眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8156)

ANNUAL RESULTS 2014

CHARACTERISTICS OF THE GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the Directors of China Vanguard Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The Board of the Company presented the audited consolidated results of the Group for the year ended 30 June 2014 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	**Year ended 30-6-2014** ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
Revenue	*4*	**95,786**	39,098
Cost of sales		**(5,980)**	(4,597)
Gross profit		**89,806**	34,501
Other revenue	*4*	**10,451**	1,090
Selling and distribution costs		**(1,268)**	(690)
Administrative expenses		**(67,171)**	(69,824)
Operating profit (loss)		**31,818**	(34,923)
Finance costs	*5*	**(9,753)**	(10,123)
Share of result of a joint venture		**(2,881)**	3,250
Profit (loss) before taxation	*6*	**19,184**	(41,796)
Income tax expenses	*7*	**(6,038)**	(672)
PROFIT (LOSS) FOR THE YEAR		**13,146**	(42,468)
Other comprehensive income (expenses) for the year, after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas operations		**(2,085)**	4,529
Other comprehensive income (expenses) for the year, net of tax		**(2,085)**	4,529
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR		**11,061**	(37,939)

	Notes	**Year ended 30-6-2014** ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
Profit (loss) attributable to:			
Equity holders of the Company		**14,887**	(41,621)
Non-controlling interests		**(1,741)**	(847)
		13,146	(42,468)
Total comprehensive income (expenses) attributable to:			
Equity holders of the Company		**12,810**	(35,247)
Non-controlling interests		**(1,749)**	(2,692)
		11,061	(37,939)
			(Restated)
Earnings (loss) per share			
Basic	*9*	**HK1.93 cents**	(HK5.88 cents)
Diluted	*9*	**HK1.91 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**30-6-2014** **HK$'000**	30-6-2013 HK$'000 (Restated)	1-7-2012 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	10	**10,281**	28,811	11,336
Goodwill	11	**145,099**	94,608	94,475
Other intangible assets	12	**776**	–	–
Available-for-sale financial assets		**–**	–	–
Prepaid lease payments		**–**	4,255	–
Interests in a joint venture	13	**16,974**	19,939	16,517
		173,130	147,613	122,328
Current assets				
Prepaid lease payments		**–**	121	–
Inventories	14	**1,081**	1,172	1,071
Trade and other receivables and prepayments	15	**104,948**	35,180	31,602
Pledged bank deposits		**–**	5,262	5,223
Bank balances and cash	16	**151,850**	3,637	20,987
		257,879	45,372	58,883
Assets classified as held for sale	17	**5,469**	–	–
		263,348	45,372	58,883
Current liabilities				
Trade payables, accrued liabilities and other payables	18	**18,947**	10,120	16,913
Tax liabilities		**7,717**	1,837	2,269
Bank and other borrowings	19	**–**	54,265	32,419
Amounts due to directors		**1,089**	5,520	584
Convertible bonds		**–**	–	7,365
		27,753	71,742	59,550
Liabilities associated with assets classified as held for sale	17	**2,610**	–	–
		30,363	71,742	59,550
Net current assets (liabilities)		**232,985**	(26,370)	(667)
Total assets less current liabilities		**406,115**	121,243	121,661

	Notes	**30-6-2014**	30-6-2013	1-7-2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current liabilities				
Bank and other borrowings	*19*	**–**	–	74,331
Loan from shareholder		**–**	76,352	–
Convertible bonds	*20*	**64,311**	–	–
Deferred taxation		**4,310**	–	–
		68,621	76,352	74,331
Net assets		**337,494**	44,891	47,330
Capital and reserves				
Share capital		**40,155**	37,719	32,719
Reserves		**286,709**	2,358	7,105
Equity attributable to equity holders of the Company		**326,864**	40,077	39,824
Non-controlling interests		**10,630**	4,814	7,506
Total equity		**337,494**	44,891	47,330

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000 (Note a)	Share option reserve HK$'000 (Note b)	Translation reserve HK$'000 (Note c)	Convertible bonds reserve HK$'000 (Note d)	Special reserve HK$'000	Capital reserve HK$'000 (Note e)	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2012 as previously reported	32,719	2,165,054	234	35,572	11,092	23,735	–	(1)	10,195	(2,227,934)	50,666	16,205	66,871
Prior years adjustments	–	–	–	–	–	(10,831)	–	–	(11)	–	(10,842)	(8,699)	(19,541)
As restated	32,719	2,165,054	234	35,572	11,092	12,904	–	(1)	10,184	(2,227,934)	39,824	7,506	47,330
Loss for the year (restated)	–	–	–	–	–	–	–	–	–	(41,621)	(41,621)	(847)	(42,468)
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	6,374	–	–	–	–	6,374	(1,845)	4,529
Total comprehensive expenses for the year	–	–	–	–	–	6,374	–	–	–	(41,621)	(35,247)	(2,692)	(37,939)
Shares issued on loan capitalization	5,000	30,500	–	–	–	–	–	–	–	–	35,500	–	35,500
Share options lapsed	–	–	–	–	(11,092)	–	–	–	–	11,092	–	–	–
At 30 June 2013 and at 1 July 2013	37,719	2,195,554	234	35,572	–	19,278	–	(1)	10,184	(2,258,463)	40,077	4,814	44,891
Profit for the year	–	–	–	–	–	–	–	–	–	14,887	14,887	(1,741)	13,146
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	(2,077)	–	–	–	–	(2,077)	(8)	(2,085)
Total comprehensive income for the year	–	–	–	–	–	(2,077)	–	–	–	14,887	12,810	(1,749)	11,061
Equity component of convertible bonds	–	–	–	–	–	–	28,963	–	–	–	28,963	–	28,963
Deferred tax liabilities arising from the issuance of convertible bonds	–	–	–	–	–	–	(4,779)	–	–	–	(4,779)	–	(4,779)
Recognition of equity-settled share-based payments	–	–	–	–	8,794	–	–	–	–	–	8,794	–	8,794
Exercise of share options	–	–	–	–	(2,357)	–	–	–	–	–	(2,357)	–	(2,357)
Share options lapsed	–	–	–	–	(235)	–	–	–	–	235	–	–	–
Acquisition of interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	2,669	2,669
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	4,896	4,896
Shares repurchased	(947)	(68,828)	947	–	–	–	–	–	–	(947)	(69,775)	–	(69,775)
Shares issued upon exercise of share options	177	8,396	–	–	–	–	–	–	–	–	8,573	–	8,573
Shares issued upon placement of shares	2,720	267,506	–	–	–	–	–	–	–	–	270,226	–	270,226
Shares issued on acquisition of a subsidiary	486	33,846	–	–	–	–	–	–	–	–	34,332	–	34,332
At 30 June 2014	40,155	2,436,474	1,181	35,572	6,202	17,201	24,184	(1)	10,184	(2,244,288)	326,864	10,630	337,494

Notes:

(a) The employee share-based compensation reserve comprises the cumulative value of employee services received for the issue of shares under share award scheme.

(b) The share option reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Options Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees and participants.

(c) The translation reserve comprises:

  (i) The foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

  (ii) The exchange differences on monetary items which form part of the Group's net investment in the foreign operations.

(d) On 17 January 2014, the Company issued convertible bonds with a principal amount of HK$89,625,000. Equity component of the convertible bonds of approximately HK$28,963,000 was recognized in the convertible bonds reserve account.

(e) Capital reserve represents gain on acquisition and disposal of interests in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The consolidated financial statements are presented in Hong Kong dollar which is the Company's functional and presentation currency.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

HKAS 19 (As revised in 2011)	Employee benefits
HKAS 27 (As revised in 2011)	Separate financial statements
HKAS 28 (As revised in 2011)	Investments in associates and joint ventures
HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle
HKFRS 1 (Amendments)	Government loans
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in the consolidated financial statements.

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements" , HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In particular, guidance in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. In assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

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

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangement, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with requirements of HKFRS 11. The directors concluded that the Group's investment in jointly controlled entities, which were classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and accounted for using the equity method. The change in accounting of the Group's investment in jointly controlled entities has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 1 July 2013 for the purpose of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group has previously proportionately consolidated. Also, the directors performed an impairment assessment on the initial investments as at 1 July 2013 and concluded that no impairment loss is required. Comparative amounts for 2013 have been restated to reflect the change in accounting for the Group's investment in joint arrangements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realizable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 included extensive disclosure requirements. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

The effect of the change in accounting policy described above on the results for the year ended 30 June 2013 by line items are as follow:

The operating results previously reported by the Group for the year ended 30 June 2013 have been restated to equity accounting method for the Group's JCE as set out below:

	The Group (as previously stated)	**JCE**	**The Group**
	HK$'000	*HK$'000*	*HK$'000*
			(Restated)
Revenue	62,409	(23,311)	39,098
Cost of sales	(17,529)	12,932	(4,597)
Other revenue	1,273	(183)	1,090
Selling and distribution costs	(6,554)	5,864	(690)
Administrative expenses	(79,195)	9,371	(69,824)
Gain on disposal of a jointly controlled entity	6,640	(6,640)	–
Finance costs	(10,135)	12	(10,123)
Share of result of a joint venture	–	3,250	3,250
Income tax expenses	(749)	77	(672)
Loss for the year	(43,840)	1,372	(42,468)
Loss attributable to:			
Equity holders of the Company	(41,522)	(99)	(41,621)
Non-controlling interests	(2,318)	1,471	(847)
	(43,840)	1,372	(42,468)

The financial position previously reported by the Group as at 30 June 2013 have been restated to equity accounting method for the Group's JCE as set out below:

	The Group (as previously stated) *HK$'000*	**JCE** *HK$'000*	**The Group** *HK$'000* (Restated)
Assets			
Property, plant and equipment	31,478	(2,667)	28,811
Prepaid lease payments	4,376	–	4,376
Goodwill	94,608	–	94,608
Inventories	4,170	(2,998)	1,172
Interests in a joint venture	–	19,939	19,939
Available-for-sale financial assets – Excellent Union	18,578	(18,578)	–
Trade and other receivables and prepayments	49,479	(14,299)	35,180
Pledged bank deposits	5,262	–	5,262
Bank balances and cash	3,879	(242)	3,637
Total assets	211,830	(18,845)	192,985
Liabilities			
Trade payables, accrued liabilities and other payables	15,269	(5,149)	10,120
Amounts due to directors	5,520	–	5,520
Tax liabilities	1,837	–	1,837
Loan from shareholder	76,352	–	76,352
Bank and other borrowings	54,265	–	54,265
Total liabilities	153,243	(5,149)	148,094
Net assets	58,587	(13,696)	44,891
Equity attributable to equity holders of the Company	52,135	(12,058)	40,077
Non-controlling interests	6,452	(1,638)	4,814
Total equity	58,587	(13,696)	44,891

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	*Financial Instruments*[5]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Revised) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised) *Investment Entities*[1]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[4]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 *Property, Plant and Equipment and HKAS 38 Intangible Assets*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC) – INT 21	*Levies*[1]
Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2017
[5] No mandatory effective date yet determined but is available for adoption

3. SEGMENT INFORMATION

The factors that used to identify the Group's operating segments, including the basis of organization are mainly based on the types of products sold and services provided by the Group's operating divisions as follows:

(a) Provision of lottery-related services

(b) Land and property development and consulting

(c) Others included wineries, distribution of natural supplementary products, catering services and sales of animal feeds.

Information regarding the above segments is reported below.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 30-6-2014

	Lottery-related services *HK$'000*	**Land and property development and consulting** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**81,961**	**13,800**	**25**	**95,786**
Segment results	**55,701**	**13,295**	**(792)**	**68,204**
Unallocated income				**1,211**
Unallocated expenses				**(37,597)**
Share of result of a joint venture				**(2,881)**
Finance costs				**(9,753)**
Profit before taxation				**19,184**
Income tax expenses				**(6,038)**
Profit for the year				**13,146**

Year ended 30-6-2013 (Restated)

	Lottery-related services *HK$'000*	Land and property development and consulting *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	38,959	–	139	39,098
Segment results	3,502	(563)	(2,395)	544
Unallocated income				41
Unallocated expenses				(35,508)
Share of result of a joint venture				3,250
Finance costs				(10,123)
Loss before taxation				(41,796)
Income tax expenses				(672)
Loss for the year				(42,468)

(b) Segment assets and liabilities

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

30-6-2014

	Lottery-related services ***HK$'000***	**Land and property development and consulting** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
Assets				
Segment assets	**205,252**	**8,902**	**2,053**	**216,207**
Unallocated assets				**220,271**
Total assets				**436,478**
Liabilities				
Segment liabilities	**16,420**	**115**	**941**	**17,476**
Unallocated liabilities				**17,197**
Convertible bonds				**64,311**
Total liabilities				**98,984**

30-6-2013 (Restated)

	Lottery-related services *HK$'000*	Land and property development and consulting *HK$'000*	Others *HK$'000*	Total *HK$'000*
Assets				
Segment assets	144,653	9,024	8,109	161,786
Unallocated assets				31,199
Total assets				192,985
Liabilities				
Segment liabilities	26,704	9,619	5,272	41,595
Unallocated liabilities				69,877
Bank and other borrowings				36,622
Total liabilities				148,094

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than other corporate assets.

The chief operating decision maker mainly reviews the segment assets for the purposes of resource allocation and performance assessment. An analysis of the Group's liabilities is not regularly reviewed by the chief operating decision maker and hence, the relevant information is not presented accordingly.

(c) Other segment information

Year ended 30-6-2014

	Lottery-related services ***HK$'000***	**Land and property development and consulting** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property, plant and equipment	**1,667**	**17**	**–**	**1,684**
Gain on disposal of property, plant and equipment	**8,829**	**–**	**12**	**8,841**
Written-off of deposits and other receivables	**317**	**–**	**64**	**381**
Depreciation and amortization	**4,864**	**37**	**365**	**5,266**

Year ended 30-6-2013 (Restated)

	Lottery-related services HK$'000	Land and property development and consulting HK$'000	Others HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property, plant and equipment	20,171	192	622	20,985
Loss on disposal of property, plant and equipment	–	–	(711)	(711)
Written-off of inventories	–	–	306	306
Written-off of deposits and other receivables	–	–	115	115
Depreciation and amortization	4,283	17	385	4,685

(d) Geographical information

The Group's operations are mainly located in PRC. The following table provides an analysis of the Group's sales by geographical markets:

	Revenue from external customers	
	Year ended 30-6-2014 ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
PRC	**81,961**	39,044
Hong Kong	**13,825**	54
	95,786	39,098

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analyzed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment Capital expenditure**	
	30-6-2014	30-6-2013	**30-6-2014**	30-6-2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
PRC	**230,860**	172,449	**2,309**	20,701
Hong Kong	**205,618**	20,536	**1,551**	2,076
	436,478	192,985	**3,860**	22,777

Revenue from major products and services
The Group's revenue from its products is as follows:

	Year ended	Year ended
	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Lottery-related services	**81,961**	38,959
Land and property development and consulting	**13,800**	–
Others	**25**	139
	95,786	39,098

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	The Group	
	Year ended	Year ended
	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Customer A – Provision of lottery-related services	**73,557**	30,599
Customer B – Provision of lottery-related services	**6,049**	6,982
Customer C – Land and property development and consulting	**6,800**	–
Customer D – Land and property development and consulting	**7,000**	–

4. REVENUE AND OTHER REVENUE

The principal activities of the Group are (i) provision of lottery-related services, (ii) land and property development and consulting and (iii) others.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable. Revenue recognized during the year is as follows:

	Year ended 30-6-2014 ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
Revenue		
Provision of lottery-related services	**81,961**	38,959
Land and property development and consulting	**13,800**	–
Sales of goods	**–**	32
Catering services	**–**	53
Distribution of natural supplementary products	**25**	54
	95,786	39,098

	Year ended 30-6-2014 ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
Other revenue		
Interest income	**257**	55
Others	**1,072**	1,035
Gain on disposal of property, plant and equipment	**8,852**	–
Consulting income	**270**	–
	10,451	1,090

Revenue from lottery-related services business for the year ended 30 June 2014 amounted to about HK$31 million was relating to revenue generated from ordinary lottery-related services business in the previous years. It could not be measured reliably in the past but the amount has been ascertained in Year 2014 due to the signing of a supplemental agreement to the original contract in the year.

5. FINANCE COSTS

	Year ended 30-6-2014 *HK$'000*	Year ended 30-6-2013 *HK$'000* (Restated)
Interest on:		
– Borrowings wholly repayable within five years	**5,299**	9,915
– Convertible bonds	**4,454**	208
	9,753	10,123

6. PROFIT (LOSS) BEFORE TAXATION

	Year ended 30-6-2014 *HK$'000*	Year ended 30-6-2013 *HK$'000* (Restated)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Staff costs (excluding Directors' emoluments):		
– Wages and salaries	**24,109**	24,497
– Retirement benefits scheme contributions	**234**	316
– Equity-settled share-based payment	**6,451**	–
Total staff costs	**30,794**	24,813
Cost of inventories sold	**1,860**	1,767
Auditors' remuneration:		
– Provide for the year	**998**	1,108
– Over provision in prior year	**(50)**	–
Depreciation of property, plant and equipment	**6,120**	5,067
Donation	**25**	–
Amortization of prepaid lease payments	**121**	109
Equity-settled share-based payment to other eligible participants	**769**	–
(Gain) loss on disposal of property, plant and equipment	**(8,852)**	715
Minimum lease payments under operating leases:		
– Land and buildings	**4,830**	5,885
– Office equipment	**44**	11
Written-off of amount due from a related company	**–**	2,801
Written-off of amount due from a joint venture	**380**	–
Written-off of deposits and other receivables	**381**	115
Written-off of inventories	**–**	306
Exchange (gains) losses, net	**(974)**	5,937

7. INCOME TAX EXPENSES

The amount of tax charged to the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 30-6-2014	Year ended 30-6-2013
	HK$'000	*HK$'000* (Restated)
The charge comprises:		
Current year		
– Hong Kong Profits Tax	**–**	–
– Other jurisdiction	**7,161**	517
	7,161	517
(Over) under provision in prior years		
– Hong Kong Profits Tax	**–**	–
– Other jurisdiction	**(654)**	155
	(654)	155
	6,507	672
Deferred taxation	**(469)**	–
Income tax expenses charged for the year	**6,038**	672

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit derived in Hong Kong for both years. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The amount of income tax expenses charged to the consolidated statement of profit or loss and other comprehensive income reconciled to the profit (loss) per consolidated statement of profit or loss and other comprehensive income is as follows:

	Year ended 30-6-2014 ***HK$'000***	Year ended 30-6-2013 *HK$'000* (Restated)
Profit (loss) before taxation	**19,184**	(41,796)
Tax at the Hong Kong Profits Tax rate	**3,165**	(6,896)
Tax concession	**(296)**	(395)
Tax effect of expenses that are not deductible for tax purposes	**1,265**	628
Tax effect of income that is not taxable for tax purposes	**(1,563)**	(356)
Tax effect of tax losses not recognized	**4,196**	7,857
Tax effect of utilization of tax losses previously not recognized	**(5,152)**	–
Tax effect on profits or losses attributable to a joint venture	**475**	(536)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**4,236**	(2)
Others	**366**	217
Tax effect of (over) under provision in prior years	**(654)**	155
Income tax expenses	**6,038**	672

Notes:

(a) The applicable tax rate for Hong Kong is 16.5% (Year ended 30-6-2013: 16.5%) and applicable tax rate in the PRC is 25% (Year ended 30-6-2013: 25%).

(b) The share of tax attributable to a joint venture amounting to approximately HK$475,000 (Year ended 30-06-2013: approximately HK$536,000) is included in "share of result of a joint venture" in the consolidated statement of profit or loss and other comprehensive income.

At the end of the reporting period, the Group has unused tax losses of approximately HK$86,707,000 (30-6-2013: approximately HK$60,424,000) available for offset against future profits. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profits streams. Deductible temporary differences have not been recognized in these financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Included in unused estimated tax losses are losses of approximately HK$25,432,000 (30-6-2013: approximately HK$16,941,000) that will expire within 1 to 5 years from the year origination. Other losses may be carried forward indefinitely.

The components of unrecognized deductible (taxable) temporary differences at the end of the reporting date are as follows:

	Year ended 30-6-2014 *HK$'000*	Year ended 30-6-2013 *HK$'000* (Restated)
Deductible temporary differences:		
Unutilized tax losses	**86,707**	60,424
Others	**–**	10,854
Taxable temporary differences:		
Accelerated tax allowances	**(920)**	(370)
Other	**(2,909)**	–
	82,878	70,908

8. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the end of reporting date (Year ended 30-6-2013: Nil).

9. EARNINGS (LOSS) PER SHARE

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

	Year ended 30-6-2014 *HK$'000*	Year ended 30-6-2013 *HK$'000* (Restated)
Profit (loss) for the year attributable to the equity holders of the Company	**14,887**	(41,621)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**771,103**	707,803
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**778,659**	707,803

For year ended 30 June 2014, outstanding convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings per share.

As the Company did not have outstanding share options and convertible bonds as at 30 June 2013, weighted average number of ordinary shares for the purpose of diluted loss per share is the same as basic loss per share. Therefore, calculation of diluted loss per share is not applicable.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Plant and machinery *HK$'000*	Leasehold improvement *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Total *HK$'000*
COST							
At 1 July 2012 (Restated)	1,380	6,508	45,822	3,734	5,080	5,429	67,953
Additions	–	516	19,486	2,447	164	164	22,777
Acquisition of a subsidiary	–	–	–	181	103	–	284
Disposal	–	(720)	(38,948)	(2,829)	(107)	(235)	(42,839)
Exchange realignment	48	217	1,620	85	115	168	2,253
At 30 June 2013 and 1 July 2013	1,428	6,521	27,980	3,618	5,355	5,526	50,428
Additions	–	590	–	486	1,777	1,007	3,860
Acquisition of a subsidiary	–	44	–	–	–	85	129
Disposal	–	(29)	(18,791)	(986)	(1,326)	(670)	(21,802)
Reclassified as held for sale	–		–	(513)	–	(7)	(520)
Exchange realignment	(16)	(70)	(324)	(19)	(40)	(59)	(528)
At 30 June 2014	**1,412**	**7,056**	**8,865**	**2,586**	**5,766**	**5,882**	**31,567**
ACCUMULATED DEPRECIATION							
At 1 July 2012 (Restated)	247	3,676	41,343	3,145	3,709	4,497	56,617
Charged for the year	44	891	3,028	341	624	139	5,067
Eliminated on disposal	–	(452)	(38,948)	(2,363)	(10)	(235)	(42,008)
Exchange realignment	9	131	1,509	61	89	142	1,941
At 30 June 2013 and 1 July 2013	300	4,246	6,932	1,184	4,412	4,543	21,617
Charged for the year	44	886	3,931	594	435	230	6,120
Eliminated on disposal	–	(29)	(3,758)	(957)	(1,197)	(63)	(6,004)
Reclassified as held for sale	–	–	–	(168)	–	(2)	(170)
Exchange realignment	(4)	(54)	(120)	(14)	(35)	(50)	(277)
At 30 June 2014	**340**	**5,049**	**6,985**	**639**	**3,615**	**4,658**	**21,286**
NET BOOK VALUES							
At 30 June 2014	**1,072**	**2,007**	**1,880**	**1,947**	**2,151**	**1,224**	**10,281**
At 30 June 2013 (Restated)	1,128	2,275	21,048	2,434	943	983	28,811

The leasehold land and buildings of the subsidiary is located in the PRC and held under medium lease term.

At 30 June 2014, none of the Group's property, plant and equipment was held under finance lease (30-6-2013: Nil).

The Group has pledged plant and machinery having a net book value of Nil (30-6-2013: approximately HK$17,427,000) to secure a bank loan granted to the Group which has been fully repaid.

11. GOODWILL

	Lottery-related services	**Wineries**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
COST			
At 1 July 2012 (Restated)	94,475	–	94,475
Acquisition of a subsidiary	–	133	133
At 30 June 2013 and 1 July 2013	94,475	133	94,608
Acquisition of a subsidiary	50,624	–	50,624
Reclassified as held for sale	–	(133)	(133)
At 30 June 2014	145,099	–	145,099
IMPAIRMENT			
At 1 July 2012	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2013 and 1 July 2013	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2014	–	–	–
CARRYING VALUES			
At 30 June 2014	**145,099**	**–**	**145,099**
At 30 June 2013	94,475	133	94,608

The Group tests goodwill annually for impairment in the financial year in which the acquisition takes place or more frequently if there is indications that goodwill might be impaired.

For the year ended 30 June 2014, the Group recognized an impairment loss of Nil (Year ended 30-6-2013: Nil) in relation to goodwill arising on lottery-related services business.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Lottery-related services

The key assumptions used for cash flow projection for the provision of lottery-related services are as follows:

			Year		
	2015	**2016**	**2017**	**2018**	**2019**
Growth rate	(46%)	67%	46%	21%	18%
Discount rate	15%	15%	15%	15%	15%

Cash flows beyond the five years period are extrapolated using the estimated growth rate of 18%.

The management estimated the growth rate by reference to the co-operation and business agreements signed and being under negotiation.

The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

12. OTHER INTANGIBLE ASSETS

	Research and development	Computer software	Service contracts	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 July 2012 (Restated)	–	5,839	–	5,839
Exchange realignment	–	206	–	206
At 30 June 2013 and 1 July 2013	–	6,045	–	6,045
Acquisition of a subsidiary	–	–	508	508
Additions	268	–	–	268
Exchange realignment	–	(70)	–	(70)
At 30 June 2014	268	5,975	508	6,751
AMORTIZATION				
At 1 July 2012 (Restated)	–	5,839	–	5,839
Exchange realignment	–	206	–	206
At 30 June 2013 and 1 July 2013	–	6,045	–	6,045
Exchange realignment	–	(70)	–	(70)
At 30 June 2014	–	5,975	–	5,975
CARRYING VALUES				
At 30 June 2014	**268**	**–**	**508**	**776**
At 30 June 2013	–	–	–	–

No impairment loss was recognized for the year ended 30-6-2014 (Year ended 30-6-2013: Nil).

13. INTERESTS IN A JOINT VENTURE

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Investment cost	**47,860**	47,860
Share of net assets of a joint venture	**(38,031)**	(35,150)
	9,829	12,710
Amount due from a joint venture	**7,145**	7,229
	16,974	19,939

Amount due from a joint venture is unsecured, interest free and has no fixed repayment term.

(a) Details of the joint venture as at 30 June 2014 were as follows:

Name	**Form of business structure**	**Place of establishment and operations**	**Class of capital**	**Proportion of nominal value of registered capital held by the Group**	**Principal activities**
北京中文發數字科技有限公司 (China Culture Development Digital Technology Co., Ltd.)	Sino-foreign equity joint venture	PRC	Registered	49%	Research and development of software and information technology products; system integrations; technology consultancy and other services
重慶禮光博軟科技發展有限公司(Chongqing Lightsoft Technology Development Co., Limited) *(Note 1)*	Limited liability company	PRC	Registered	26.95%	Development of software, trading of computer hardware
昆明文中科技有限公司 (Kunming Wen Zhong Technology Co., Ltd.) *(Note 2)*	Limited liability company	PRC	Registered	13.74%	Trading of computer hardware and software

Note 1: Being a non-wholly owned subsidiary of 北京中文發數字科技有限公司.

Note 2: Being a non-wholly owned subsidiary of 重慶禮光博軟科技有限公司.

(b) Summarised consolidated statement of financial position of the joint venture and reconciliation of the carrying amount of the Group's share of net assets of CCDDT.

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Current assets	**59,610**	67,585
Non-current assets	**4,368**	6,390
Current liabilities	**(17,870)**	(19,138)
Translation reserve	**(27,245)**	(28,707)
Other reserve	**1,196**	(191)
	20,059	25,939
Reconciled to the Group's interests in the joint venture		
Gross amounts of the joint venture's net assets	**20,059**	25,939
Group's effective interest	**49%**	49%
Group's share of the joint venture's net assets	**9,829**	12,710

	Year ended	Year ended
	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
Revenue	**10,322**	48,382
Expenses	**(18,201)**	(44,550)
Non-controlling interests	**1,999**	2,800
(Loss) Profit for the year	**(5,880)**	6,632
Group's share of (losses) profit at 49%	**(2,881)**	3,250

14. INVENTORIES

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Raw materials and consumables	**233**	237
Finished goods	**848**	935
	1,081	1,172

All inventories are stated at cost.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**43,306**	11,401
Other receivables and prepayments	**61,716**	23,853
	105,022	35,254
Less: Allowances for doubtful receivables	**(74)**	(74)
	104,948	35,180

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 180 days of issuance. The following is an aged analysis of trade receivables at the end of reporting dates:

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
0 to 30 days	**9,838**	4,771
31 to 60 days	**1,697**	1,617
61 to 180 days	**26,377**	2,439
181 to 365 days	**5,299**	2,254
Over 1 year	**95**	320
	43,306	11,401

The trade receivables with carrying amount of approximately HK$33,932,000 (30-6-2013: approximately HK$7,777,000) are neither past due nor impaired at the reporting date.

The Group has policies for allowances of bad and doubtful debts which are based on the evaluation of collectability and age analysis of accounts and on the management's judgement including the credit worthiness, collaterals and the past collection history of each customer.

During the year ended 30 June 2014, the Group made an allowance of approximately Nil (Year ended 30-6-2013: Nil) in respect of trade receivables, which was past due at the reporting date with long age and slow repayments were received from respective customers since the due date.

Movement in the allowances for bad and doubtful debts:

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
Balance at the beginning and end of the year	**74**	74

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The trade receivables past due but not provided for were either subsequently settled as at the date of this announcement or no historical default of payments by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

Included in the Group's trade receivables with a carrying amount of approximately HK$9,300,000 (30-6-2013: approximately HK$3,550,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amount are still considered recoverable. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
0-30 days	**1,213**	–
31-60 days	**1,159**	1,050
61-180 days	**1,609**	–
181-365 days	**5,299**	2,254
Over 1 year	**20**	246
	9,300	3,550

The fair value of the Group's trade receivables as at 30 June 2014 approximates to the corresponding carrying amount.

Other receivables, deposits and prepayments included the following:

(a) Receivable for disposal of property, plant and equipment of approximately HK$23,642,000 (30-6-2013: Nil).

(b) Deposits for acquisition of a subsidiary of approximately HK$3,706,000 (30-6-2013: Nil).

(c) Amount due from a subsidiary of a joint venture of approximately HK$1,358,000 (30-6-2013: approximately HK$1,264,000). The amount is unsecured, interest free and has no fixed repayment term.

(d) Amount due from a related company of approximately HK$111,000 (30-6-2013: Nil). The amount is unsecured, interest free and has no fixed repayment term.

16. BANK BALANCES AND CASH

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Cash and bank deposits denominated in:		
Hong Kong dollar	**129,523**	2,016
Renminbi	**22,327**	1,620
United States dollar	**–**	1
	151,850	3,637

Included in the bank balances were approximately HK$21,972,000 (30-6-2013: approximately HK$1,220,000), representing bank deposits denominated in RMB placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

17. ASSETS HELD FOR SALE

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
Assets classified as held for sale	**5,469**	–
Liabilities associated with assets classified as held for sale	**2,610**	–
Net assets classified as held for sale	**2,859**	–

Note a: At 20 June 2014, a wholly owned subsidiary of the Company entered into a sale and purchase agreement in disposal of 100% equity interest of Huai Lai Sai Shang Wineries Company Limited at a consideration of approximately HK$7,495,000 (RMB6,000,000).

The major classes of assets and liabilities comprising the operations classified as held for sale on 30 June 2014 are as follows:

	HK$'000
Property, plant and equipment	350
Prepaid lease payments	4,205
Goodwill	133
Prepayments, deposits and other receivables	761
Bank balances and cash	20
Assets classified as held for sale	5,469
Accrued liabilities and other payables	2,610
Liabilities associated with assets held for sale	2,610
Net assets classified as held for sale	2,859

18. TRADE PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
		(Restated)
Trade payables	–	613
Accrued liabilities and other payables	**18,947**	9,507
	18,947	10,120

An aged analysis of the Group's trade payables at the end of the reporting period, based on the date of goods and services received, is as follows:

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
0 to 30 days	–	55
31 to 120 days	–	2
121 to 180 days	–	556
181 to 365 days	–	–
Over 1 year	–	–
	–	613

The fair value of the Group's trade payables, accrued liabilities and other payables as at 30 June 2014 approximates to the corresponding carrying amount.

19. BANK AND OTHER BORROWINGS

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
Other loan, secured *(Note a)*	–	24,174
Other loan, unsecured *(Note b)*	–	16
Bank overdraft, secured *(Note c)*	–	12,432
Bank loan, secured *(Note d)*	–	17,643
	–	54,265

Bank and other borrowings are repayable as follows:

	30-6-2014	30-6-2013
	HK$'000	*HK$'000*
On demand or within one year	–	54,265
One to two years	–	–
	–	54,265
Less: Amounts shown under current liabilities	–	(54,265)
Non-current portion	–	–

Notes:

(a) Other loan of approximately Nil (30-6-2013: approximately HK$24,174,000) is with interest charged at 20-22% per annum (30-6-2013: 20-22% per annum), secured by pledge of shares of a subsidiary.

(b) Other loan of approximately Nil (30-6-2013: approximately HK$16,000) is interest free, unsecured.

(c) Bank overdraft of approximately Nil (30-6-2013: approximately HK$12,432,000) is with interest charged at prime rate and above a limit, 8% over prime rate (30-6-2013: prime rate and above a limit, 8% over prime rate) per annum, secured by pledge bank deposit and corporate guarantee by the Company.

(d) Bank loan of approximately Nil (30-6-2013: HK$17,643,000) is with interest charged at 7.5% per annum (30-6-2013: 7.5% per annum), secured by plant and machinery, shares of a subsidiary, corporate guarantee by third party, the Company and its subsidiaries, personal guarantee by directors and repayable in next twelve months.

20. CONVERTIBLE BONDS

2% Coupon Bonds Due 2017

On 17 January 2014, the Company issued the Bonds due on 17 January 2017 with a principal amount of HK$89,625,000, which is interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$2.39 per conversion share.

Upon full conversion of the Bonds at the conversion price of HK$2.39 per ordinary share of the Company, a total of 37,500,000 shares would be issued by the Company upon the exercise of the conversion rights attached to the Bonds. The Company shall redeem any convertible bonds which remain outstanding on the maturity date at its principal amount.

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 13.89% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a)	Principal amount:	HK$89,625,000
(b)	Coupon rate:	2% per annum
(c)	Maturity date:	17 January 2017
(d)	Conversion price:	HK$2.39
(e)	Risk-free rate:	0.687%
(f)	Expected volatility:	70.45%
(g)	Expected dividend yield:	0%

The movement of the liability component of the convertible bonds for the year is set out below:

	30-6-2014
	HK$'000
Nominal value of convertible bonds issued	**89,625**
Equity component	**(28,963)**
Liability component	**60,662**
Imputed finance costs	**4,454**
Interest paid and payable	**(805)**
Carrying amount	**64,311**

21. RELATED PARTY TRANSACTIONS

(a) Transaction with Connected or related parties

	Year ended 30-6-2014	Year ended 30-6-2013
	HK$'000	*HK$'000*
Interest expenses to a shareholder:		
Best Frontier	**956**	864

In the opinion of directors of the Company, the above transactions were undertaken in the normal course of business activities and on normal commercial terms.

(b) Balances with related parties

(a) Loan from shareholder of approximately Nil (30-6-2013: approximately HK$76,352,000) are unsecured, interest bearing at 2% per annum.

(b) Amount due to directors of approximately HK$1,089,000 (30-6-2013: approximately HK$5,520,000) are unsecured, interest free and have no fixed repayment terms.

(c) Amount due from a related company of approximately HK$111,000 (30-6-2013: Nil). The amount is unsecured, interest free and has no fixed repayment term.

(d) Amount due from a subsidiary of a joint venture of approximately HK$1,358,000 (30-6-2013: approximately HK$1,264,000). The amount is unsecured, interest free and no fixed repayment term.

(c) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 30-6-2014 *HK$'000*	Year ended 30-6-2013 *HK$'000*
Short term benefits	**12,277**	10,990
Post-employment benefits	**117**	126
Equity-settled share-based payment	**3,980**	–
	16,374	11,116

22. EVENTS AFTER REPORTING PERIOD

On 5 August 2014, a wholly owned subsidiary of the Company entered into a sale and purchase agreement in acquiring 100% equity interest of Trans Pacific Associates Limited and its subsidiary at a consideration approximately HK$21,971,000.

23. COMPARATIVE FIGURES

Depreciation of approximately HK$2,830,000 for year ended 30 June 2013 was reclassified from administrative expenses to cost of sales to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results

The Group recorded revenue of HK$96 million for Year 2014, an increase of 145% from 2013 of HK$39 million. Profit attributable to equity holders for Year 2014 was HK$15 million, representing a turnaround and a significant improvement as compared to loss of HK$42 million in Year 2013. Profit for the year was mainly contributed by the increased profits generated from the lottery-related business and the property development business.

Net Profit	**2014** *HK$'000*	2013 *HK$'000*	**Improved** *HK$'000*
Profit (loss) attributable to equity holders	**14,887**	(41,621)	**56,508**

The Group's operating revenue for Year 2014 increased by 145% to HK$96 million, 85% of the Group's revenue was derived from the lottery-related services business which increased by 110% to HK$82 million as compared to Year 2013. Property development business contributed to another 15% of the Group's operating revenue and achieved HK$14 million in Year 2014.

Revenue	**2014** ***HK$'000***	2013 *HK$'000*	**Improved** ***HK$'000***
Lottery-related services	**81,961**	38,959	**43,002**
Land and property development and consulting	**13,800**	–	**13,800**
Others	**25**	139	**(114)**
	95,786	39,098	**56,688**

The Group's gross profit increased 160% to HK$90 million in Year 2014. The Group's gross profit ratio was 94%, increased by 7% in Year 2014 as compared with 88% in Year 2013.

The Group's operating costs comprising selling and distribution costs and administrative expenses, decreased by 3% to HK$68 million while the Group's revenue increased by 145% over the year. Various cost control initiatives implemented for Year 2014 have contributed to the saving achieved.

The finance costs for Year 2014 and Year 2013 were stable and amounted to about HK$10 million.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2014, shareholders' fund amounted to HK$337 million (2013: HK$45 million). Current assets amounted to HK$263 million (2013: HK$45 million), mainly comprising of trade and other receivables and prepayments, bank balances and cash. Current liabilities amounted to HK$28 million (2013: HK$72 million) mainly comprising of its trade payables, accrued liabilities and other payables and tax liabilities.

The Group financed its operations primarily with internally generated cash flows, issuance of convertible bonds and placing of new shares. The net asset value per share of the Group was about HK$0.42 (2013: About HK$0.06). The gearing ratio of the Group was 20% (2013: 170%) on the basis of non-current liabilities divided by shareholders' funds.

CONVERTIBLE BONDS

On 17 January 2014, the Group issued unlisted convertible bonds due on 17 January 2017 with a principal amount of HK$89,625,000 which is interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$2.39 per conversion share.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Company and its subsidiaries provided corporate guarantees to the extent of Nil (30-6-2013: approximately HK$30,221,000) to banks to secure general banking facilities and bank loan granted to subsidiaries.

WARRANTS

As at 30 June 2014, the Group has no warrants in issue (30-6-2013: Nil).

CAPITAL STRUCTURE

During the year ended 30 June 2014, the Company issued (i) 3,548,000 shares under the share option scheme to provide incentives and rewards to eligible participants; and (ii) 48,640,000 shares to GAM Hong Kong Limited and 5,760,000 shares to ICH Group Limited respectively by top-up placing arrangement.

As at 30 June 2014, the Company has repurchased a total of 18,945,000 ordinary shares of HK$0.05 per share through Stock Exchange at an aggregate consideration of approximately HK$69,525,000 (excluding transaction costs) in which 14,180,000 shares are cancelled on 30 May 2014 and the remaining 4,765,000 shares are cancelled on 15 September 2014. As at 30 June 2014, the number to the Company's issued shares was enlarged to 803,101,767 Shares.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in HK$, RMB or US$. The Group's major investment and financing strategies are to invest in domestic projects in China by RMB, HK$ and US$ borrowings. As the exchange rate of RMB against HK$ is relatively stable and the Group's operating income is substantially denominated in RMB, the Group did not perform any foreign currency hedging activities during the year. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB, US$ and HK$ exchange rate movement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND JOINT VENTURE

On 17 January 2014, the Group announced to acquire 100% of United Power Asia Investment Limited at a consideration for an aggregate sum of RMB39,394,000 (approximately HK$50,046,000) by combining the issue of 10,720,000 consideration shares and the payment of cash consideration. The transaction was completed in March 2014.

On 4 June 2014, the Group announced to acquire the entire issued share capital of Zhong Li Group Limited in consideration for an aggregate sum of HK$40,248,395, to be settled by the issue of 8,000,000 consideration shares and by the payment of cash consideration of RMB6,500,000 (approximately HK$8,168,394). Subsequent to the reporting period, the Group and the vendor have entered into a supplemental agreement that the consideration for the acquisition would be settled all in cash in the total amount of RMB31,950,240 (approximately HK$40,172,000). As of the date of the report, the acquisition has not been completed.

Except for the above, the Group did not make any material acquisition or disposal of subsidiaries and affiliated companies during the year ended 30 June 2014.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed 35 staff in Hong Kong (2013: 34), and 185 staff in China (2013: 171). Staff costs excluding directors' remuneration amounted to about HK$31 million (2013: approximately HK$25 million). Employee remuneration is determined by reference to market terms and the performance, qualification and experience of individual employees. In addition to basic salaries and provident fund contributions, the Group also offers medical benefits and training programs. Share options may be granted to employees based on performance evaluation in order to provide incentives and rewards.

BUSINESS REVIEW

Lottery-related Operations

The lottery operations of the Group were supplying lottery software, equipment and services to the China lottery authorities. We also conducted the downstream operation of a lottery distribution network in China. Our operations covered, such as Zhejiang, Heilongjiang, Chongqing, Tianjin, Jilin, Anhui, Shandong and others for a total of eighteen provinces and regions as of the date of this announcement.

The Group successfully initiated the interactive self-service business whilst maintaining its solid sale in traditional lottery business during the year. Also, we have established physical lottery distribution network in the form of self-operated stores and franchise stores through diversified strategic channels and locations. Our scope of services have further extended to include transforming and upgrading the existing POS and the provision of marketing and training services, which broadened our revenue stream.

Interactive self-service lottery solution has been developed for several years. Our touchscreen based interactive solution is aimed to enhance the gaming experience for lottery players and improve the operation efficiency for the POS operators at the same time.

Last year, after MOF issued a notice officially categorized self-service as one of the authorized distribution methods, the market recognized the legitimacy of the self-service solutions and our development direction has been proven. Throughout this reporting period, a number of lottery centers have well accepted our solution and authorized us to roll out interactive self-services lottery solutions in their respective jurisdiction.

We have been authorized by the provincial Sports Lottery Administration Centres in 12 provinces and regions to roll out the interactive self-service solutions as of the date of this announcement. We have progressively launched self-service lottery stores both self-operated flagship stores and franchised stores in our authorized areas, including Anhui, Chongqing, Shandong and others.

Our strong research and development capability have enabled us to extend our business coverage and captured the opportunities arose in the segment beyond traditional lottery business. To further enhance our research and development capability, we have formed cooperation with a subsidiary of Astro Corporation, an international renowned gaming technology company, for products and games development.

In order to cater to the needs of various potentially profitable channels, we had developed several forms of self-service sales system and cooperated with several enterprises, including the cooperative development of mobile applications for self-service sales with ZTE Corporation; the cooperative development of the marketing promotion and sales platform for the mobile phone lottery market with CNLive and Rejoy Culture. Leveraging such partnership, we could expand our tremendous clientele and advantages in professional techniques in the mobile internet industry to further enhance our distribution capability.

As of the date of this announcement, we had also respectively established certain strategic cooperative relationships with leading participating enterprises in each area, including cooperation with a leading Smart TV provider, TCL Group, in provision of our interactive self-service lottery solutions in paperless form through its Smart TV platform and assisting them in marketing and promotion of lottery sales on Smart TVs. While for the payment clearance system for lottery purchases, we teamed up with YBDS on equipping all our lottery distribution points with YBDS' non-cash online and offline payment system, such as China Telecom's Bestpay platform (翼支付), which can be used by mobile payment, payment by cards issued by China Unionpay (中國銀聯) and other financial institutions.

Our technical capability continued to be recognized by the WLA, an international lottery industry association, in certifying to WLA SCS. We once again successfully renewed and maintained the stringent and comprehensive information system security certification audit from, the WLA, regarding WLA SCS certification. We are the only one lottery solution provider in Asia accredited both WLA SCS and ISO27001:2005.

Land and Property Development Operations

The Group via its wholly-owned subsidiary, Jovial Sky Limited, engaged in class 1 land development work, the promotion of the sales of land and property management and consultancy services.

During the period, our land and property development team has realized and monetized opportunities utilizing their expertise. As a result, property operation has recorded a revenue of HK$14 million in regards to the provision of property management and consultancy service.

Future Outlook

The past financial year has been a period of hardship and extreme challenge for the Group and me. We carefully leverage on the resources and experience we had accumulated in the past years and steer toward a direction where others have not explored before. I am very grateful that the market acceptance has been exceptionally positive while the stones we laid built a solid path for us to ride on. I am determined to further broaden and deepen lottery distribution; further enhance POS management; and create more value from various distribution channels for the Group, for our customers and for our business partners all as a whole.

PRE-EMPTIVE RIGHTS

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

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

Placing of existing shares and top-up subscription for new shares

On 21 February 2014, Best Frontier entered into (i) the Placing Agreement with the Company and DBS Asia Capital Limited (the "Placing Agent"); and (ii) the Subscription Agreement with the Company.

The Placing took place and completed on 26 February 2014, pursuant to which 48,640,000 Shares were placed to GAM Hong Kong Limited and 5,760,000 Shares were placed to ICH Group Limited at the Placing Price of HK$5.14 per Placing Share, totaling 54,400,000 Shares of the Company.

Under the Subscription Agreement, Best Frontier has subscribed for new shares of the Company in total of 54,400,000 Shares with the Subscription Price equal to the Placing Price. The net proceeds received by the Company from the Subscription after deducting related fees and expenses are approximately HK$270 million.

Issue of shares upon exercise of share options of the Company

During the year ended 30 June 2014, 3,548,000 ordinary shares were issued to eligible participants after they have exercised the share option rights. Net proceed excluding handling fee amounted to approximately HK$6,216,000 was received.

Repurchase of Shares

During the year ended 30 June 2014, the Company has repurchased a total of 18,945,000 ordinary shares of HK$0.05 per share through the Stock Exchange at an aggregate consideration of approximately HK$69,525,000 (excluding transaction costs) in which 14,180,000 shares are cancelled on 30 May 2014 and the remaining 4,765,000 shares are cancelled on 15 September 2014. Details of the share repurchased during the year are set out below:

Month/ Year	No. of Shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	*HK$*	*HK$'000*
March 2014	10,860,000	3.8600	3.2400	40,270
April 2014	3,320,000	3.7500	3.5900	12,109
May 2014	1,840,000	3.8600	3.7100	6,992
June 2014	2,925,000	3.5900	3.2672	10,154
	18,945,000			69,525

The Directors believe that repurchases of Shares are in the best interests of the Company and its Shareholders and that such repurchases of Shares would lead to an enhancement of the net asset value per Share and earnings per Share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2014.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICE

During the year ended 30 June 2014, the Company has complied with the code provisions in the CG Code, except for the deviation described below:

Under code provision A.4.1 of the CG Code, Non-Executive Directors should be appointed for a specific term, subject to re-election. The INEDs of the Company were not appointed for a specific term but are subject to retirement by rotation in annual general meeting of the Company at least once every three years in accordance with the Articles of Association. The reason for the deviation is that the Company does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of INEDs have given the Company's shareholders the right to approve continuation of INEDs' offices.

Securities transactions of Directors

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Directors. Having made specific enquiry of all Directors, the Company received confirmation from all Directors that they had complied with the Code of Conduct throughout the year ended 30 June 2014.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 30 June 2014.

EVENTS AFTER REPORTING PERIOD

Details of the significant events after reporting period of the Group are set out in note 22 to the financial statements.

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of three INEDs, namely Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond. Mr. To Yan Ming Edmond is the chairman of the audit committee.

The Group's audited results for the year ended 30 June 2014 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made. The audit committee reviewed the Group's audited results for the year ended 30 June 2014 with management and the Company's external auditors and recommended its adoption by the Board.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"Articles of Association"	Articles of Association of the Company
"Best Frontier"	Best Frontier Investments Limited, a company incorporated in British Virgin Islands
"Board"	the board of Directors
"CCDDT"	China Culture Development Digital Technology Co., Ltd.
"CG Code"	"Code on Corporate Governance and Corporate Governance Report", Appendix 15 of GEM Listing Rules
"CGU(s)"	Cash generating unit(s)
"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
"Code of Conduct"	Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Directors
"Company" or "China Vanguard" or "CVG"	China Vanguard Group Limited
"Connected"	has the meaning ascribed to this term under GEM Listing Rules

"Directors"	the Directors of the Company from time to time
"Excellent Union"	Excellent Union Communication Group Co., Limited
"GEM"	The Growth Enterprises Market of the Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"INEDs"	Independent Non-Executive Directors
"JCE"	Jointly controlled entity
"MOF"	Ministry of Finance of the People's Republic of China
"New and revised HKFRSs"	new and revised standards, amendments and interpretations
"POS"	Point of sales
"RMB"	Renminbi, the lawful currency of The People's Republic of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	Ordinary share(s) of HK$0.05 each in the share capital of the Company

"Sports Lottery"	Selected Sport lottery products in China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States Dollar, the lawful currency of United States of America
"WLA"	World Lottery Association
"WLA SCS"	WLA Security Control Standard
"YBDS"	Yunbo Digital Synergy Group Limited
"Year 2013"	financial year ended 30 June 2013
"Year 2014"	financial year ended 30 June 2014

By Order of the Board
China Vanguard Group Limited
眾彩科技股份有限公司*
CHAN Ting
Director

Hong Kong, 18 September 2014

As at the date of this announcement, the board of directors of the Company comprises Madam Cheung Kwai Lan, Mr. Chan Ting as Executive Directors, Mr. Chan Tung Mei as Non-Executive Director and Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond as Independent Non-Executive Directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its posting and on the website of the Company at www.cvg.com.hk.

* *For identification purposes only*