	Indirectly	
Brightpower Asset Management Limited	British Virgin Islands	US$1	100%	–	Investments in listed securities
Castle Stream Limited ("Castle Stream")	British Virgin Islands	US$1	100%	–	Issue of debt securities
Cash Stand Investment Limited	Hong Kong	HK$1	–	100%	Money lending
昆山周氏電業有限公司 Kunshan Chau's Electrical Company Limited#	PRC	US$5,000,000	–	100%	Manufacture and trading of cable and wire products
昆山華藝銅業有限公司 Kunshan Hua Yi Copper Products Company Limited#	PRC	US$5,000,000	–	100%	Manufacture and trading of copper rod products
國藏酒莊有限公司 Guocang Liquor & Wine Merchant Limited#	PRC	RMB50,000,000	–	100%	Trading and distribution of liquor and wine

\# Wholly-foreign-owned enterprise

17. INTANGIBLE ASSETS — GROUP

	Distribution rights (note (a)) HK$'000	Distribution network (note (b)) HK$'000	Total HK$'000
COST:			
At 1 July 2012	–	–	–
Acquired through business combination (note 33)	170,075	14,861	184,936
At 30 June 2013	170,075	14,861	184,936
Exchange realignment	(600)	(52)	(652)
At 30 June 2014	169,475	14,809	184,284
ACCUMULATED AMORTISATION AND IMPAIRMENT:			
At 1 July 2012	–	–	–
Amortisation for the year	2,074	–	2,074
At 30 June 2013	2,074	–	2,074
Amortisation for the year	4,148	–	4,148
Impairment loss	163,667	14,844	178,511
Exchange realignment	(414)	(35)	(449)
At 30 June 2014	169,475	14,809	184,284
NET CARRYING AMOUNT:			
At 30 June 2014	–	–	–
At 30 June 2013	168,001	14,861	182,862

17. INTANGIBLE ASSETS — GROUP (continued)

Notes:

(a) Distribution rights represented (i) the exclusive distribution right for 五糧液釀神 (excluding Niangshen 101 series) (in English, for identification purpose only, "Wuliangye Niangshen Liquor Series") granted by 四川五穀釀神酒業集團有限公司 (in English, for identification purpose only, "Sichuan Wugu Niangshen Wine Group Limited") for an indefinite period; and (ii) the non-exclusive distribution right for 五糧液 (in English, for identification purpose only, "Wuliangye Liquor Series") granted by 宜賓五糧液酒類銷售有限責任公司 (in English, for identification purpose only, "Yibin Wuliangye Liquor Sales Co., Ltd.") for the initial period from November 2012 to December 2013 and subsequently extended to June 2015.

Exclusive distribution right with the net carrying amount of HK$163,275,000 (2013: HK$163,863,000) is attributable to the same cash-generating unit with which the goodwill amount is recognised. As the recoverable amount of the cash-generating unit of the liquor and wine business is lower than its carrying amount, an impairment loss of HK$163,667,000 (2013: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2014. Details of the impairment assessment of that cash-generating unit are set out in note 18.

The non-exclusive distribution right was fully amortised for the year ended 30 June 2014.

(b) Distribution network represented agreements in relation to the formation of certain joint-venture companies in various provinces of the PRC and wine distribution network between the Group and each of the provincial distributors.

Distribution network with the net carrying amount of HK$14,809,000 (2013: HK$14,861,000) is attributable to the same cash-generating unit with which the goodwill amount is recognised. As at 30 June 2014, the directors of the Company reviewed the recoverable amounts of distribution network in the liquor and wine business. Due to changes in market conditions, the Group gradually agreed with the provincial distributors to discontinue the cooperation agreements, including the formation of the joint-venture companies and the share of profits from the stores. The directors of the Company are of the opinion that such distribution network would not generate any economic benefit to the Group and the recoverable amount would be minimal. As a result of such review, an impairment loss of HK$14,844,000 (2013: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2014.

18. GOODWILL — GROUP

	HK$'000
COST:	
At 1 July 2012	–
Acquired through business combination (note 33)	428,805
At 30 June 2013	428,805
Exchange realignment	(216)
At 30 June 2014	428,589
ACCUMULATED IMPAIRMENT:	
At 1 July 2012 and 30 June 2013	–
Impairment loss	429,617
Exchange realignment	(1,028)
At 30 June 2014	428,589
NET CARRYING AMOUNT:	
At 30 June 2014	–
At 30 June 2013	428,805

18. GOODWILL — GROUP (continued)

The goodwill was arising from the acquisition of the trading and distribution of liquor and wine business as set out in note 33. The goodwill with the net carrying amount of HK$428,589,000 (2013: HK$428,805,000) is allocated to the cash-generating unit of liquor and wine business (the "Wine CGU").

The recoverable amount of the Wine CGU is determined by the directors of the Company with reference to a valuation report issued by Grant Sherman. The recoverable amount of the Wine CGU has been determined from value-in-use calculation. The calculation used cash flow projections based on latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 26% (2013: 31%). The cash flow projections beyond the 5-year period are extrapolated using a growth rate of 3% (2013: 3%). Cash flow projections during the budget period are based on the expected gross margins during the budget period. Budgeted gross margins and growth rate have been determined based on past performance and the Group management's expectations for the market development and future performance of the Wine CGU. The discount rate is determined based on the cost of capital adjusted by the specific risk associated with the Wine CGU.

The segment results of liquor and wine business for the year ended 30 June 2014 declined as compared to the same period of 2013. With the impacts of economic slowdown in Mainland China and the enforcement of a number of frugality policies by the Chinese government, the liquor and wine business was under a challenging market condition. The high-end liquor market in Mainland China was tardy that distributors were facing the problem of slow liquidity flow.

With reference to the declined results of the Wine CGU during the year ended 30 June 2014 and slow-down of prevailing condition of liquor and wine market in Mainland China, the directors of the Company considered the goodwill and intangible assets arising from the acquisition of the trading and distribution of liquor and wine business should be impaired.

As the recoverable amount of the Wine CGU amounting to HK$157,289,000 is lower than its carrying amount, an impairment loss on the goodwill of HK$429,617,000 (2013: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2014.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS — GROUP

	Notes	**2014** **HK$'000**	2013 HK$'000
Trade receivables	19.1	**113,507**	194,689
Less: Provision for impairment loss		**(28,383)**	–
Trade receivables, net		**85,124**	194,689
Other receivables		**19,914**	10,441
Trade deposits paid		**52,770**	23,671
Prepayments for purchase		**37,799**	23,169
Other deposits and prepayments	19.2	**4,368**	2,176
		199,975	254,146
Less: Current portion		**(197,605)**	(254,146)
Non-current portion		**2,370**	–

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS — GROUP (continued)

Notes:

19.1 The Group allows an average credit period of 0 to 90 days to its trade receivables.

(i) The ageing analysis of trade receivables, net of allowance for doubtful debts, based on invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
Within 30 days	**41,635**	174,307
31–60 days	**24,039**	13,735
61–90 days	**14,930**	5,558
Over 90 days	**4,520**	1,089
	85,124	194,689

(ii) The movements in the impairment for trade receivables during the year are as follows:

	2014 HK$'000	2013 HK$'000
At the beginning of year	**–**	515
Impairment loss for the year	**28,451**	368
Written off	**–**	(939)
Exchange realignment	**(68)**	56
At the end of year	**28,383**	–

Included in the provision for impairment loss is individually impaired trade receivable with balance of HK$28,383,000 (2013: Nil) from a trade debtor who has been in severe financial difficulties.

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

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**76,993**	193,670
Less than 1 month past due	**3,724**	829
1 to 3 months past due	**19**	188
More than 3 months past due	**4,388**	2
	85,124	194,689

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade 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.

19.2 At 30 June 2014, other deposits and prepayments included interest expenses of HK$3,610,000 (2013: Nil) paid in advance for the corporate bonds issued during the year. The prepaid interest are amortised over the maturity term of the corporate bonds.

20. INVENTORIES — GROUP

	2014 HK$'000	2013 HK$'000
Raw materials	7,685	6,589
Work in progress	12,068	11,838
Finished goods and merchandise	118,824	57,414
	138,577	75,841

21. BILLS RECEIVABLE — GROUP

As at 30 June 2014 and 2013, all bills receivable were aged within 180 days.

22. LOANS RECEIVABLE — GROUP

	2014 HK$'000	2013 HK$'000
Gross loans and interest receivables	74,986	57,370
Less: Provision for impairment loss	(9,376)	(9,926)
	65,610	47,444

As at 30 June 2014, the loans receivable with gross principal amount of HK$73,650,000 (2013: HK$56,700,000) in aggregate and related gross interest receivables of HK$1,336,000 (2013: HK$670,000) were due from seven (2013: four) independent third parties. These loans are interest-bearing at rates ranging from 5% to 15% (2013: 5% to 15%) per annum. All the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets as at 30 June 2014 and 2013.

The movements in the impairment loss for loans receivable during the year are as follows:

	2014 HK$'000	2013 HK$'000
At the beginning of year	9,926	10,226
Reversal of impairment loss	(550)	(300)
At the end of year	9,376	9,926

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — GROUP

	2014 HK$'000	2013 HK$'000
Hong Kong listed equity investments, at fair value	**85,489**	112,263

The fair values of listed securities are based on quoted market prices.

For the year ended 30 June 2013, one of the listed securities with carrying amount of HK$18,040,000 was fully impaired as the trading of that security had been suspended and the financial position of the investees became worse. That security was still suspended for trading during the year ended 30 June 2014.

For the year ended 30 June 2014, a gain on change in fair value of financial asset at fair value through profit or loss of HK$134,118,000 (2013: a loss of HK$3,678,000) was recognised in the consolidated statement of comprehensive income.

24. PLEDGED DEPOSITS AND BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods ranging from one day to twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the pledged deposits and bank balances and cash approximate their fair values.

As at 30 June 2014, pledged deposits of HK$121,534,000 (2013: Nil) and bank balances of HK$21,791,000 (2013: HK$6,393,000) are denominated in RMB.

RMB is not freely convertible into other currencies. Under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS — GROUP

	2014 HK$'000	2013 HK$'000
Trade payables	11,005	72,720
Receipts in advance	5,625	–
Other payables and accruals	106,862	139,061
	123,492	211,781

The ageing analysis of trade payables, based on invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
Within 30 days	3,467	26,798
31–60 days	3,173	43,614
61–90 days	1,930	1,598
Over 90 days	2,435	710
	11,005	72,720

26. BILLS PAYABLE — GROUP

All bills payable were guaranteed by pledged deposits as at 30 June 2014 (2013: Nil) (note 36).

27. BORROWINGS — GROUP

	2014 HK$'000	2013 HK$'000
Borrowings are due within 1 year are analysed as follows:		
Bank loans, secured	165,278	44,100

The average effective interest rates of the bank loans range from 5% to 7.5% (2013: 5% to 6%) per annum.

Details of the assets pledged for the Group's borrowings are set out in note 36.

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2014	2013
	HK$'000	HK$'000
Copper futures contracts (note (a))	**100**	27
Contingent share consideration payable (note (b))	**10,575**	501,429
	10,675	501,456

	The Company	
	2014	2013
	HK$'000	HK$'000
Contingent share consideration payable	**10,575**	501,429

Notes:

(a) COPPER FUTURES CONTRACTS

The major terms of the outstanding copper futures contracts of the Group which have not been designated as hedging instruments were as follows:

	As at 30 June 2014	As at 30 June 2013
Quantities (in tonnes)	**40**	50
Average price per tonne (in RMB)	**49,300**	48,390
Maturity period	**October 2014**	October 2013
Fair value of liabilities arising from copper futures contracts (in HK$'000)	**(100)**	(27)

The fair value of above call contracts was determined with reference to the quoted market prices of the commodity at the end of reporting period. The gain on change in fair value of derivative financial instruments of HK$313,000 (2013: HK$144,000) has been recognised in the statement of comprehensive income for the year.

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(b) CONTINGENT SHARE CONSIDERATION PAYABLE

In 2013, the Company issued 1,238,095,000 convertible preference shares as the consideration for the business combination as disclosed in note 33. Convertible preference share of notional value of HK$0.21 each shall be convertible into one new ordinary share, subject to adjustments in the customary manner, including share consolidations, share subdivision, capitalisation issues, capital distributions, rights issues and issues of other securities for cash. Before meeting the Profit Target (as defined in note 33), those convertible preference shares had not yet been released to the vendor and had been deposited with the escrow agent. The convertible preference shares are non-redeemable and not listed on any stock exchange.

The number of the convertible preference shares to be released to the vendor is subject to the downward adjustment as set out in notes 5(b) and 33. The fair value gain of contingent share consideration payable during the year amounted to HK$490,854,000 (2013: HK$61,904,000), which has been recognised in the consolidated statement of comprehensive income for the year.

The fair value of contingent share consideration is a Level 3 recurring fair value measurement. The details of assessment are set out in note 5(b).

(c) WARRANTS

For the year ended 30 June 2011, the Company issued 599,000,000 non-listed warrants at subscription proceeds of HK$2,995,000, each entitled the holder thereof to subscribe for one share of the Company at the subscription price of HK$0.19 per share, subject to anti-dilutive adjustments, at any time during a period of 2 years commencing from the date of issue of the warrants. Further details are set out in the Company's announcements dated 29 November 2010 and 13 December 2010.

During the year ended 30 June 2013, 599,000,000 new ordinary shares were issued on exercise of the 599,000,000 warrants in full. Immediately before exercise of warrants during the year, the fair value of the warrants amounted to HK$74,877,000. Upon the exercise of the warrants, the amount of HK$74,877,000 was credited to the Company's share premium.

For the year ended 30 June 2013, a loss on change in fair value of HK$71,972,000 was recognised in the consolidated statement of comprehensive income. There are no outstanding warrants and no fair value change of the warrants for the year ended 30 June 2014.

29. CORPORATE BONDS — GROUP

	2014	2013
	HK$'000	HK$'000
Corporate bonds	**69,526**	–

During the year ended 30 June 2014, the Group issued two fixed-rate corporate bonds. A corporate bond at principal amount of HK$15,500,000 ("Bond A") bears interest at 8% per annum, and another corporate bond at principal amount of HK$57,500,000 ("Bond B") bears interest at 10% per annum. The interests of Bond A are paid in advance while the interests of Bond B are paid in arrears. Both bonds are guaranteed by the Company and will mature on the date falling on the third anniversary of the date of first issue.

Net proceeds from the issue of the corporate bonds, as reduced by transaction cost, amounted to approximately HK$69,350,000.

The Company may, at any time falling on the first and the second anniversary of the issue dates of the corporate bonds, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving at least 30 days written notice.

30. DEFERRED TAX — GROUP

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the jurisdictions in which the Group operates.

The following is the major deferred tax liabilities recognised by the Group and their movements are:

	Revaluation of properties HK$'000	Fair value adjustment arising from business combination HK$'000	Total HK$'000
At 1 July 2012	724	–	724
Acquired through business combination (note 33)	–	46,234	46,234
Credited to profit or loss for the year (note 10)	(28)	(519)	(547)
Exchange realignment	23	–	23
At 30 June 2013	719	45,715	46,434
Credited to profit or loss for the year (note 10)	(29)	(45,799)	(45,828)
Exchange realignment	–	84	84
At 30 June 2014	690	–	690

As at 30 June 2014, the Group has estimated tax losses arising in Hong Kong of HK$11,981,000 (2013: HK$9,238,000), subject to the agreement of Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. As at 30 June 2014, the Group has estimated tax losses arising in the PRC was amounted to HK$2,770,000 (2013: HK$2,952,000) which are available for offsetting against future taxable profits of the companies will expire from 2015 to 2019 (2013: 2014 to 2018). Deferred tax assets have not been recognised in respect of these estimated tax losses as these were incurred by the companies that have been loss-making for some time.

As at 30 June 2014, the Group has not provided deferred taxation in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group's PRC subsidiaries incurred the loss for the year and the profits earned in previous years have been set off.

As at 30 June 2013, deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounted to HK$24,821,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

31. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.05 each at 30 June 2013 and 2014		
Authorised:		
At 1 July 2012	6,000,000	300,000
Increase in authorised share capital (note (i))	24,000,000	1,200,000
At 30 June 2013 and 30 June 2014	30,000,000	1,500,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 July 2012	2,995,414	149,771
Exercise of warrants (note (ii))	599,000	29,950
At 30 June 2013 and 30 June 2014	3,594,414	179,721

Notes:

(i) Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 4 March 2013, the authorised share capital of the Company was increased from HK$300,000,000 to HK$1,500,000,000 and the number of authorised shares was also increased from 6,000,000,000 shares to 30,000,000,000 shares.

(ii) For the year ended 30 June 2013, 599,000,000 new ordinary shares of par value of HK$0.05 each were issued at the subscription price of HK$0.19 each on exercise of 599,000,000 warrants at an aggregate consideration of HK$113,810,000, of which HK$29,950,000 was credited to share capital and the remaining balance of HK$83,860,000 was credited to share premium.

32. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2012	451,898	414,226	17,265	(624,025)	259,364
Issue of shares upon exercise of warrants	158,737	–	–	–	158,737
Recognition of equity-settled share-based payments expense	–	–	33,508	–	33,508
Lapse of share options	–	–	(774)	774	–
Loss and total comprehensive income for the year	–	–	–	(48,802)	(48,802)
At 30 June 2013	**610,635**	**414,226**	**49,999**	**(672,053)**	**402,807**
Recognition of equity-settled share-based payments expense	**–**	**–**	**44,530**	**–**	**44,530**
Lapse of share options	**–**	**–**	**(16,491)**	**16,491**	**–**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(81,074)**	**(81,074)**
At 30 June 2014	**610,635**	**414,226**	**78,038**	**(736,636)**	**366,263**

33. BUSINESS COMBINATION

The Group does not have any business combination for the year ended 30 June 2014.

For the year ended 30 June 2013, on 22 April 2013, the Group completed the acquisition of the entire issued share capital of Total Grand Investments Limited (together with its subsidiaries the "Wine Group"), a company incorporated in the British Virgin Islands (the "Acquisition"). Further details are set out in the Company's circular and announcement dated 8 February 2013 and 22 April 2013 respectively.

The primary reason for the Acquisition was to broaden the Group's revenue source because the revenue from the Group's cable and wires and copper rods businesses have been declining.

The fair values of identifiable assets and liabilities of the Wine Group recognised at the date of Acquisition were:

	Notes	Carrying amount HK$'000	Fair value adjustment HK$'000	Fair value HK$'000
Property, plant and equipment	14	905	–	905
Intangible assets	17	–	184,936	184,936
Inventories		82,971	–	82,971
Trade receivables, other receivables, deposits and prepayments		59,445	–	59,445
Bank balances and cash		101	–	101
Trade payables, other advances and accruals		(147,596)	–	(147,596)
Deferred tax liabilities	30	–	(46,234)	(46,234)
		(4,174)	138,702	134,528

	HK$'000
Consideration	563,333
Less: Fair value of net identifiable assets and liabilities	(134,528)
Goodwill (note 18)	428,805

The Company issued 1,238,095,000 convertible preference shares as the consideration for the Acquisition. Pursuant to the acquisition agreements, the number of the convertible preference shares to be released to the vendor is subject to downward adjustment if the total net profit of the liquor and wine business fails to meet in the sum of RMB300 million for the 3 years ending 31 December 2015.

At the date of Acquisition, since the directors of the Company were of the opinion that the profit guarantee arrangement could be met, no adjustment was made to the number of convertible preference shares when determining the fair value of contingent share consideration payable. The fair value of contingent share consideration payable of HK$563,333,000 was determined by Grant Sherman with reference to the closing price of the shares of the Company as at that date.

33. BUSINESS COMBINATION (continued)

Post-acquisition contribution to revenue and net profit of the Wine Group as included in the Group's consolidated statement of comprehensive income for the year ended 30 June 2013 is HK$124,710,000 and HK$22,652,000 respectively. Had the Acquisition been completed on 1 July 2012, the revenue and net loss of the Group for the year ended 30 June 2013 would have been HK$414,156,000 and HK$76,762,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Group been completed on 22 April 2013 nor are they intended to be a projection of future results.

The fair value of trade receivables, other receivables, deposits and prepayments amounted to HK$59,445,000. The gross amount of these receivables is HK$59,445,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill of HK$428,805,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the liquor and wine business in the PRC to diversify the revenue stream of the existing business of the Group.

Analysis of the net inflow of cash and cash equivalents as a result of the Acquisition is as follows:

	HK$'000
Cash and cash equivalent acquired	101

34. CAPITAL COMMITMENTS — GROUP

	2014 **HK$'000**	2013 HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	**640**	719
— investments in investee companies	**–**	3,188
	640	3,907

35. LEASE COMMITMENTS — GROUP

As lessee

As at the end of reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating lease in respect of office premises and motor vehicles which fall due as follows:

	2014	2013
	HK$'000	HK$'000
Within 1 year	**5,174**	7,082
In the 2nd to 5th years inclusive	**5,847**	7,740
After 5 years	**–**	652
	11,021	15,474

Leases are negotiated for terms of 1 to 5 years and rentals are fixed for such period. None of the leases include contingent rentals.

36. PLEDGE OF ASSETS — GROUP

At 30 June 2014, the Group had pledged the following assets to secure general banking facilities granted to the Group. The carrying values of these assets are analysed as follows:

		2014	2013
	Notes	**HK$'000**	HK$'000
Property, plant and equipment	14	**33,879**	36,278
Prepaid lease payments for land	15	**10,010**	10,264
Pledged deposits	24	**121,534**	–
		165,423	46,542

37. SHARE OPTION SCHEME

A new share option scheme was adopted by the Company on 13 December 2013, which replaced its old share options scheme adopted in 2003. Under the share option scheme, the directors of the Company may, at their discretion, grant to full-time employees and executive directors of the Company and its subsidiaries the right to take up options to subscribe for shares of the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for services provided to the Group. The share option scheme, unless otherwise cancelled or amended, will expire on 12 December 2023. The subscription price of options is subject to a minimum which is the higher of the nominal value of a share, the closing price of the shares on the Stock Exchange on the date of grant and the average of the closing prices of the shares on the Stock Exchange on the 5 trading days immediately preceding the grant date of the options.

The maximum number of unexercised share options permitted to be granted under the share option scheme must not exceed 10% of the shares of the Company in issue at any time. No option may be granted which, if exercised in full, would result in the total number of shares already issued and issuable under the share option scheme exceeding 30% of the aggregate number of shares of the Company.

37. SHARE OPTION SCHEME (continued)

The acceptance of an option, if accepted, must be made within 21 days from the date of the offer of the grant with a non-refundable payment of HK$1 from the grantee to the Company.

The total number of shares issued and to be issued upon exercise of options granted to each participant (including exercised, cancelled and outstanding options) in 12-month period must not exceed 1% of the shares in issue from time to time unless the same is approved by the shareholders of the Company.

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

During the year, share-based payments expense of HK$44,530,000 (2013: HK$33,508,000) has been charged to profit or loss.

The following table summarised movements of the Company's issued share options during the years:

For the year ended 30 June 2014

						Number of share options			
Capacity	Date of grant	Exercisable period	Vesting period	Exercise price HK$	Outstanding at 1.7.2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30.6.2014
Other eligible persons	19 October 2010	20 October 2010 to 19 October 2013	Immediate on the grant date	0.163	234,190,000	–	–	(234,190,000)	–
Other eligible persons	11 October 2012	12 October 2012 to 11 October 2015	Immediate on the grant date	0.255	269,100,000	–	–	–	269,100,000
Executive director — Mr. Wong Hin Shek	11 October 2012	12 October 2012 to 11 October 2015	Immediate on the grant date	0.255	29,900,000	–	–	–	29,900,000
Other eligible employees	4 July 2013	4 July 2013 to 3 July 2018 (note)	Immediate on the grant date	0.435	–	23,650,000	–	–	23,650,000
Other eligible persons	4 July 2013	4 July 2013 to 3 July 2018 (note)	Immediate on the grant date	0.435	–	235,750,000	–	–	235,750,000
Other eligible persons	19 July 2013	19 July 2013 to 18 July 2018 (note)	Immediate on the grant date	0.433	–	100,000,000	–	–	100,000,000
Total					533,190,000	359,400,000	–	(234,190,000)	658,400,000

37. SHARE OPTION SCHEME (continued)

For the year ended 30 June 2013

						Number of share options			
Capacity	Date of grant	Exercisable period	Vesting period	Exercise price HK$	Outstanding at 1.7.2012	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30.6.2013
Other eligible persons	23 February 2010	24 February 2010 to 23 February 2013	Immediate on the grant date	0.158	10,000,000	–	–	(10,000,000)	–
Other eligible persons	19 October 2010	20 October 2010 to 19 October 2013	Immediate on the grant date	0.163	234,190,000	–	–	–	234,190,000
Other eligible persons	11 October 2012	12 October 2012 to 11 October 2015	Immediate on the grant date	0.255	–	269,100,000	–	–	269,100,000
Executive director — Mr. Wong Hin Shek	11 October 2012	12 October 2012 to 11 October 2015	Immediate on the grant date	0.255	–	29,900,000	–	–	29,900,000
Total					244,190,000	299,000,000	–	(10,000,000)	533,190,000

Note:

The fair value of share options granted to other parties providing similar services of employees during the year, determined at the date of grant of the share options, is expensed over the vesting period. The fair value was calculated using the Black-Scholes Model. The inputs into the model were as follow:

Grant date	4 July 2013	19 July 2013
Share price on date of grant (HK$)	0.440	0.430
Exercise price (HK$)	0.435	0.433
Expected volatility	48.99%	47.71%
Expected life	5 years	5 years
Risk-free interest rate	0.50%	0.45%
Expected dividend yield	Nil	Nil

The volatility of share options granted during the year was generated from Bloomberg based on averages of industry annualised historical share price volatilities of the comparable companies at the date of valuation.

The weighted average remaining contractual life of the options outstanding as at 30 June 2014 was 2.81 years (2013: 1.43 years). No share option was exercised during the year.

At the end of reporting period, the Company had 658,400,000 (2013: 533,190,000) share options outstanding under the share option scheme, which represented 18.3% (2013: 14.8%) of the Company's ordinary shares in issue as at the end of reporting period. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 658,400,000 (2013: 533,190,000) additional ordinary shares of the Company and additional share capital of approximately HK$32,920,000 (2013: HK$26,660,000) and share premium account of approximately HK$199,464,000 (2013: HK$87,758,000) (before issuance expenses).

38. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, during the year, the following transaction was carried out with related party in normal course of the Group's business.

	2014 **HK$'000**	2013 HK$'000
Corporate service fee	**514**	–

Corporate service fee was paid to a related company which is controlled by a director of the Company.

Compensation of key management

The key management of the Group comprises all directors of the Company. Details of their remuneration are disclosed in note 8.

39. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of net debts, which includes bills payable, borrowings, corporate bonds, pledged deposits and bank balances and cash and total equity as disclosed in the consolidated statement of changes in equity.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through new share issues as well as the issue of new debts or redemption of existing debts.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding fair values.

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

	2014 **HK$'000**	2013 HK$'000
Bills payable	**1,460**	–
Borrowings	**165,278**	44,100
Corporate bonds	**69,526**	–
Pledged deposits	**(121,534)**	–
Bank balances and cash	**(406,578)**	(328,249)
Net debts	**(291,848)**	(284,149)
Total equity	**747,431**	743,611
Net debts to equity ratio	**(39%)**	(38%)

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2014 and 2013 may be categorised as follows:

	2014 HK$'000	2013 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**85,489**	112,263
Loans and receivables (including bank balances and cash) at amortised cost	**762,100**	613,212
	847,589	725,475
Financial liabilities		
Financial liabilities at fair value through profit or loss	**10,675**	501,456
Financial liabilities at amortised cost	**354,131**	255,881
	364,806	757,337

41. EVENTS AFTER REPORTING PERIOD

(a) On 24 July 2014, the Company entered into a sale and purchase agreement (the "SPA") with Zhan Liang Holdings Limited (the "Purchaser"), which is an independent third party of the Group. Pursuant to the SPA, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Hua Yi Copper (BVI) Company Limited and its subsidiaries (collectively referred to as "Hua Yi Group") subject to the terms and conditions of the SPA. The disposal consideration is HK$136.2 million, which shall be payable by the Purchaser to the Company in cash within 30 calendar days from the completion date. Hua Yi Group is principally engaged in the manufacturing and trading of cables and wires and copper rods. The resolution of the disposal transaction has been duly passed by the shareholders at the special general meeting held on 18 September 2014. The completion of the disposal transaction is still subject to other conditions precedent in SPA.

Details of the transaction are set out in the Company's announcements dated 24 July 2014 and 18 September 2014, and the Company's circular dated 28 August 2014.

(b) On 5 September 2014, Noble Advantage Limited ("Noble Advantage"), a direct wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the "MOU") with Integrated Capital Investments Limited ("Integrated Capital"), which is an independent third party of the Group, in connection with a possible subscription of 3-year 2% coupon convertible bonds issued in the principal amount of HK$450 million. Pursuant to the terms of the MOU, the parties to the MOU shall negotiate in good faith towards one another in ensuring that a legally-binding formal subscription agreement will be entered into on or before 5 December 2014. A refundable deposit in the sum of HK$180 million has been paid in cash by Noble Advantage to Integrated Capital upon signing of the MOU. Details of the transaction are set out in the Company's announcement dated 5 September 2014.

The above events are considered as non-adjusting events under HKAS 10 "Events After the Reporting Period" and therefore do not have any impact to the consolidated financial statements.

FINANCIAL SUMMARY

RESULTS

	Years ended				
	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**439,316**	410,975	311,872	379,087	324,966
Loss before income tax	**(85,569)**	(64,442)	(52,789)	(46,205)	(166,473)
Income tax credit/(expense)	**44,293**	(8,144)	(308)	(514)	13,039
Loss for the year	**(41,276)**	(72,586)	(53,097)	(46,719)	(153,434)
Loss attributable to:					
Owners of the Company	**(41,276)**	(72,586)	(53,097)	(46,719)	(152,810)
Non-controlling interests	**–**	–	–	–	(624)
	(41,276)	(72,586)	(53,097)	(46,719)	(153,434)

ASSETS AND LIABILITIES

	At 30 June				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,127,559**	1,556,642	680,875	777,714	771,442
Total liabilities	**(380,128)**	(813,031)	(92,083)	(137,933)	(140,764)
	747,431	743,611	588,792	639,781	630,678