NEPTUNE GROUP LIMITED
海王國際集團有限公司

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

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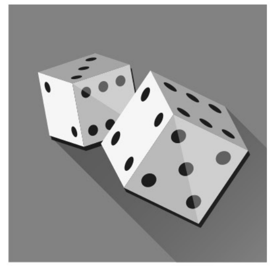
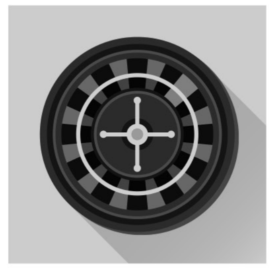
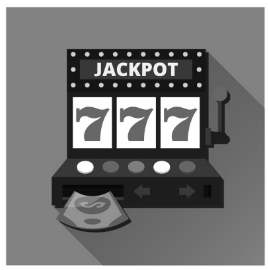

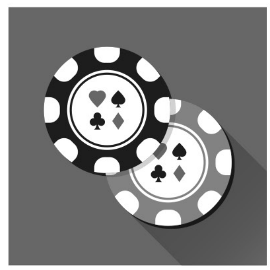
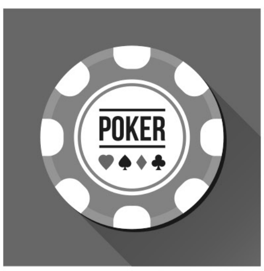


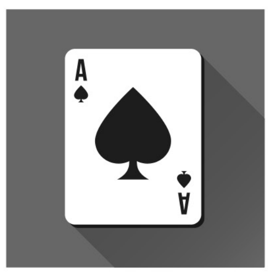

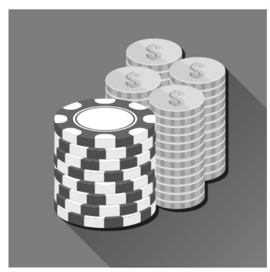
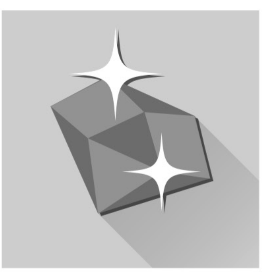
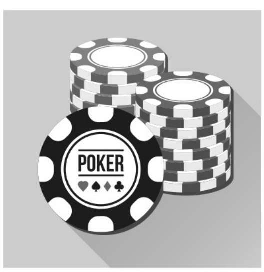

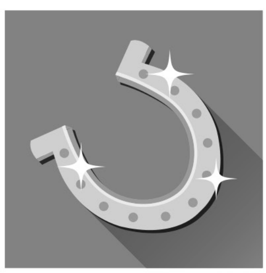
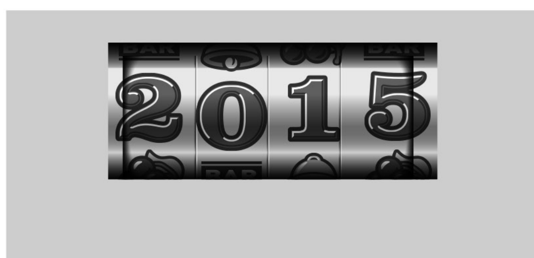

Corporate Information

BOARD OF DIRECTORS

Executive directors:
Mr. Danny Xuda Huang
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam
(resigned on 9 March 2015)
Mr. Chow Chung Lam, Louis
(appointed on 27 March 2015)

COMPANY SECRETARY

Mr. Chan Shiu Kwong, Stephen

AUDIT COMMITTEE

Mr. Cheung Yat Hung, Alton *(Chairman)*
Mr. Yue Fu Wing
Mr. Chan Choi Kam
(resigned on 9 March 2015)
Mr. Chow Chung Lam, Louis
(appointed on 27 March 2015)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

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

PRINCIPAL BANKERS

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

LEGAL ADVISORS

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

E-MAIL

enquiry@neptune.com.hk

STOCK CODE

00070

Group Financial Summary

RESULTS (HK$'000)

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2014	**Year ended 30 June 2015**
Revenue (including continuing and discontinued operations)	438,787	435,377	577,517	710,396	**473,558**
Profit/(loss) attributable to owners of the Company	201,133	282,930	288,300	148,762	**(828,012)**
Earnings/(loss) per share (HK cents)					
– basic	5.23	7.35	6.95	3.22	**(17.94)**
– diluted	5.23	7.35	6.95	3.22	**(17.94)**

ASSETS AND LIABILITIES (HK$'000)

	As at 30 June 2011	As at 30 June 2012	As at 30 June 2013	As at 30 June 2014	**As at 30 June 2015**
Property, plant and equipment	107	62	54,686	965	**643**
Investment properties	32,800	–	–	59,140	**59,200**
Interest in an associate	46,465	46,344	46,344	58,084	**56,205**
Intangible assets	1,444,493	1,444,493	2,102,793	2,102,793	**1,227,571**
Available-for-sale investments	–	–	–	249,524	**39,672**
Other non-current assets	10,438	40,438	–	–	**–**
Net current assets	273,439	408,091	602,863	496,805	**435,740**
Total assets less current liabilities	1,807,742	1,939,428	2,806,686	2,967,311	**1,819,031**
Convertible notes	21,482	–	–	–	**–**
Deferred tax liabilities	2,301	–	–	–	**–**
Net assets	1,783,959	1,939,428	2,806,686	2,967,311	**1,819,031**
Share capital and other statutory capital reserve	948,487	948,487	1,077,853	1,077,853	**1,077,853**
Reserves	243,333	472,082	760,382	915,066	**87,054**
Equity attributable to owners of the Company	1,191,820	1,420,569	1,838,235	1,992,919	**1,164,907**
Non-controlling interests	592,139	518,859	968,451	974,392	**654,124**
Total equity	1,783,959	1,939,428	2,806,686	2,967,311	**1,819,031**
Shareholder's funds – NBV per share (HK$)	0.31	0.37	0.40	0.43	**0.25**

Chairman's Statement

On behalf of the Board of Directors (the "Board") I am pleased to present the annual report and financial results of the Neptune Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2015.

THE CONTINUING BUSINESS REVIEW

Our business continue running on its normal course but clearly have come under intense pressure from a subdued macro environment in the Macau gaming industry. This has impacted our business's bottom line and has been so for all other operators in the industry. We have undoubtedly weathering this thunder storm and our entire team has made the strong effort to try keeping the impact at the least we can.

Many of these macro impacting factors were beyond our control and to just name a few that have repeatedly appeared across headlines include tightening government measures on Chinese citizens gaming, regulatory oversight over gaming operators, monetary controls within gaming premises. Whilst we remain hopeful for a relaxed condition after months of tightening that have hurt the entire industry, predications of immediate change are not forthcoming.

Without being overly pessimistic on the future, the business can sustain over long term and the sector has experienced the worst period for quite some time that we do see improvement around the corner. However improvements will come at a snail's pace. For those operators that are forecasting quick and strong rebound maybe overly optimistic on the other hand and investors may be disappointed for the unimproved results. We as a company continue to remain vigilant and conservative over the market sentiment but more importantly we focus to keeping our business model intact.

LOOKING FORWARD STATEMENT

Needless to say the coming year(s) will require extraordinary caution. At this moment it is extremely difficult to correctly forecasting any meaningful recovery and the pressure will continue be weighing on all stakeholders in the gaming industry. A cautious and pragmatic short term recovery is distantly conceivable but outside the boundaries of practical solutions. Headlines will continue and heartbeats will fluctuate accordingly. Continued investments earmarked for Macau's Cotai in 2016 would hopefully bring us back to the norm.

Confidence level for changes in government and regulatory requirements are growing by the day aimed to lift the sector's sentiment. We wait patiently for this to occur. It is without question to be in the best interest of all concerned to turn the tide using all means viable small steps lead to an atmosphere of unquestionable drive. Macau desperately considers the necessity of this action in a positive spirit directed to positive results.

Our core business is suffering. That will be addressed in the short term with a long term directive. It certainly is in the realm of possibility that both minor and radical changes to our business model be effected. We have opened the doors for change and continued evaluating new business opportunities. We view our responsibility to our shareholders both small and large as paramount. Plans are being addressed so the past success of your company is replicated. We shall be respondent and vigilant to turn the business performance around.

ACKNOWLEDGEMENT

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

Danny Xuda Huang
Chairman of the Board
Hong Kong, 25 September 2015

FINANCIAL REVIEW

The Board announces the audited net loss of the Group for the year ended 30 June 2015 amounting to approximately HK$998,596,000 (2014: profit of HK$515,413,000).

For the financial year ended 30 June 2015, the Group's gaming revenue falling by 33% to approximately HK$473.6 million, a significant decrease as compared to same period in 2014, we face unsettlingly challenges to consider how to sustain our business under such difficult circumstances.

A net loss attributable to owners of the Company was approximately HK$828,012,000 or loss per share of HK$17.94 cents, or compared with last year's net profit attribute to owner of the Company of approximately HK$148.8 million or earning per share of HK$3.22 cents.

Result was mainly impacted by a spectacular slowdown in the Macau VIP gaming industry as a whole.

The following is summarised information relating to our VIP junkets rooms activities.

	For the year ended 30 June		
	2015	2014	Change
	(HK$ in millions, except percentage and points)		
I) The Venetian Macau			
Venetian Neptune GD VIP Club	**143.1**	231.4	(38.2)%
II) Sands Macau			
Sands Neptune GD VIP Club	**108.2**	159.9	(32.3)%
III) Grand Lisboa			
Neptune GD 31 Sky Club	**203.4**	272.0	(25.2)%
IV) StarWorld Hotel			
Starworld Neptuno VIP Club			
(Cessation of business)	**18.9**	47.1	(59.9)%

Our EBITDA (see note 1) loss for the year ended 30 June 2015 was approximately HK$997.8 million, showing an exacerbated decrease of approximately HK$1,515.4 million, or 292.8% compared to last year's EBITDA of an approximately HK$517.6 million, clearly this is a significant loss and uncanny loss of this financial year. Management had already deployed all of our resources to secure and collect monies from our debtors in order to minimise our loss arising from the impairment loss of trade receivable.

The inversed EBITDA loss of approximately HK$997.8 million as compared to last year is mainly attributable to the following reasons:

– There are two unexpected events surged up during the second half of this financial year including an impairment loss of trade receivables of approximately HK$344.3 million as a result of steep turnaround of VIP gaming performance from slowdown to a full year of depression. We never face such an analogous condition happening before in the last 5 years.

– Another big event is the recognition of an impairment loss on the sum we paid on VIP gaming business recognised as intangible assets as at 30 June 2015, may be this can be debated in future, however at the moment we needs to reflect them at the fair value. The total amount of impairment loss on intangible assets is approximately HK$875.2 million consisting of our investments in Sands VIP business slashed by approximately HK$241.7 million, Venetian VIP business of approximately HK$346.6 million, Grand Lisboa VIP business of approximately HK$118.0 million and eventually the close down of VIP room in Starworld Hotel by the junket leading to a rip of approximately HK$168.9 million.

– With no exception the significant loss of VIP business causing the fair values of available-for-sale investments and derivative financial instruments lower to further loss of HK$243.0 million altogether.

– Share of result of an associate declined by 116% to a loss of approximately HK$1.9 million, as compared with last year's share of profit of approximately HK$11.7 million.

– Reduction of general and administrative expenses by HK$1.8 million was partly due to a decrease of depreciation charge of approximately HK$1.2 million for the owned office flat which was leased out, a decrease of legal and professional fees etc.

– Finally revenue generated from VIP gaming business has dropped to the lowest level recently recorded. It already formed a downward trajectory that required strenuous external and internal effort to looking forward for a rebound, if possible.

  The diminution of approximately HK$236.8 million was mainly due to the fast contraction of business during the last 6 months of this financial period.

– The comparative loss is somewhat softened since we did not absorb any purchase cost as an expense during the year ended 30 June 2015 as compared with last year's amount of approximately HK$88.6 million.

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

DIVIDEND

The Board does not recommend the payment of final dividend for the year 30 June 2015 (2014: Nil).

CAPITAL STRUCTURE

As at 30 June 2015, the total issued share capital of the Company was HK$46,162,245 divided into 4,616,245,000 ordinary shares.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

At year end date the Group's borrowings of bank loan was approximately HK$18.8 million, a decrease of approximately HK$2.1 million from last year end date. The total cash and bank balance was approximately HK$58.2 million as compared to approximately HK$45.2 million for same period last year.

The Group had net current assets of approximately HK$435.7 million as at 30 June 2015 (2014: HK$496.8 million).

The equity of the Group as at year-end was approximately HK$1,819.0 million (2014: HK$2,967.3 million). The gearing ratio, calculated on the basis of total debt over total equity of the Group as at 30 June 2015, was approximately 1.62% (2014: 1.05%). Total debt is bank borrowing of approximately HK$18.8 million and total equity is the equity attributable to owners of the Company.

As at 30 June 2015, the face value of total indebtedness amounted to approximately HK$28.8 million (2014: HK$183.0 million), comprising of bank borrowing of approximately HK$18.8 million and other payables of approximately HK$10.0 million.

With limited cash on hand and long outstanding unsettled debts being at the risk of total written off, as well as available banking facilities, the Group's liquidity position is extremely vulnerable to satisfy any new capital commitments and working capital requirements.

PLEDGE OF GROUP'S ASSETS

As at 30 June 2015, we have pledged an investment property of the Group to secure our bank facilities of approximately HK$18.8 million (2014: HK$20.9 million), and with fair value of approximately HK$59.2 million (2014: HK$59.1 million).

CONTINGENT LIABILITIES

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements for the year ended 30 June 2004. During the years ended 30 June 2015 and 2014, there has been no significant progress.

Management Discussion and Analysis

BUSINESS OVERVIEW

Market conditions in Macau remained challenging this year, in particular when the impact of anti-corruption measures and a softening macro-economic conditions in China was on the surface commencing from second half of this financial year. As expected, our VIP gaming business was most impacted by this macro condition, driving our whole year turnover way back to the lowest record since five years ago.

Profit fell and we thought how to cope with this vicious circle which has devastated Macau VIP gaming business continuing to slump. A Yuan devaluation, government clampdown on money flows added concerns to this industry. Possibly if tighter junket regulations are adopted, we think further negative impact on VIP gaming volumes would be inevitable, driven by the likely accelerating junket room closures.

Naturally we cut back all investment spending in anticipation that this industry cannot revive itself in the next twelve months. Now, junkets are pulling back, faced with a slowing China economy that will no longer be the same dominant force to keep high rollers clients in abundant supply.

The Group may not resolutely to continue its presence in Macau VIP gaming industry anymore if this situation doesn’t correct itself in coming years. Management now face pressing concerns, as scramble to stem profit slide from weak turnover and trying to maintain a healthy cash flow for exploring other business opportunities. The Group may consider to enter into money lending business to effectively utilise the Group’s cash resources and to diversify the source of the Group’s income. Management may consider to commence Securities Investment business. So as to achieve a better return to the Group.

Talking of our investments within five casinos, junkets also scaled down their business in The Venetian, Sands Macau, Galaxy, Grand Lisboa and City of Dream. The allocation of their VIP gaming tables are 14 tables in Venetian, 11 tables in Sands Macau, 13 tables in Galaxy, 14 tables in StarWorld and 11 tables in Grand Lisboa, 10 tables in City of Dream, in total of 62 tables, dropping out 27 tables within one year.

But deepening economic fears about China, which culminated last six months in global market rout, we are now forcing a board rethinking of our business strategy and plotting our profit around China’s rise to some other regions in other Asian countries.

However China is still a large and pervasive presence in global economy driving engine, is now the entire world is focusing on, watching this crisis unfold.

We are still to be both skeptical and prudent about future development of Macau gaming industry in path of recovery when more new casino opened up in 2016 and looser travel restrictions on Chinese nationals might have boosted optimism.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Danny Xuda Huang, aged 37, has been appointed as an executive director of the Company on 1 August 2013 and re-designated as the chairman of the Board of the Company on 29 November 2013. Mr. Huang has been the chief investment officer for a number of family trusts in Hong Kong and Greater China, managing assets over US$1 billion. Prior to that, he ran a consulting firm advising high net worth clients on investments strategies and estate planning. Mr. Huang has over 10 years of professional experience in assurance and advisory, tax and financial planning, internal audit and risk management, project finance and credit control. He has worked for well-known organizations including BNP Paribas, National Australia Bank, MLC Investments, Toyota Finance, PricewaterhouseCoopers and KPMG. Mr. Huang holds a Bachelor degree in Accounting and Finance from Monash University. He is currently a Chartered Accountant in Australia and a Justice of the Peace (JP) for New South Wales.

Mr. Nicholas J. Niglio, aged 69, was appointed as an executive director on 3 September 2007. He has over 25 years varied background in gambling focused entertainment field dating back to 1983. Throughout all these years, he versed himself in management of all kinds of gaming activities and have proven success of his accomplishments.

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

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

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

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

Mr. Chan Shiu Kwong, Stephen, aged 59, since 20 April 2005 and 27 August 2012, Mr. Chan is currently an executive director and company secretary of the Company respectively. On 1 March 2015, he was appointed as a non-executive Director of Universe International Holdings Limited, the shares of which are listed in Main Board of Stock Exchange (Code 1046). With effect from 6 August 2015, Mr. Chan was also appointed as an Independent non-executive director of China Jicheng Holdings Limited, a company whose shares are listed in Main Board of the Stock Exchange (Code 1027).

Mr. Chan holds a Master degree in Professional Accounting from Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University Australia. He is currently a fellow member of Hong Kong Institute of Certified Public Accountants and fellow member of Certified Public Accountants (Australia); fellow member of the Institute of Chartered Secretaries and Administrators, fellow member of the Hong Kong Institute of Company Secretaries and affiliated member of American Society of Appraisers. He has completed a certificate course in PRC accounting and PRC tax law from Chinese University of Hong Kong. Currently, he is also a member of The Association of Hong Kong Professionals and Hong Kong and Kowloon Chiu Chow Public Association.

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

Mr. Lin Chuen Chow, Andy, aged 40, was appointed as an executive director of the Company on 30 November 2012. Mr. Lin is now studying for a degree course in Bachelor of Arts (Hons) Business Management in the University of Wales. He is currently an affiliate member of Hong Kong Securities and Investment Institute ("HKSI") and has obtained the HKSI Specialist Certificates in Securities and Asset Management. He has also passed the Estate Agent Qualifying Examination of the Estate Agents Authority and has obtained an Estate Agent's (Individual) License. He is currently the General Manager of the Company and is a veteran in gaming industry who has managed gaming business in Macau, particularly in customer relationship management. Prior to joining the Company, he had worked in the Administration Department of The Stock Exchange of Hong Kong Ltd. for more than thirteen years. At present, Mr. Lin is also a non-executive director of Oriental Unicom Agriculture Group Limited, a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8120).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Yat Hung, Alton, aged 52, was elected as an independent non-executive director on 5 June 2007. He has over 12 years business experience and is an elite of automobile dealer industry. At present he is currently holding directorship in a number of private companies which are engaged in automobile distribution in the PRC, among most of the finest brand automobile in the world.

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

Mr. Yue Fu Wing, aged 47, was appointed as an independent non-executive director and a member of the audit committee of the Company on 15 January 2005. Mr. Yue is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr. Yue has over 10 years experience in accounting and finance. He has worked for a multinational company, a Hong Kong listed company and an international accounting firm.

Mr. Chow Chung Lam, Louis, aged 61, was appointed as an independent non-executive director and a member of the audit committee of the Company on 27 March 2015. Mr. Chow is currently engaged in a property under development in Hainan province, the PRC which will provide premium residential towers and hotel components offering an array of the best-in-class ancillary commercial facilities and accommodation. Mr. Chow has devoted his career in the hospitality industry in Mainland China, Saudi Arabia and Hong Kong on both multi-unit corporate and single unit hotel general management level. He has worked for various top notch branded hotels including China Hotel, City Garden Hotel, Kowloon Shangri-La Hotel, New World Hotel, Regent Hotel, YMCA of Hong Kong, Piazza Dinner Theatre and Hong Kong Football Club with profound experience in food and beverage and hotel management.

SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") are committed to the maintenance of good corporate governance for the creation of Shareholder value. An effective system of corporate governance requires that our Boards approves strategic direction, monitors performance to exercise our stewardship responsibilities with due skill and care.

Save as disclosed below, the Company has, as far as possible, fully complied with the all code provisions and, where applicable, and certain recommended best practices of Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 30 June 2015.

A.6.7

– Independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One executive director was unable to attend the interim result board meeting of the Company held on 27 February 2015 due to other business engagement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code during the year ended 30 June 2015.

BOARD AND BOARD COMMITTEES COMPOSITION

The following changes were made to the composition of the Board and the Board Committee during the year ended 30 June 2015.

On 6 March 2015, Mr. Chan Choi Kam resigned as an independent non-executive director and a member of Audit Committee of the Company with effect from 9 March 2015.

On 27 March 2015, Mr. Chow Chung Lam, Louis was appointed as independent non-executive director and a member of Audit Committee of the Company.

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

The directors of the Company as at the date of this annual report are:

	Title	Note
Executive Directors		
Danny Xuda Huang	Chairman of the Board	Appointed on 1 August 2013
Nicholas J. Niglio	Chief Operation Officer	Appointed on 3 September 2007
Chan Shiu Kwong Stephen	Chief Financial Officer	Appointed on 20 April 2005
Lin Chuen Chow Andy	Executive Director	Appointed on 30 Nov 2012
Independent Non-Executive Directors		
Cheung Yat Hung Alton		Appointed on 5 June 2007
Yue Fu Wing		Appointed on 15 January 2005
Chan Choi Kam		Appointed on 24 February 2010 & Resigned on 9 March 2015
Chow Chung Lam Louis		Appointed on 27 March 2015

The Board has established three committees, being the Audit Committee, the Remuneration Committee, the Nomination Committee. The Table below details the membership and composition of each of the three committee as at the date of this annual report.

Director	Audit Committee	Remuneration Committee	Nomination Committee
Danny Xuda Huang	–	–	Chairman
Nicholas J. Niglio	–	Member	–
Chan Shiu Kwong Stephen	–	–	–
Lin Chuen Chow Andy	–	–	–
Cheung Yat Hung Alton	Chairman	Chairman	Member
Yue Fu Wing	Member	Member	Member
Chow Chung Lam Louis(1)	Member	–	–

(1) Appointed by a resolution by board on 27 March 2015

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. The Board currently comprises four executive directors and three independent non-executive directors. The Directors have no financial, business, family or other material/relevant relationships with one another. The biographical details of the directors are set out on pages 9 and 10 of this Annual Report. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considered all the independent non-executive directors to be independent.

BOARD AND BOARD COMMITTEES COMPOSITION (Continued)

(a) Roles of Chairman and Chief Executive

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

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

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

(b) Responsibilities

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

(c) 9 board meetings and 1 annual general meeting were held during the financial year ended 30 June 2015. Details of directors' attendance records are set out below:

	Attendance of		
	Board meetings	**Annual General meeting**	**Extraordinary General meeting**
Executive directors			
Mr. Danny Xuda Huang	4/9	1/1	0/0
Mr. Nicholas J. Niglio	7/9	1/1	0/0
Mr. Chan Shiu Kwong, Stephen	8/9	1/1	0/0
Mr. Lin Chuen Chow, Andy	8/9	1/1	0/0
Independent non-executive directors			
Mr. Cheung Yat Hung, Alton	8/9	1/1	0/0
Mr. Yue Fu Wing	7/9	1/1	0/0
Mr. Chan Choi Kam (resigned on 9 March 2015)	2/9	1/1	0/0
Mr. Chow Chung Lam, Louis (appointed on 27 March 2015)	2/9	0/1	0/0

BOARD COMMITTEES

Three committees, namely, audit committee, remuneration committee and nomination committee were established under the Board to oversee their functions.

(a) Audit Committee

The audit committee comprises three independent non-executive directors, namely Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Chow Chung Lam, Louis. Mr. Yue Fu Wing possesses relevant professional qualifications and financial management expertise and meets the requirements of rule 3.2.1 of the Listing Rules.

The audit committee has clear terms of reference and is accountable to the Board. It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance and in meeting its external financial reporting objectives.

The Group's annual results for the year ended 30 June 2015 has been reviewed by Audit Committee and audited by the auditor of the Company, CCIF CPA Limited.

2 audit committee meetings were held during the financial year ended 30 June 2015. Attendance of the members is set out below:

	Attendance of Audit Committee meetings
Members	
Mr. Yue Fu Wing *(Chairman)*	2/2
Mr. Cheung Yat Hung, Alton	2/2
Mr. Chan Choi Kam	2/2
Mr. Chow Chung Lam, Louis	0/2

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

– review of the Group's audited financial statements for the year ended 30 June 2014 and unaudited financial statements for the six months ended 31 December 2014;

– review of the internal control and risk management framework;

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

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

BOARD COMMITTEES (Continued)

(b) Remuneration Committee

The remuneration committee comprises two independent non-executive directors and one executive director. The remuneration committee was established with specific written terms of reference and is principally responsible for reviewing and approving remuneration packages of directors and senior management, including salaries, bonuses, benefits in kind and the terms on which they participate in any share option schemes. No director or senior management will determine his own remuneration. 1 remuneration committee meeting was held during the financial year ended 30 June 2015. Attendance of the members is set out below:

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

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

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

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

(c) Nomination Committee

The nomination committee comprises two independent non-executive directors and one executive director. The nomination committee was established with specific written terms of reference and is principally responsible for reviewing the structure, size and composition of the Board to complement the Company's corporate strategy and to identify individuals suitably qualified to become Board members. 1 nomination committee meeting was held during the financial year ended 30 June 2015. Attendance of the members is set out below:

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

BOARD COMMITTEES (Continued)

(c) Nomination Committee (Continued)

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

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

– to assess the independence of independent non-executive directors of the Company.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on pages 26 to 27 of this annual report.

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

AUDITORS' REMUNERATION

During the year ended 30 June 2015, the remuneration paid and payable to the auditors of the Company, CCIF CPA Limited for provision of statutory audit and other non-audit services were approximately HK$670,000 and HK$82,000 respectively.

INTERNAL CONTROL

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

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

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

– developing the necessary measures for managing these risks; and

– monitoring and reviewing the effectiveness of such measures.

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

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

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

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

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

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

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

TRAINING FOR DIRECTORS

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

Pursuant to Code A.6.5 of the "Corporate Governance Code", listed company directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. For the period from 1 July 2014 to 30 June 2015, all Directors have participated in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

SHAREHOLDERS' RIGHTS

(I) Convene an Extraordinary General Meeting

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

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

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

(II) Send Enquiries to the Board

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

SHAREHOLDERS’ RIGHTS (Continued)

(III) Make Proposals at General Meetings

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

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

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

(IV) Proposing a person for election as director

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

COMMUNICATIONS WITH SHAREHOLDERS

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

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

INVESTOR RELATIONS

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

During the year ended 30 June 2015, there has not been any change in the Company’s constitutional documents.

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

Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2015.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in the section “Particulars of Principal Subsidiaries” to the annual report.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (collectively referred to as the “Group”) during the financial year are set out in note 6 to the financial statements.

RESULTS AND DIVIDEND

The profit of the Group for the year ended 30 June 2015 and the state of the Company’s and the Group’s affairs as at that date are set out in the financial statements on pages 28 to 104.

The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2015.

RESERVES

Details of movements in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 31 and note 29(a) to the financial statements, respectively.

FIXED ASSETS

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 29(b) to the financial statements.

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

DIRECTORS

The directors of the Company during the year were:

Executive directors:
Mr. Danny Xuda Huang
Mr. Nicholas J. Niglio
Mr. Chan Shiu Kwong, Stephen
Mr. Lin Chuen Chow, Andy

Independent non-executive directors:
Mr. Cheung Yat Hung, Alton
Mr. Yue Fu Wing
Mr. Chan Choi Kam (resigned on 9 March 2015)
Mr. Chow Chung Lam, Louis (appointed on 27 March 2015)

In accordance with Articles 79 and 84 of the Company's Articles of Association, Mr. Danny Xuda Huang shall retire by rotation and being eligible, offer himself for re-election as executive director. Mr. Cheung Yat Hung, Alton and Mr. Chow Chung Lam, Louis shall retire by rotation and being eligible, offer themselves for re-election as independent non-executive directors.

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

CONFIRMATION OF INDEPENDENCE

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

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

(1) Shares

At 30 June 2015, none of the directors and the chief executive, and any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Future Ordinance (the "SFO"), which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(2) Options

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

Name of directors	Number of Shares options held	Percentage of Outstanding Options as at 30 June 2015
Mr. Chan Shiu Kwong, Stephen	2,388,000	7.96%
Mr. Nicholas J. Niglio	2,300,000	7.67%

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

The share option scheme adopted by the Company on 30 November 2000 enables the directors and employees of the Group to subscribe for shares in the Company, details of which are set out in note 31 to financial statements. The share option scheme was adopted prior to the new rules on share option schemes under the Listing Rules coming into operation. The Company may only grant further options under the share option scheme if the options are granted in accordance with the requirement of the new rules of Chapter 17 of the Listing Rules.

Particulars of the Company's new share option scheme effective on 18 September 2007 and unless otherwise cancelled or amended, will remain in force for 10 years from that date and details of movements in the share options of the Company during the year are set out in note 31 to the financial statements.

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

SUBSIDIARIES AND ASSOCIATE

Details of the Company's subsidiaries and associate as at 30 June 2015 are set out in the section "Particulars of Principal Subsidiaries" to the annual report and note 19 to financial statements, respectively.

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

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

DIRECTOR'S SERVICE CONTRACT

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

DIRECTOR'S INTEREST IN CONTRACTS

Save as disclosed in note 36 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	NIL%
– five largest suppliers in aggregate	NIL%
Sales	
– the largest customer	42.94%
– five largest customers in aggregate	100%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above. Except two out of the five largest customers hold 31.2% of the share capital of the Company contribute 30.2% of revenue for this year.

SUBSTANTIAL SHAREHOLDERS AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2015, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of SFO:

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

Save as disclosed above, no person had registered an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of SFO as at 30 June 2015.

MATERIAL RELATED PARTY TRANSACTIONS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographical details of the Company's directors and senior management are set out on pages 9 to 10 of this annual report.

RETIREMENT SCHEME

Particulars of the retirement scheme operated by the Group are set out in note 30 to the financial statements. In the opinion of the Company's directors, the Group had no significant obligations at 30 June 2015 for long service payment to its employee pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by the financial statements, except for the Code Provisions A.6.7, details of which are set out in the Corporate Governance Report on pages 11 to 19 of this annual report.

MODEL CODE FOR SECURITIES BY DIRECTORS

The Company has complied with the code of conduct regarding to securities transactions by the directors on terms no less than exacting than the required standard dealings as set in the Model Code. Having made specific enquiry of all directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding to securities transaction by the directors adopted by the Company. Details of compliance with the Model Code by directors are set out in the Corporate Governance Report on pages 11 to 19 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The audit committee, comprising three members, all being independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 30 June 2015.

AUDITOR

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

On Behalf of the Board

Danny Xuda Huang
Chairman

Hong Kong, 25 September 2015

Independent Auditor's Report

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

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

We have audited the consolidated financial statements of Neptune Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 104, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

AUDITOR'S RESPONSIBILITY

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 financial position of the Company and its subsidiaries as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 25 September 2015

Kwok Cheuk Yuen
Practising Certificate Number P02412

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	6	**473,558**	710,396
Other revenue	7	**4,445**	3,745
Other net loss	8	**(248,491)**	(113,114)
Purchase cost recognised as an expense	21	**–**	(88,680)
Impairment loss of trade receivables	23(b)	**(344,289)**	–
Impairment loss of intangible assets	17	**(875,222)**	–
General and administrative expenses		**(6,194)**	(8,041)
(Loss)/profit from operation		**(996,193)**	504,306
Share of (loss)/profit of an associate	19	**(1,879)**	11,740
Finance costs	9(a)	**(524)**	(633)
(Loss)/profit before taxation	9	**(998,596)**	515,413
Income tax	10	**–**	–
(Loss)/profit for the year		**(998,596)**	515,413
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**(209,852)**	(111,126)
Impairment loss on available-for-sale investments	21	**209,852**	111,126
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of owner occupied building upon change of use to investment property		**–**	5,922
Other comprehensive income for the year		**–**	5,922
Total comprehensive (loss)/income for the year		**(998,596)**	521,335
(Loss)/profit for the year attributable to			
– Owners of the Company		**(828,012)**	148,762
– Non-controlling interests		**(170,584)**	366,651
		(998,596)	515,413
Total comprehensive (loss)/income for the year attributable to			
– Owners of the Company		**(828,012)**	154,684
– Non-controlling interests		**(170,584)**	366,651
		(998,596)	521,335
(Loss)/earnings per share – basic and diluted	14	**(17.94) HK cents**	3.22 HK cents

The notes on pages 33 to 104 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2015

	Note	**2015** HK$'000	**2015** HK$'000	2014 HK$'000	2014 HK$'000
Non-current assets					
Property, plant and equipment	15		**643**		965
Investment property	16		**59,200**		59,140
Intangible assets	17		**1,227,571**		2,102,793
Goodwill	18		**–**		–
Interest in an associate	19		**56,205**		58,084
Available-for-sale investments	21		**39,672**		249,524
			1,383,291		2,470,506
Current assets					
Derivative financial instruments	32	**67**		33,203	
Securities held for trading	22	**–**		4	
Trade and other receivables	23	**406,080**		543,780	
Dividend receivable from an associate	19	**–**		55,902	
Amount due from an associate	19	**233**		1,698	
Cash and cash equivalents	24(a)	**58,207**		45,190	
		464,587		679,777	
Less: Current liabilities					
Other payables	25	**10,030**		9,773	
Bank borrowing, secured	28	**18,817**		20,931	
Dividend payable to non-controlling interests	26	**–**		152,169	
Income tax payable	27	**–**		99	
		28,847		182,972	
Net current assets			**435,740**		496,805

Consolidated Statement of Financial Position

At 30 June 2015

	Note	2015 HK$'000	2015 HK$'000	2014 HK$'000	2014 HK$'000
Net assets			**1,819,031**		2,967,311
Capital and reserves					
Share capital	29		**1,077,853**		1,077,853
Reserves			**87,054**		915,066
Equity attributable to owners of the Company			**1,164,907**		1,992,919
Non-controlling interests			**654,124**		974,392
Total equity			**1,819,031**		2,967,311

Approved and authorised for issue by the board of directors on 25 September 2015 and are signed on its behalf by:

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

The notes on pages 33 to 104 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 July 2013	46,162	1,031,691	–	–	2,264	4,223	(51,221)	805,116	1,838,235	968,451	2,806,686
Profit for the year	–	–	–	–	–	–	–	148,762	148,762	366,651	515,413
Change in fair value of available-for-sale investment	–	–	–	(111,126)	–	–	–	–	(111,126)	–	(111,126)
Impairment loss on available-for-sale investments	–	–	–	111,126	–	–	–	–	111,126	–	111,126
Surplus on revaluation of owner occupied building upon change of use to investment property	–	–	5,922	–	–	–	–	–	5,922	–	5,922
Total comprehensive income for the year	–	–	5,922	–	–	–	–	148,762	154,684	366,651	521,335
Realised on deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	(746)	(746)
Transfer to retained profits upon lapse of share options	–	–	–	–	–	(355)	–	355	–	–	–
Transition to no-par value regime on 3 March 2014	1,031,691	(1,031,691)	–	–	–	–	–	–	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(359,964)	(359,964)
Balance at 30 June 2014 and 1 July 2014	1,077,853	–	5,922	–	2,264	3,868	(51,221)	954,233	1,992,919	974,392	2,967,311
Loss for the year	-	-	-	-	-	-	-	(828,012)	(828,012)	(170,584)	(998,596)
Change in fair value of available-for-sale investments	-	-	-	(209,852)	-	-	-	-	(209,852)	-	(208,952)
Impairment loss on available-for-sale investments	-	-	-	209,852	-	-	-	-	209,852	-	208,952
Total comprehensive loss for the year	-	-	-	-	-	-	-	(828,012)	(828,012)	(170,584)	(998,596)
Transfer to retained profits upon lapse of share options	-	-	-	-	-	(1,463)	-	1,463	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(149,684)	(149,684)
Balance at 30 June 2015	1,077,853	-	5,922	-	2,264	2,405	(51,221)	127,684	1,164,907	654,124	1,819,031

The notes on pages 33 to 104 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 HK$'000	2014 HK$'000
Net cash generated from operating activities	24(b)	**351,814**	582,142
Investing activities			
(Loans advance to)/loans repayment from non-controlling interests		**(92,147)**	60,895
Dividend received from an associate		**55,902**	–
Repayment from an associate		**1,465**	–
Interest received		**468**	314
Proceeds from disposal of a subsidiary	33	**6**	–
Payment for acquisition of available-for-sale investments	21	**–**	(449,330)
Advance to an associate		**–**	(24,698)
Payment for purchase of property, plant and equipment	15	**–**	(166)
Repayment from an associate		**–**	23,000
Net cash used in investing activities		**(34,306)**	(389,985)
Financing activities			
Dividends paid to non-controlling interests		**(301,853)**	(208,001)
Repayments of bank borrowing		**(2,114)**	(2,241)
Borrowing costs paid		**(524)**	(633)
Repayment to an associate		**–**	(31,667)
Cash used in financing activities		**(304,491)**	(242,542)
Net increase/(decrease) in cash and cash equivalents		**13,017**	(50,385)
Cash and cash equivalents at the beginning of the year		**45,190**	95,575
Cash and cash equivalents at the end of the year	24(a)	**58,207**	45,190

The notes on pages 33 to 104 form an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2015 comprise the Company and its subsidiaries (including the structured entity) (together referred to as the "Group") and the Group's interest in an associate.

(i) Basis of measurement

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

– investment property;

– securities held for trading;

– available-for-sale investments; and

– derivative financial instruments.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("presentation currency"), which is the Company's functional and presentation currency. All financial information presented in Hong Kong dollars has been rounded to the nearest thousand, except unless otherwise stated.

(iii) Use of estimates and judgement

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

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

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

(c) Subsidiaries and non-controlling interests

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

Subsidiaries (including structured entity) are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-controlling interests represent the equities in subsidiaries not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(d)) or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associate

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation

(i) Business combinations

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

(i) *Business combinations* (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of consolidation (Continued)

(ii) Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

(f) Other investments in equity securities

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

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(s)(iii) and (iv).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in equity securities (Continued)

Investments in securities which are not held for trading are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 1(s)(iii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Investment property

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

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

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

(h) Property, plant and equipment

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

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

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

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

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

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

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

(i) Intangible assets (other than goodwill)

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges

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

(k) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

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

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

(ii) *Impairment of other assets*

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

– property, plant and equipment (including leasehold land);

– intangible assets; and

– goodwill

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(k)).

(m) Interest-bearing borrowing

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

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

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

  - the same taxable entity; or

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(s) Revenue recognition

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

(i) Revenue from assignment of profit

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

(ii) Rental income from operating leases

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition (Continued)

(iii) Dividends

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

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

(iv) Interest income

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

(t) Translation of foreign currencies

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Translation of foreign currencies (Continued)

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

(u) Borrowing costs

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

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

(v) Related parties

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

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

(ii) has significant influence over the Group; or

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties (Continued)

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

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

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

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

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

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

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

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

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

(w) Derivative financial instruments

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

(x) Segment reporting

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

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group, in which Amendments to HKAS 36, Recoverable Amount Disclosures for Non-Financial Assets, was early adopted by the Group during the year ended 30 June 2014. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities
- Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

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

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9, "Accounts and Audit", of the Hong Kong Companies Ordinance (Cap. 622) came into operation at the start of the Company's current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include the presentation of the Company's statement of financial position as a note disclosure instead of a primary statement, updating any references to the Hong Kong Companies Ordinance to refer to the current Hong Kong Companies Ordinance and replacing certain terminology no longer used in the Hong Kong Companies Ordinance with terminology used in HKFRSs.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

(i) Determining that certain investees are subsidiaries with more than 50% of the potential voting rights are owned by the Group

For Base Move Investments Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 80% (2014: 80%) voting rights over Base Move Investments Limited ("Base Move"). Based on the directors' assessment, the currently exercisable purchased call option provided the Group with the potential voting rights over Base Move which in turn provided the Group with the ability to direct the relevant activities of Base Move and affect the amount of the Group's return. In preparing the Group's consolidated financial statements for the years ended 30 June 2015 and 2014, Base Move was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 30% (2014: 30%) equity interests in Base Move at 30 June 2015, 70% (2014: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

For Essence Gold Investment Limited

The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 100% (2014: 100%) voting rights over Essence Gold Investment Limited ("Essence Gold"). Based on the director's assessment, the currently exercisable purchased call option provided the Group with the potential voting right over Essence Gold which in turn provided the Group with the ability to direct the relevant activities of Essence Gold and affect the Group's return. In preparing the Group's consolidated financial statements for the years ended 30 June 2015 and 2014, Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Group held 20% (2014: 20%) equity interest in Essence Gold, 80% (2014: 80%) of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

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

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

For Superiority Wealthy Limited

The currently exercisable purchased call option, if exercised would give, in aggregate, the Group 100% (2014: 100%) voting right over Superiority Wealthy Limited ("Superiority Wealthy"). Based on the director's assessment, the Group did not have the financial ability for paying the aggregate consideration to vendor if the call option was fully exercised. There was a financial barrier for the Group to exercise the call option. In addition, the Group did not have an intention to exercise the call option since the date of acquisition or in the future. The Group did not participate in financial and operating policy decision making process of Superiority Wealthy. Although the currently exercisable purchased call option provided the Group with the potential voting right over Superiority Wealthy, the Group did not have the ability to direct the relevant activities of Superiority Wealthy and affect the Group's return due to the reasons stated above. In preparing the Group's consolidated financial statements for the years ended 30 June 2015 and 2014, Superiority Wealthy was not consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statement". Superiority Wealthy was treated as available-for-sale investment in the Group's consolidated financial statements.

(b) Key sources of estimation uncertainty

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

(i) Impairment of intangible assets with indefinite useful lives

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

Impairment loss on intangible assets of approximately HK$875,222,000 (2014: Nil) was recognised during the year ended 30 June 2015 and the carrying amount of the intangible asset was approximately HK$1,227,571,000 (2014: HK$2,102,793,000) as at 30 June 2015. Details of the impairment assessment of intangible asset are set out in note 17.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Useful lives of intangible assets

Management determines the estimated useful lives for the Group's intangible assets to be indefinite because intangible assets represent the rights in sharing of profit streams from junket businesses at respective casinos' VIP rooms in Macau for an indefinite period of time, contributing net cash inflows to the Group indefinitely. The useful lives of intangible assets are reviewed at least at each reporting date.

(iii) Impairment of receivables

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

As at 30 June 2015, the carrying amount of trade and other receivables (excluding sundry deposits and prepayments) is approximately HK$404,829,000 (2014: HK$542,532,000). Details of the impairment of receivables are disclosed in note 23.

(iv) Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale investments and recognises movements of their fair values in other comprehensive income. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss and other comprehensive income. In view of the significant decline in the fair value of the available-for-sale investment, an impairment loss of approximately HK$209,852,000 has been recognised for the available-for-sale investments for the year ended 30 June 2015 (2014: HK$111,126,000). The carrying amount of the available-for-sale investments was approximately HK$39,672,000 at 30 June 2015 (2014: HK$249,524,000).

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

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

3. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Key sources of estimation uncertainty (Continued)

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

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

(vi) Income tax

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

4. FINANCIAL INSTRUMENTS BY CATEGORIES

	2015 **HK$'000**	2014 HK$'000
Financial assets		
Fair value through profit or loss held for trading		
– Derivative financial instruments	**67**	33,203
– Securities held for trading	**–**	4
Loans and receivables (including cash and cash equivalents)	**463,269**	645,322
Available-for-sale investments	**39,672**	249,524
Financial liabilities		
Amortised cost	**27,255**	181,281

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has exposure to the credit risk, liquidity risk, interest rate risk and other price risk arising from financial instruments. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables (including short term loan receivable), individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Further details on the Group's credit policy are set out in note 23. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Normally, the Group does not obtain collateral from debtors.

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. At 30 June 2015, 33.7% (2014: 32.5%) and 69.3% (2014: 85.4%) of the total trade and other receivables was due from the Group's largest customer and the three largest customers, respectively, within the gaming and entertainment segment.

The Group also has credit risk in relation to dividend receivable from an associate and amount due from an associate amounting to approximately HK$55,902,000 (2015: Nil) and HK$1,698,000 (2015: HK$233,000) respectively at 30 June 2014. In order to minimise the credit risk, the management has reviewed the recoverable amount of the dividend receivable regularly to ensure that adequate impairment loss is made for any irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk on dividend receivable from an associate is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(b) Liquidity risk

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

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

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

	Contractual undiscounted cash outflows				
	Within 1 year or on demand	**After 1 year but within 5 years**	**More than 5 years**	**Total**	**Total carrying amount**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2015					
Non-derivative financial liabilities					
Bank borrowing	**2,876**	**11,504**	**6,472**	**20,852**	**18,817**
Other payables	**8,438**	**–**	**–**	**8,438**	**8,438**
	11,314	**11,504**	**6,472**	**29,290**	**27,255**
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	**15,941**	**(11,504)**	**(6,472)**	**(2,035)**	
	27,255	**–**	**–**	**27,255**	
At 30 June 2014					
Non-derivative financial liabilities					
Bank borrowing	2,876	11,504	9,108	23,488	20,931
Other payables	8,181	–	–	8,181	8,181
Dividend payable to non-controlling interests	152,169	–	–	152,169	152,169
	163,226	11,504	9,108	183,838	181,281
Adjustments to disclose cash flows on bank borrowing based on the lender's right to demand repayment	18,055	(11,504)	(9,108)	(2,557)	
	181,281	–	–	181,281	

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowing issued at a variable rate that expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out below.

During the years ended 30 June 2015 and 2014, the Group did not enter into any interest rate swap contracts.

Interest rate profile

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

	2015		2014	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Variable rate borrowings:				
Bank borrowing	**2.85%**	**18,817**	2.85%	20,931

Sensitivity analysis

At 30 June 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank borrowings, with all other variables held constant, would increase/decrease the Group's loss after tax and decrease/increase the retained profits of the Group by approximately HK$188,000 (2014: decrease/increase the Group's profit after tax and retained profits of the Group by approximately HK$209,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analyses above have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 100 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(d) Other price risk

The Group is exposed to equity price changes arising from equity investments classified as securities held for trading (see note 22). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles, and will consider hedging the risk exposure should the need arise.

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

The Group is exposed to other price risk arising from the call options of the Group in certain subsidiaries (see note 32) and available-for-sale investments measured at fair value (see note 21). The fair values of the call options were calculated using the Black Scholes Option Pricing Model and amongst other inputs including the estimates of the share price of subsidiaries by reference to the expected earnings of the relevant subsidiaries. The fair values of the available-for-sale investments were calculated with reference to the recoverable amount of the intangible assets of investees based on the value-in-use calculations and amongst other inputs including the discount rate by reference to specific risks relating to the gaming and entertainment segment.

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

(d) Other price risk (Continued)

Sensitivity analysis

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

If the following input to the valuation model/method had been 10% higher/lower while all variables were held constant, in which the available-for-sale investments have been impaired at the end of the reporting period, the loss would have decreased (increased) for the year ended 30 June 2015 (2014: the profit would have increased (decreased)) as follows:

	2015		2014	
	Higher by 10% HK$'000	**Lower by 10% HK$'000**	Higher by 10% HK$'000	Lower by 10% HK$'000
(i) Call options and the effect in profit or loss				
Expected share price of relevant subsidiaries	**297**	**(63)**	33,734	(20,316)
(ii) Available-for-sale investments and the effect in profit or loss				
Discount rate	**(1,475)**	**1,607**	(10,774)	12,816

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

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

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

(e) Fair value measurement (Continued)

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

The derivative financial instruments and the available-for-sale investments were measured at fair value at the end of the reporting period with reference to the valuation reports issued by an independent qualified professional valuer.

Assets

	2015			
		Fair value measurement categorised into		
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Derivative financial instruments	**67**	**–**	**–**	**67**
Available-for-sale investments	**39,672**	**–**	**–**	**39,672**
	39,739	**–**	**–**	**39,739**

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

During the years ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

(e) **Fair value measurement** (Continued)

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

Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable inputs**	**Weighted average**	**Sensitivity of the input to fair value**
Derivative financial instruments	Black Scholes Option Pricing Model	Expected volatility of underlying share price	37.4% – 38.0% (2014: 16.86%)	10% increase (decrease) in volatility would result in increase (decrease) in fair value by HK$114,000 (HK$51,000) (2014: increase (decrease) by HK$4,556,000 (HK$4,441,000))
Available-for-sale investments	Income approach with reference to the recoverable amount of the intangible assets of investees	Discount rate	16.95% (2014: 10.69%)	10% increase (decrease) in discount rate would result in decrease (increase) in fair value by HK$1,475,000 (HK$1,607,000) (2014: HK$10,774,000 (HK$12,816,000))

The fair values of the call options were calculated using the Black Scholes Option Pricing Model and amongst other inputs including the estimates of the share price of subsidiaries by reference to the expected earnings of the relevant subsidiaries. The fair values of the available-for-sale investments were calculated with reference to the recoverable amount of the intangible assets of investees based on the value-in-use calculations and amongst other inputs including the discount rate by reference to specific risks relating to the gaming and entertainment segment.

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

(e) **Fair value measurement** (Continued)

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

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Derivative financial instruments HK$'000	Available-for-sale investments HK$'000	Total HK$'000
At 1 July 2013	34,600	–	34,600
Total losses recognised in profit or loss			
– fair value change included in other net loss (note 8)	(1,397)	–	(1,397)
– purchase cost recognised as an expense	–	(88,680)	(88,680)
Fair value change recognised in other comprehensive income	–	(111,126)	(111,126)
Acquisitions	–	449,330	449,330
At 30 June 2014 and 1 July 2014	33,203	249,524	282,727
Total loss recognised in profit or loss			
– fair value change included in other net loss (note 8)	(33,136)	–	(33,136)
Fair value change recognised in other comprehensive income	–	(209,852)	(209,852)
At 30 June 2015	67	39,672	39,739

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

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2015 and 2014.

6. REVENUE AND SEGMENT REPORTING

The principal activity of the Company and its subsidiaries is receiving the profit streams from junket businesses at respective casino's VIP rooms in Macau (the "Gaming and Entertainment Business").

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

(a) Geographical information

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

	Hong Kong		Macau	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**–**	–	**473,558**	710,396
Non-current assets	**59,843**	60,105	**1,283,776**	2,160,877

6. REVENUE AND SEGMENT REPORTING (Continued)

(b) Information about major customers

For the year ended 30 June 2015, revenue from Gaming and Entertainment Business of approximately HK$203,332,000, HK$108,197,000 and HK$107,332,000 was derived from the largest external customer (which is an entity owned by a non-controlling interest of a subsidiary), the second largest external customer (which is an entity owned by a non-controlling interest of another subsidiary) and the third largest external customer (which is an entity owned by a substantial shareholder of the Company), respectively. Transactions with each of these three customers exceeded 10% of the Group's revenue.

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

The analysis for revenue derived from non-controlling interests of subsidiaries, substantial shareholders of the Company and others for the years ended 30 June 2015 and 2014 were as follow:

	2015 **HK$'000**	2014 HK$'000
Revenue from external customers		
– Non-controlling interests of subsidiaries	**311,529**	431,867
– Substantial shareholders of the Company	**143,109**	231,433
– Others	**18,920**	47,096
	473,558	710,396

7. OTHER REVENUE

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

	2015 **HK$'000**	2014 HK$'000
Interest income on financial assets not at fair value through profit or loss:		
– Bank interest income	**468**	314
Compensation from the junket promoter for shortfall in guaranteed profit (note)	**2,811**	3,061
Gross rental income	**1,166**	370
	4,445	3,745

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

During the years ended 30 June 2015 and 2014, profits generated by Essence Gold did not meet the guaranteed profit under the relevant profit guarantee agreements, and accordingly the Group is entitled to receive the compensation from the junket promoter for shortfall in guarantee profits of Essence Gold.

8. OTHER NET LOSS

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

	2015 HK$'000	2014 HK$'000
Gain on disposal of a subsidiary (Note 33)	**306**	–
Fair value changes on derivative financial instruments (Note 32)	**(33,136)**	(1,397)
Fair value change on securities held for trading	**2**	2
Fair value change on investment property (Note 16)	**60**	900
Impairment loss of other receivables (Note 23(b))	**(5,871)**	(713)
Impairment loss of available-for-sale investments (Note 21)	**(209,852)**	(111,126)
Loss on deregistration of a subsidiary (note)	**–**	(780)
	(248,491)	(113,114)

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

9. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	2015 HK$'000	2014 HK$'000
Interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank borrowing	**524**	633

(b) Staff costs (including directors' remuneration)

	2015 HK$'000	2014 HK$'000
Contributions to defined contribution retirement plan	**74**	72
Salaries and other benefits	**2,591**	2,917
	2,665	2,989

9. (LOSS)/PROFIT BEFORE TAXATION (Continued)

(c) Other items

	2015 HK$'000	2014 HK$'000
Auditor's remuneration		
– audit services	**670**	650
– other services	**82**	80
Depreciation of property, plant and equipment (Note 15)	**322**	1,569
Operating lease charges in respect of land and buildings: minimum lease payment	**710**	199
Gross rental income from an investment property less direct outgoings of HK$194,000 (2014: HK$100,000)	**972**	270

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

(a) Income tax recognised in profit or loss:

No provision for Hong Kong Profits Tax and other income taxes has been made as the Group's entities did not have estimated assessable profits subject to any income tax in Hong Kong and other tax jurisdictions concerned during the years ended 30 June 2015 and 2014.

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	2015 HK$'000	2014 HK$'000
(Loss)/profit before taxation	**(998,596)**	515,413
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(131,060)**	52,401
Tax effect of non-deductible expenses	**187,374**	33,782
Tax effect of non-taxable income	**(56,314)**	(86,183)
Actual tax expenses	**–**	–

(c) Deferred taxation

There were no material unrecognised deferred tax assets and liabilities as at 30 June 2015 and 2014.

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

Name of director	Directors' fee		Salaries, allowances and benefits in kind		Mandatory provident fund contributions		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Executive director								
Mr. Danny Xuda Huang (Appointed on 1 August 2013) (Note a)	**–**	–	**610**	550	**18**	14	**628**	564
Mr. Lin Cheuk Fung (Retired on 29 November 2013)	**–**	–	**–**	315	**–**	8	**–**	323
Mr. Chan Shiu Kwong, Stephen	**–**	–	**544**	536	**18**	15	**562**	551
Mr. Nicholas J. Niglio (Note b)	**–**	–	**447**	430	**–**	–	**447**	430
Mr. Lin Chuen Chow, Andy	**–**	–	**381**	375	**18**	15	**399**	390
Independent non-executive director								
Mr. Yue Fu Wing	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Cheung Yat Hung, Alton	**60**	60	**–**	–	**–**	–	**60**	60
Mr. Chow Chung Lam, Louis (Appointed on 27 March 2015)	**5**	–	**–**	–	**–**	–	**5**	–
Mr. Chan Choi Kam (Resigned on 9 March 2015)	**19**	20	**–**	–	**–**	–	**19**	20
	144	140	**1,982**	2,206	**54**	52	**2,180**	2,398

Notes:

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

(b) Mr. Nicholas J. Niglio is the chief executive of the Company. In addition, Mr. Nicholas J. Niglio reached the age of 65 in November 2011 and no mandatory provident fund was required to contribute by the Group thereafter.

During the years ended 30 June 2015 and 2014, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during both years.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2014: five) are directors of the Company, details of whose emoluments are disclosed in note 11 above.

The emolument in respect of the remaining one (2014: zero) highest paid individual is as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries, allowances and benefits-in-kind	**234**	–
Retirement benefits scheme contributions	**12**	–
	246	–

The emolument of the remaining one (2014: zero) highest paid individuals is within the band of "Nil – HK$1,000,000".

13. DIVIDEND

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

14. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of approximately HK$828,012,000 (2014: profit of HK$148,762,000) and the weighted average of 4,616,245,000 ordinary shares (2014: 4,616,245,000 ordinary shares) in issue during the year.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 30 June 2015 and 2014 was the same as the basic (loss)/earnings per share because the exercise prices of the Company's outstanding share options were higher than the average market price of the Company's shares during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements and decoration HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Building held for own use HK$'000	Subtotal HK$'000	Leasehold land HK$'000	Total HK$'000
Cost:							
At 1 July 2013	2,202	1,108	435	2,992	6,737	50,420	57,157
Additions	115	51	–	–	166	–	166
Transfer to investment property	(2,202)	–	–	(2,992)	(5,194)	(50,420)	(55,614)
At 30 June 2014, 1 July 2014 and 30 June 2015	115	1,159	435	–	1,709	–	1,709
Accumulated depreciation:							
At 1 July 2013	38	221	253	110	622	1,849	2,471
Charge for the year	90	191	42	70	393	1,176	1,569
Eliminated on transfer to investment property	(91)	–	–	(180)	(271)	(3,025)	(3,296)
At 30 June 2014 and 1 July 2014	37	412	295	–	744	–	744
Charge for the year	5	275	42	–	322	–	322
At 30 June 2015	42	687	337	–	1,066	–	1,066
Carrying amount:							
At 30 June 2015	73	472	98	–	643	–	643
At 30 June 2014	78	747	140	–	965	–	965

16. INVESTMENT PROPERTY

	HK$'000
At fair value	
At 1 July 2013	–
Transfer from property, plant and equipment	58,240
Fair value adjustment (Note 8)	900
At 30 June 2014 and 1 July 2014	59,140
Fair value adjustment (Note 8)	60
At 30 June 2015	59,200

16. INVESTMENT PROPERTY (Continued)

Fair value measurement of property

(i) Fair value hierarchy

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

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

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

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

	2015			
		Fair value measurements categorised into		
	Fair value HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurement				
Investment property:				
– Commercial – Hong Kong	**59,200**	**–**	**59,200**	**–**

	2014			
		Fair value measurements categorised into		
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment property:				
– Commercial – Hong Kong	59,140	–	59,140	–

During the years ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16. INVESTMENT PROPERTY (Continued)

Fair value measurement of property (Continued)

(i) *Fair value hierarchy* (Continued)

The Group's investment property was revalued as at 30 June 2015. The valuation was carried out by Roma Appraisals Limited, an independent firm of professional valuer not connected with the Group, who have among their staff members of the Hong Kong Institute of Surveyors and with recent experience in the location and category of property being valued. The management has discussion with the property valuer on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting period.

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

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

17. INTANGIBLE ASSETS

	Rights in sharing of profit streams HK$'000
Cost:	
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	2,918,693
Accumulated impairment losses:	
At 1 July 2013, 30 June 2014, 1 July 2014	815,900
Impairment loss recognised during the year	875,222
At 30 June 2015	1,691,122
Carrying amount:	
At 30 June 2015	1,227,571
At 30 June 2014	2,102,793

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

17. INTANGIBLE ASSETS (Continued)

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

	Hou Wan Profit Agreement HK$'000	Neptune Ouro Profit Agreement HK$'000	Hao Cai Profit Agreement HK$'000	Lucky Star Profit Agreements HK$'000	Hoi Long Profit Agreement HK$'000	Total HK$'000
At 1 July 2013, 30 June 2014 and 1 July 2014	567,793	201,000	603,100	168,900	562,000	2,102,793
Impairment loss recognised during the year	(241,675)	(85,401)	(261,294)	(168,900)	(117,952)	(875,222)
At 30 June 2015 (note)	326,118	115,599	341,806	–	444,048	1,227,571

Note: The recoverable amounts of intangible assets are equivalent to their carrying amounts at the end of the reporting period.

Impairment tests for intangible assets with indefinite useful life

The recoverable amount of the intangible assets with indefinite useful life is determined based on value-in-use calculations by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. These calculations use cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period. Cash flows beyond the five year period are extrapolated using zero (2014: zero) growth rate, which does not exceed the long-term average growth rate for gaming and entertainment industry. The cash flows are discounted using a discount rate of 16.95% (2014: 10.69%). The discount rate used is pre-tax and reflects specific risks relating to the gaming and entertainment segment. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which have included budgeted revenue from sharing of profit streams from respective junket businesses, and such estimation is based on the past performance and management's expectation for the market development.

During the year ended 30 June 2015, an impairment loss of approximately HK$875,222,000 (2014: Nil) was recognised in respect of the Group's Gaming and Entertainment Business. The main factors contributing to the impairment were (i) the increase in discount rate; (ii) the decrease in profit forecasts of Gaming and Entertainment Business estimated by the directors of the Company; and (iii) the termination of Lucky Star Profit Agreements by the junket owner with effective on 1 July 2015. In the opinion of the directors of the Company, the impact of softening of macro-economic condition in China and fewer high net-worth people going to Macau for gaming were the main factors leading to the decrease in profit forecasts of Gaming and Entertainment Business, in addition to the termination of Lucky Star Profit Agreements. As the intangible assets were reduced to their recoverable amounts, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

18. GOODWILL

	Gaming and entertainment unit	
	2015	2014
	HK$'000	HK$'000
Cost:		
At 1 July	**221,366**	221,411
Effect on deregistration of a subsidiary	**–**	(45)
At 30 June	**221,366**	221,366
Accumulated impairment losses:		
At 1 July	**(221,366)**	(221,411)
Effect on deregistration of a subsidiary	**–**	45
At 30 June	**(221,366)**	(221,366)
Carrying amount:		
At 30 June	**–**	–

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

	Credible Limited	Sky Advantage Limited	Profit Forest Limited	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost:				
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	10,438	4,266	206,662	221,366
Accumulated impairment losses:				
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	(10,438)	(4,266)	(206,662)	(221,366)
Carrying amount:				
At 30 June 2015 and 2014	–	–	–	–

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

19. INTEREST IN AN ASSOCIATE/DIVIDEND RECEIVABLE FROM AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Share of net assets	**56,205**	58,084
Dividend receivable from an associate (note a)	**–**	55,902
Amount due from an associate (note b, c)	**233**	1,698

Notes:

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

(b) The amount is unsecured, interest-free and repayable on demand.

(c) During the year ended 30 June 2015, the maximum outstanding balance of the amount due from an associate is approximately HK$1,698,000 (2014: HK$24,698,000).

At 30 June 2015, the Group had interest in the following associate, which is an unlisted company for strategic purpose:

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

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

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

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

	Good Omen	
	2015	2014
	HK$'000	HK$'000
Gross amount of the associate		
Current assets	**159,918**	225,207
Non-current assets	**231,722**	231,722
Current liabilities	**(110,614)**	(166,510)
Net assets	**281,026**	290,419
Revenue	**74,513**	58,701
Expenses	**(83,906)**	(5)
(Loss)/profit for the year	**(9,393)**	58,696
Other comprehensive income	**–**	–
Total comprehensive (loss)/income	**(9,393)**	58,696
Dividend declared by the associate	**–**	–
Reconciled to the Group's interest in the associate:		
Net assets attributable to the owners of the associate	**281,026**	290,419
Proportion of the Group's interest in Good Omen	**20%**	20%
Carrying amount of the Group's interest in the associate	**56,205**	58,084

20. INTERESTS IN SUBSIDIARIES

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

	For the year ended 30 June 2015			
	Base Move HK$'000	Essence Gold HK$'000	Profit Forest Limited HK$'000	Sky Advantage Limited HK$'000
NCI percentage	70%	80%	15%	15%
Current assets	618,605	525,929	839,358	259,588
Non-current assets	326,118	444,048	341,806	115,599
Current liabilities	(646,311)	(492,580)	(861,444)	(272,787)
Net assets	298,412	477,397	319,720	102,400
Carrying amount of NCI	208,888	381,918	47,958	15,360
Revenue	108,197	206,142	107,332	35,777
Expenses	(315,788)	(166,067)	(390,930)	(134,378)
(Loss)/profit for the year	(207,591)	40,075	(283,598)	(98,601)
Other comprehensive income	–	–	–	–
Total comprehensive (loss)/income	(207,591)	40,075	(283,598)	(98,601)
(Loss)/profit allocated to NCI	(145,314)	32,060	(42,540)	(14,790)
Dividend declared attributable to NCI	43,254	106,430	–	–
Cash flows from/(used in):				
– operating activities	74,959	200,983	79,983	(5)
– investing activities	(60,545)	(45,632)	(105,709)	5
– financing activities	(14,414)	(193,350)	25,726	–

20. INTERESTS IN SUBSIDIARIES (Continued)

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

21. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Available-for-sale equity investments		
– Unlisted investments, at fair values		
At 1 July	**249,524**	–
Addition	**–**	449,330
Purchase cost recognised as an expense	**–**	(88,680)
Fair value adjustment recognised in other comprehensive income	**(209,852)**	(111,126)
At 30 June	**39,672**	249,524

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

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

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

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

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

21. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

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

As a result of the softening of macro-economic condition in China and fewer high net-worth people going to Macau for gaming, a loss in fair value change of approximately HK$100,208,000 (2014: HK$111,126,000) was recognised in the other comprehensive income and such loss was subsequently recognised in the profit or loss as an impairment loss in accordance with the accounting policy set out in note 1(k)(i).

(ii) Superiority Wealthy

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

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

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

21. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(ii) Superiority Wealthy (Continued)

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

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

As a result of the softening of macro-economic condition in China and fewer high net-worth people going to Macau for gaming, a loss in fair value change of approximately HK$109,644,000 (2014: Nil) was recognised in the other comprehensive income and such loss was subsequently recognised in the profit or loss as an impairment loss in accordance with the accounting policy set out in note 1(k)(i).

22. SECURITIES HELD FOR TRADING

	2015 HK$'000	2014 HK$'000
Listed investments, at fair value		
– Equity securities listed in Hong Kong	–	4

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

23. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	2015 HK$'000	2014 HK$'000
Trade receivables from		
– Non-controlling interests of subsidiaries	311,535	276,006
– Substantial shareholders of the Company	295,929	232,819
– Others	49,355	30,437
	656,819	539,262
Less: Impairment loss on trade receivables	(344,289)	–
	312,530	539,262
Other receivables:		
– Compensation receivable under the profit guarantee agreement	–	3,061
– Short term loan receivables (note)	92,147	–
– Others	152	209
Loans and receivables	404,829	542,532
Sundry deposits and prepayments	1,251	1,248
	406,080	543,780

Note: During the year ended 30 June 2015, the Group entered into 3 loan agreements with 3 non-controlling interests of certain subsidiaries to provide short term loans amounting to an aggregate sum of HK$92,147,000 (2014: Nil) for their business use. The amounts of short term loan receivables are unsecured, interest bearing at 5.25% per annum and repayable in March 2016.

Short term loan receivables were not past due at the end of the reporting period. The directors of the Company have reviewed the financial performance of these non-controlling interests and are of the view that, no impairment loss on the short term loan receivables was recognised for the year ended 30 June 2015.

23. TRADE AND OTHER RECEIVABLES (Continued)

(a) Age analysis

The following is an analysis of trade receivables by age, presented based on the invoice date:

	2015 HK$'000	2014 HK$'000
0 – 30 days	**23,525**	44,285
31 – 60 days	**32,741**	79,548
61 – 90 days	**28,365**	52,248
Over 90 days	**572,188**	363,181
	656,819	539,262
Less: Impairment loss on trade receivables	**(344,289)**	–
	312,530	539,262

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for gaming and entertainment segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Further details on the Group's credit policy are set out in note 5.

(b) Impairment of trade receivables and other receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and other receivables directly (see note 1(k)).

Movements in the allowance for doubtful debts

	Impairment of trade receivables	
	2015 HK$'000	2014 HK$'000
At 1 July	**–**	–
Impairment loss recognised during the year	**344,289**	–
At 30 June	**344,289**	–

As at 30 June 2015, trade receivables and other receivables of the Group amounting to approximately HK$344,289,000 (2014: Nil) and HK$6,584,000 (2014: HK$713,000), respectively, were individually determined to be impaired. The individually impaired receivables were outstanding for over 30 days at the end of the reporting period or were due from customers with financial difficulties and were determined with reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. Accordingly, specific allowances for doubtful debts of trade receivables, and impairment loss of other receivables of approximately HK$344,289,000 (2014: Nil) and HK$5,871,000 (2014: HK$713,000), respectively, were recognised during the year.

23. TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade receivables that are not impaired

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

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	22,440	44,285
Less than 1 month past due	31,597	79,548
1 to 3 months past due	54,083	122,045
More than 3 months but less than 12 months past due	204,410	293,384
Total amounts past due	290,090	494,977
Total	312,530	539,262

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. By reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuers, 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.

24. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2015 HK$'000	2014 HK$'000
Cash at banks and in hand	58,207	44,942
Cash balance maintained with securities companies	–	248
Cash and cash equivalents shown in the consolidated statement of financial position and the consolidated statement of cash flows	58,207	45,190

24. CASH AND CASH EQUIVALENTS (Continued)

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

	Note	2015 HK$'000	2014 HK$'000
Operating activities			
(Loss)/profit before taxation		**(998,596)**	515,413
Adjustments for:			
Interest income	7	**(468)**	(314)
Impairment loss of available-for-sale investments	8	**209,852**	111,126
Impairment loss of other receivables	8	**5,871**	713
Impairment loss of trade receivables	23(b)	**344,289**	–
Impairment loss of intangible assets	17	**875,222**	–
Depreciation of property, plant and equipment	15	**322**	1,569
Finance costs	9(a)	**524**	633
Share of loss/(profit) of an associate	19	**1,879**	(11,740)
Fair value changes on derivative financial instruments	32	**33,136**	1,397
Fair value change on securities held for trading	8	**(2)**	(2)
Fair value change on investment property	16	**(60)**	(900)
Loss on deregistration of a subsidiary	8	**–**	780
Gain on disposal of a subsidiary	8	**(306)**	–
Purchase cost recognised as an expense	21	**–**	88,680
Compensation from the junket promoter for shortfall in guaranteed profit	7	**(2,811)**	(3,061)
Changes in working capital:			
Increase in trade and other receivables		**(117,502)**	(122,383)
Increase in other payables		**464**	231
Net cash generated from operating activities		**351,814**	582,142

25. OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Interest payable	**6,160**	6,160
Other payables	**314**	314
Accruals	**1,380**	1,558
Deposit received	**584**	149
Financial liabilities measured at amortised cost	**8,438**	8,181
Provision for legal claim for rental payment	**1,592**	1,592
	10,030	9,773

26. DIVIDEND PAYABLE TO NON-CONTROLLING INTERESTS

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

27. INCOME TAX PAYABLE

	2015 HK$'000	2014 HK$'000
Balance of Hong Kong Profits Tax provision relating to prior years	**–**	99

28. BANK BORROWING, SECURED

At 30 June 2015, the bank borrowing was due for repayment as follows:

	2015 HK$'000	2014 HK$'000
The bank borrowing that contain a repayable on demand clause:		
Current portion of term loan due for repayment within one year (note)	**2,369**	2,305
Non-current portion of term loan due for repayment after one year (note)		
– After 1 year but within 2 years	**2,439**	2,372
– After 2 years but within 5 years	**7,747**	7,534
– After 5 years	**6,262**	8,720
	16,448	18,626
	18,817	20,931

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

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

The term loan is secured by the mortgages over the investment property of approximately HK$59,200,000 (2014: HK$59,140,000) and interest bearing at bank's best lending rate less 2.4% (2014: bank's best lending rate less 2.4%) per annum.

In addition, the Group's term loan agreement contain a clause which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. The Group does not consider it probable that the bank will exercise its discretion to demand immediate repayment for so long as the Group continues to meet the repayment schedule. Further details of the Group's management of liquidity risk are set out in note 5(b).

29. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

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

The Company	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Non-distributable reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 July 2013	46,162	1,031,691	–	1,264	4,223	195,726	1,279,066
Profit for the year	–	–	–	–	–	11,471	11,471
Surplus on revaluation of owner occupied building upon change of use to investment property	–	–	5,922	–	–	–	5,922
Total comprehensive income for the year	–	–	5,922	–	–	11,471	17,393
Transfer to retained profits upon lapse of share option	–	–	–	–	(355)	355	–
Transition to no-par value regime on 3 March 2014	1,031,691	(1,031,691)	–	–	–	–	–
Balance at 30 June 2014 and 1 July 2014	1,077,853	–	5,922	1,264	3,868	207,552	1,296,459
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(145,891)**	**(145,891)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(145,891)**	**(145,891)**
Transfer to retained profits upon lapse of share options	**-**	**-**	**-**	**-**	**(1,463)**	**1,463**	**-**
Balance at 30 June 2015	**1,077,853**	**-**	**5,922**	**1,264**	**2,405**	**63,124**	**1,150,568**

29. SHARE CAPITAL AND RESERVES (Continued)

(b) Share capital

	2015		2014	
	Number of shares ('000)	**HK$'000**	Number of shares ('000)	HK$'000
Ordinary shares, issued and fully paid:				
At 1 July	**4,616,245**	**1,077,853**	4,616,245	46,162
Transition to no-par value regime on 3 March 2014 (note)	**–**	**–**	–	1,031,691
At 30 June	**4,616,245**	**1,077,853**	4,616,245	1,077,853

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

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

(c) Nature and purpose of reserves

(i) Share options reserve

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

(ii) Other reserve

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

29. SHARE CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(iii) Property revaluation reserve

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

(iv) Investment revaluation reserve

Investment revaluation reserve represents the cumulative net change in fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 1(f).

(d) Distributability of reserves

At 30 June 2015, the aggregate amount of reserves available for distribution to owners of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance was approximately HK$63,124,000 (2014: HK$207,552,000).

(e) Capital management

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

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

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

Gearing ratio

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

29. SHARE CAPITAL AND RESERVES (Continued)

(e) Capital management (Continued)

Gearing ratio (Continued)

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

	2015 **HK$'000**	2014 HK$'000
Total debt#	**18,817**	20,931
Equity attributable to owners of the Company	**1,164,907**	1,992,919
Gearing ratio	**1.62%**	1.05%

Total debt solely comprises bank borrowing as detailed in note 28.

30. RETIREMENT BENEFITS SCHEME

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Old Share Option Scheme

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Old Share Option Scheme (Continued)

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

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

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

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

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

New Share Option Scheme

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

New Share Option Scheme (Continued)

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

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

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

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

New Share Option Scheme (Continued)

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

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

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

Details of share options granted

At 30 June 2015, the total number of shares available for issue under the Scheme was 88,000 shares (2014: 88,000 shares), representing 0.002% (2014: 0.002%) of the number of ordinary shares of the Company in issue as at 30 June 2015. During the year ended 30 June 2014, 90,000 options (2015: Nil) granted under the Scheme were lapsed because the eligible participant left the Group.

At 30 June 2015, the total number of shares available for issue under the New Scheme was 29,900,000 shares (2014: 52,900,000 shares), representing 0.65% (2014: 1.15%) of the number of ordinary shares of the Company in issue as at 30 June 2015. During the year ended 30 June 2015, 23,000,000 options (2014: 2,300,000 options) granted under the New Scheme were lapsed because the eligible participant left the Group.

The options under the Scheme and the New Scheme have exercise prices of HK$0.728 and HK$0.337, respectively. At 30 June 2015, the weighted average remaining contractual life of the options was 2.14 years (2014: 3.14 years).

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2015 and 2014 are as follows:

Participants	Share option type*	Number of share options outstanding and exercisable At 1 July 2014 '000	Lapsed during the year ended 30 June 2015 '000	At 30 June 2015* '000	Date of grant of share options**	Exercise period of share options	Exercise price of share options	Fair value at grant date	Closing price of the Company's shares immediately before the grant date
Directors									
Mr. Chan Shiu Kwong, Stephen	2007A	88	–	88	26/02/2007	26/02/2007 to 25/02/2017	0.728	0.686	0.7
	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Nicholas J. Niglio	2008A	2,300	–	2,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Mr. Chan Choi Kam	2008A	23,000	(23,000)	–	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
Consultants and employees									
In aggregate	2008A	25,300	–	25,300	29/10/2007	29/10/2007 to 28/10/2017	0.337	0.127	0.325
		52,988	(23,000)	29,988					
Weighted average exercise price (HK$)		0.338	0.337	0.338					

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Details of specific categories of share options and the movements during the years ended 30 June 2015 and 2014 are as follows: (Continued)

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

* Share option types of 2007A and 2008A represent share options granted during the years ended 30 June 2007 and 2008, respectively. During the years ended 30 June 2015 and 2014, no share options were granted or exercised.

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

32. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent the call options of the Group in the 50% interests in Base Move, 80% interests in Essence Gold and 95% interests in Superiority Wealthy. The fair value of the call options were approximately HK$67,000 (2014: HK$33,203,000) as at 30 June 2015, by reference to the valuation report issued by Ascent Partners Valuation Services Limited, an independent qualified professional valuer. The movements during the years ended 30 June 2015 and 2014 are as follows:

	HK$'000
At 1 July 2013	34,600
Fair value changes included in profit or loss (Note 8)	(1,397)
At 30 June 2014 and 1 July 2014	33,203
Fair value changes included in profit or loss (Note 8)	(33,136)
At 30 June 2015	**67**

33. DISPOSAL OF A SUBSIDIARY

On 22 January 2015, the Company entered into an agreement with an independent third party to dispose of its 100% equity interest in Source Investments Limited ("Source Investments") at a cash consideration of HK$6,000. Source Investments is principally engaged in securities trading in Hong Kong.

On the date of disposal, the asset and liabilities of Source Investments comprised approximately HK$6,000 of securities held for trading, HK$207,000 of other payables and HK$99,000 of income tax payable. Source Investments was in net liabilities position of approximately HK$300,000 and a gain of disposal of a subsidiary of approximately HK$306,000 was recognised in the profit or loss. In addition, there is a cash inflow on disposal amounted to approximately HK$6,000 which is solely arising from the consideration received on the disposal.

During the period from 1 July 2014 to the date of completion of the disposal, Source Investments did not have any significant contribution to the Group's revenue, results and cash flows.

34. COMMITMENTS

The Group as lessee

At 30 June 2015 and 2014, the total future minimum lease payments under non-cancellable operating leases in respect of the properties are payable as follows:

	2015 **HK$'000**	2014 HK$'000
Within 1 year	**419**	629
After 1 year but within 5 years	**–**	419
	419	1,048

34. COMMITMENTS (Continued)

The Group as lessor

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

	2015 HK$'000	2014 HK$'000
Within 1 year	**1,680**	1,536
After 1 year but within 5 years	**1,325**	1,753
	3,005	3,289

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

35. CONTINGENT LIABILITIES

Contingent liability in respect of legal claim for office rental

On 1 September 2004, a writ of summons and statement of claim was made by The Center (49) Limited against the Company in respect of the office previously rented by the Group. The claim is for a sum of approximately HK$3.3 million together with interest and cost. In the opinion of the Company's directors, the amount claimed is unreasonable. The Group would vigorously contest against such claim. After obtaining legal advice, a provision of approximately HK$1.6 million has been made in the financial statements as at 30 June 2004. During the years ended 30 June 2015 and 2014, there has been no significant progress.

36. MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

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

	2015 HK$'000	2014 HK$'000
Salaries and other short-term benefits	**2,126**	2,346
Post-employment benefits	**54**	52
	2,180	2,398

37. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2015		2014	
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment		643		965
Investment property		59,200		59,140
Interests in subsidiaries		1,501,851		1,669,154
		1,561,694		1,729,259
Current assets				
Other receivables	360		469	
Cash and cash equivalents	57,784		5,331	
	58,144		5,800	
Less: Current liabilities				
Other payables	9,477		7,565	
Bank borrowing	18,817		20,931	
Amounts due to subsidiaries	440,976		410,104	
	469,270		438,600	
Net current liabilities		(411,126)		(432,800)
Net assets		1,150,568		1,296,459
Capital and reserves				
Share capital		1,077,853		1,077,853
Other reserves		72,715		218,606
Total equity		1,150,568		1,296,459

Approved and authorised for issue by the board of directors on 25 September 2015 and are signed on its behalf by:

Nicholas J. Niglio
Director

Chan Shiu Kwong, Stephen
Director

38. POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 30 June 2015 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS 14 "Regulatory Deferral Accounts"	*
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2017
Amendments to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	1 January 2016
Amendments to HKAS 1 "Disclosure Initiative"	1 January 2016
Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1 January 2016
Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants"	1 January 2016
Amendments to HKAS 27 "Equity Method in Separate Financial Statements"	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 "Investment Entities: Applying the Consolidation Exception"	1 January 2016
Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	1 January 2016
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016

* Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Particulars of Principal Subsidiaries

For the year ended 30 June 2015

Particulars of the Company's principal subsidiaries at 30 June 2015 are as follows:

Name of subsidiary	Place of incorporation/ business	Particulars of issued share capital/registered capital	Proportion of issued ordinary share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activity
Base Move (note (i))	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	30	Receive profit streams from gaming and entertainment related business
Best Max Enterprises Limited	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	100	Receive profit streams from gaming and entertainment related business
Essence Gold (note (ii))	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	20	Receive profit streams from gaming and entertainment related business
Essence Gold Investment (Macau) Limited (note (iii))	Macau/Macau	25,000 ordinary shares of MOP$1 each	–	20	Receiving trade debts from Group's customers and remitting cash to Group's entities
Profit Forest Limited	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	85	Receive profit streams from gaming and entertainment related business
Profit Forest (Macau) Limited	Macau/Macau	25,000 ordinary shares of MOP$1 each	–	85	Receiving trade debts from the Group customers and remitting cash to the Group's entities
Sky Advantage Limited	The British Virgin Islands/Macau	100 ordinary shares of US$1 each	–	85	Receive profit streams from gaming and entertainment related business

Particulars of the Company's principal subsidiaries at 30 June 2015 are as follows: (Continued)

Notes:

(i) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 80% (2014: 80%) voting rights over Base Move. Based on the directors' assessment, the currently exercisable purchased call option provided the Group with the potential voting rights over Base Move which in turn provided the Group with the ability to direct the relevant activities of Base Move and affect the amount of the Group's return. In preparing the Group's consolidated financial statements for the years ended 30 June 2015 and 2014, Base Move was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Company held 30% (2014: 30%) equity interests in Base Move, 70% (2014: 70%) of the post-acquisition results and net assets of Base Move were allocated to non-controlling interests.

(ii) The currently exercisable purchased call option, if exercised, would give, in aggregate, the Group 100% (2014: 100%) voting rights over Essence Gold. Based on the director's assessment, the currently exercisable purchased call option provided the Group with the potential voting right over Essence Gold which in turn provided the Group with the ability to direct the relevant activities of Essence Gold and affect the amount of the Group's return. In preparing the Group's consolidated financial statements for the years ended 30 June 2015 and 2014, Essence Gold was consolidated as a subsidiary in accordance with HKFRS 10 "Consolidated Financial Statements". As the Company held 20% (2014: 20%) equity interest in Essence Gold, 80% (2014: 80%) of the post-acquisition results and net assets of Essence Gold were allocated to non-controlling interest.

(iii) Essence Gold Investment (Macau) Limited is a wholly owned subsidiary of Essence Gold.

Particulars of Structured Entity

For the year ended 30 June 2015

As at 30 June 2015, there was one structured entity controlled by the Group, which operates in Macau, particulars of which are as follows:

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

The Group controls a structured entity, Base Move (Macau), which is set up solely for receiving trade debts from the Group’s customers and remitting cash to the Group’s entities. As the Group has the power over Base Move (Macau), rights to variable returns from its involvement with Base Move (Macau), and the ability to use its power to affect its returns, despite the absence of formal legal equity interest held by the Group therein, accordingly, the assets, liabilities and the profit or loss of Base Move (Macau) are included in the Group’s consolidated statement of financial position in accordance to HKFRS 10 “Consolidated Financial Statements”.

At 30 June 2015 and 2014, assets in this structured entity mainly consisted of bank balances.