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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 ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

*This announcement, for which the directors (the "**Directors**") of China Vanguard Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "**Group**") for the year ended 30 June 2015 ("**Year 2015**"), together with the comparative audited figures for the preceding financial year ("**Year 2014**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	Year ended 30-6-2015 HK$'000	Year ended 30-6-2014 HK$'000
Revenue	*4*	**123,736**	95,786
Cost of sales		**(5,950)**	(5,980)
Gross profit		**117,786**	89,806
Other revenue	*4*	**3,876**	10,451
Gain on disposal of a subsidiary		**4,665**	–
Selling and distribution costs		**(5,246)**	(1,268)
Administrative expenses		**(89,283)**	(67,171)
Operating profit		**31,798**	31,818
Finance costs	*5*	**(10,720)**	(9,753)
Share of result of a joint venture		**(905)**	(2,881)
Profit before taxation	*6*	**20,173**	19,184
Income tax expenses	*7*	**(2,329)**	(6,038)
PROFIT FOR THE YEAR		**17,844**	13,146

	Notes	**Year ended 30-6-2015** ***HK$'000***	Year ended 30-6-2014 *HK$'000*
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		**133**	(2,085)
Other comprehensive income (expenses) for the year, net of tax		**133**	(2,085)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,977**	11,061
Profit (loss) attributable to:			
Equity holders of the Company		**19,107**	14,887
Non-controlling interests		**(1,263)**	(1,741)
		17,844	13,146
Total comprehensive income (expenses) attributable to:			
Equity holders of the Company		**19,229**	12,810
Non-controlling interests		**(1,252)**	(1,749)
		17,977	11,061
			(Restated)
Earnings per share			
Basic	*9*	**HK0.60 cent**	HK0.48 cent
Diluted	*9*	**HK0.57 cent**	HK0.48 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30-6-2015** **HK$'000**	30-6-2014 HK$'000
Non-current assets			
Property, plant and equipment	*10*	**11,783**	10,281
Goodwill	*11*	**174,050**	145,099
Other intangible assets	*12*	**19,541**	776
Available-for-sale financial assets	*13*	**–**	–
Interests in a joint venture		**16,077**	16,974
		221,451	173,130
Current assets			
Inventories	*14*	**1,425**	1,081
Trade and other receivables and prepayments	*15*	**151,478**	104,948
Bank balances and cash		**92,942**	151,850
		245,845	257,879
Assets classified as held for sale		**–**	5,469
		245,845	263,348
Current liabilities			
Trade payables, accrued liabilities and other payables	*16*	**27,665**	18,947
Tax liabilities		**5,265**	7,717
Amount due to a director		**45**	1,089
		32,975	27,753
Liabilities associated with assets classified as held for sale		**–**	2,610
		32,975	30,363
Net current assets		**212,870**	232,985
Total assets less current liabilities		**434,321**	406,115

	Notes	30-6-2015 HK$'000	30-6-2014 HK$'000
Non-current liabilities			
Convertible bonds	*17*	**73,238**	64,311
Deferred taxation		**3,132**	4,310
		76,370	68,621
Net assets		**357,951**	337,494
Capital and reserves			
Share capital		**40,097**	40,155
Reserves		**305,412**	286,709
Equity attributable to equity holders of the Company		**345,509**	326,864
Non-controlling interests		**12,442**	10,630
Total equity		**357,951**	337,494

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Attributable to equity holders of the Company												
	Share capital	Share premium	Capital redemption reserve	Employee share-based compensation reserve	Share option reserve	Translation reserve	Convertible bonds reserve	Special reserve	Capital reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note a)	*(Note b)*	*(Note c)*	*(Note d)*		*(Note e)*				
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 (expenses) 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
Share 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 and 1 July 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
Profit for the year	–	–	–	–	–	–	–	–	–	19,107	19,107	(1,263)	17,844
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	–	–	122	–	–	–	–	122	11	133

	Attributable to equity holders of the Company												
	Share capital	**Share premium**	**Capital redemption reserve**	**Employee share-based compensation reserve**	**Share option reserve**	**Translation reserve**	**Convertible bonds reserve**	**Special reserve**	**Capital reserve**	**Retained profits/ (Accumulated losses)**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000* *(Note b)*	*HK$'000* *(Note c)*	*HK$'000* *(Note d)*	*HK$'000*	*HK$'000* *(Note e)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total comprehensive income (expenses) for the year	–	–	–	–	–	122	–	–	–	19,107	19,229	(1,252)	17,977
Recognition of equity-settled share-based payments	–	–	–	–	8,617	–	–	–	–	–	8,617	–	8,617
Share options lapsed	–	–	–	–	(466)	–	–	–	–	466	–	–	–
Release on disposal of a subsidiary	–	–	–	–	–	(1)	–	–	–	–	(1)	–	(1)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	3,064	3,064
Share repurchased	(303)	(17,491)	303	–	–	–	–	–	–	(303)	(17,794)	–	(17,794)
Shares issued upon exercise of share options	245	11,741	–	–	(3,392)	–	–	–	–	–	8,594	–	8,594
At 30 June 2015	40,097	2,430,724	1,484	35,572	10,961	17,322	24,184	(1)	10,184	(2,225,018)	345,509	12,442	357,951

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

For the year ended 30 June 2015

1. BASIS OF PRESENTATION

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is the Company's functional and presentation currency.

2. APPLICATION OF NEW AND REVISED HKFRSS

For the purpose of preparing and presenting the consolidated financial statements for the year ended 30 June 2015, the Group has adopted all the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are effective for the Group's financial year beginning on 1 July 2014.

The application of the amendments to HKFRSs and the new Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations ("**the new and revised HKFRSs**") that have been issued but are not yet effective.

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

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

[4] Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 (2014) ***Financial Instruments***

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

HKFRS 15 ***Revenue from Contracts with Customers***

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on amounts reported in respect of the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012-2014 Cycle

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

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed base on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company anticipate that the amendments included in the *Annual Improvements to HKFRSs 2012-2014 Cycle* will not have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKAS 1 until the Group performs a detailed review.

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue; and

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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, trading and consulting services

(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 30-6-2015

	Lottery-related services *HK$'000*	**Land and property development, trading and consulting services** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**123,722**	**–**	**14**	**123,736**
Segment results	**25,672**	**7,077**	**(319)**	**32,430**
Unallocated income				**92**
Unallocated expenses				**(724)**
Share of result of a joint venture				**(905)**
Finance costs				**(10,720)**
Profit before taxation				**20,173**
Income tax expenses				**(2,329)**
Profit for the year				**17,844**

Year ended 30-6-2014

	Lottery-related services *HK$'000*	Land and property development, trading and consulting services *HK$'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

(b) Segment assets and liabilities

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

30-6-2015

	Lottery-related services	Land and property development, trading and consulting services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	**412,095**	**16,052**	**710**	**428,857**
Unallocated assets				**38,439**
Total assets				**467,296**
Liabilities				
Segment liabilities	**21,714**	**524**	**–**	**22,238**
Unallocated liabilities				**13,869**
Convertible bonds				**73,238**
Total liabilities				**109,345**

30-6-2014

	Lottery-related services *HK$'000*	Land and property development, trading and consulting services *HK$'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
Bank and other borrowings				64,311
Total liabilities				98,984

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 30-6-2015

	Lottery-related services *HK$'000*	**Land and property development, trading and consulting services** *HK$'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	**5,220**	–	–	**5,220**
Depreciation of property, plant and equipment	**3,446**	**37**	–	**3,483**
Written off of obsolete stocks	**418**	–	–	**418**
Impairment loss on other intangible assets	**268**	–	–	**268**
Amortization of other intangible assets	**102**	–	–	**102**

Year ended 30-6-2014

	Lottery-related services *HK$'000*	Land and property development, trading and consulting services *HK$'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 of property, plant and equipment	4,864	37	365	5,266

(d) Geographical information

The Group's operations are mainly located in the People's Republic of China ("**PRC**"). The following table provides an analysis of the Group's sales by geographical markets:

	Revenue from external customers	
	Year ended 30-6-2015 ***HK$'000***	Year ended 30-6-2014 *HK$'000*
PRC	**29,481**	81,961
Hong Kong	**94,255**	13,825
	123,736	95,786

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**	
	30-6-2015	30-6-2014	**30-6-2015**	30-6-2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**173,319**	230,860	**24,225**	2,309
Hong Kong	**293,977**	205,618	**143**	1,551
	467,296	436,478	**24,368**	3,860

Revenue from major products and services

The Group's revenue from its products is as follows:

	Year ended 30-6-2015	Year ended 30-6-2014
	HK$'000	*HK$'000*
Lottery-related services	**123,722**	81,961
Land and property development, trading and consulting services	**–**	13,800
Others	**14**	25
	123,736	95,786

(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 30-6-2015	Year ended 30-6-2014
	HK$'000	*HK$'000*
Customer A – Provision of lottery-related services	–	73,557
Customer B – Provision of lottery-related services	–	6,049
Customer C – Land and property development, trading and consulting services	–	6,800
Customer D – Land and property development, trading and consulting services	–	7,000
Customer E – Provision of lottery-related services	**18,891**	–
Customer F – Provision of lottery-related services	**18,811**	–
Customer G – Provision of lottery-related services	**18,811**	–
Customer H – Provision of lottery-related services	**15,112**	–
Customer I – Provision of lottery-related services	**12,541**	–

4. REVENUE AND OTHER REVENUE

The principal activities of the Group are (i) provision of lottery-related services, (ii) land and property development, trading and consulting services 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 30-6-2015	Year ended 30-6-2014
	HK$'000	*HK$'000*
Revenue		
Provision of lottery-related services	**123,722**	81,961
Land and property development, trading and consulting services	–	13,800
Others	**14**	25
	123,736	95,786

	Year ended 30-6-2015 HK$'000	Year ended 30-6-2014 HK$'000
Other revenue		
Interest income	**3,225**	257
Others	**180**	1,072
Gain on disposal of property, plant and equipment	**–**	8,852
Gain on dissolve of subsidiaries	**21**	–
Consulting income	**450**	270
	3,876	10,451

5. FINANCE COSTS

	Year ended 30-6-2015 HK$'000	Year ended 30-6-2014 HK$'000
Interest on:		
– Borrowings wholly repayable within five years	**–**	5,299
– Convertible bonds	**10,720**	4,454
	10,720	9,753

6. PROFIT BEFORE TAXATION

	Year ended 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Staff costs (excluding Directors' emoluments):		
– Wages and salaries	**37,122**	24,109
– Retirement benefits scheme contributions	**408**	234
– Equity-settled share-based payment	**6,905**	6,451
Total staff costs	**44,435**	30,794
Cost of inventories sold	**3,035**	1,860
Auditors' remuneration:		
– Provide for the year	**1,005**	998
– Over provision in prior year	**–**	(50)
Depreciation of property, plant and equipment	**3,746**	6,120
Donations	**188**	25
Amortization of prepaid lease payments	**–**	121
Amortization of other intangible assets	**102**	–
Equity-settled share-based payment to other eligible participants	**758**	769
Gain on disposal of property, plant and equipment	**–**	(8,852)
Gain on disposal of a subsidiary	**(4,665)**	–
Impairment loss on other intangible assets	**268**	–
Minimum lease payments under operating leases:		
– Land and buildings	**5,721**	4,830
– Office equipment	**51**	44
Written-off of amount due from a joint venture	**–**	380
Written-off of deposits and other receivables	**43**	381
Written-off of obsolete stocks	**418**	–
Exchange losses (gains), net	**370**	(974)

7. INCOME TAX EXPENSES

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

	Year ended 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
The charge comprises:		
Current year		
– Hong Kong Profits Tax	**3,102**	–
– Other jurisdiction	**1,449**	7,161
	4,551	7,161
Over provision in prior years		
– Hong Kong Profits Tax	**–**	–
– Other jurisdiction	**(1,044)**	(654)
	(1,044)	(654)
	3,507	6,507
Deferred taxation	**(1,178)**	(469)
Income tax expenses charged for the year	**2,329**	6,038

Hong Kong Profits Tax has been provided at 16.5% (30-6-2014: 16.5%) to the assessable profit derived in Hong Kong. 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 before taxation per consolidated statement of profit or loss and other comprehensive income is as follows:

	Year ended 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Profit before taxation	**20,173**	19,184
Tax at the Hong Kong Profits Tax rate	**3,329**	3,165
Tax concession	**(605)**	(296)
Tax effect of expenses that are not deductible for tax purposes	**2,100**	1,265
Tax effect of income that is not taxable for tax purposes	**(782)**	(1,563)
Tax effect of tax losses not recognized	**6,382**	4,196
Tax effect of utilization of tax losses previously not recognized	**(7,244)**	(5,152)
Tax effect on profits or losses attributable to a joint venture	**149**	475
Effect of different tax rates of subsidiaries operating in other jurisdiction	**303**	4,236
Others	**(259)**	366
Tax effect of over provision in prior years	**(1,044)**	(654)
Income tax expenses	**2,329**	6,038

Notes:

(a) The applicable tax rate for Hong Kong is 16.5% (Year ended 30-6-2014: 16.5%) and applicable tax rate in the PRC is 25% (Year ended 30-6-2014: 25%).

(b) The share of tax attributable to a joint venture amounting to approximately HK$149,000 (Year ended 30-6-2014: approximately HK$475,000) 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$40,674,000 (30-6-2014: approximately HK$86,707,000) 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$9,795,000 (30-6-2014: approximately HK$25,432,000) 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 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Deductible temporary differences:		
Unutilized tax losses	**40,674**	86,707
Taxable temporary differences:		
Accelerated tax allowances	**(400)**	(920)
Other	**(15,306)**	(2,909)
	24,968	82,878

8. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2015, nor has any dividend been proposed since the end of reporting date (Year ended 30-6-2014: Nil).

9. EARNINGS PER SHARE

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

	Year ended 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Profit for the year attributable to the equity holders of the Company	**19,107**	14,887
Number of shares	***'000***	*'000* (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**3,207,587**	3,084,412
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(Note)*	**3,325,423**	3,114,636

For year ended 30 June 2015 and 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.

Note: The comparative number of shares for the purpose of basic and diluted earnings for share for the year ended 30 June 2014 has been adjusted to reflect the impact of the share sub-division on 17 December 2014.

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 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 and 1 July 2014	1,412	7,056	8,865	2,586	5,766	5,882	31,567
Additions	–	1,361	–	1,358	568	1,935	5,222
Acquisition of a subsidiary	–	3	–	–	–	9	12
Exchange realignment	1	7	10	1	4	6	29
At 30 June 2015	1,413	8,427	8,875	3,945	6,338	7,832	36,830
Accumulated depreciation							
At 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 and 1 July 2014	340	5,049	6,985	639	3,615	4,658	21,286
Charged for the year	44	780	1,132	785	589	416	3,746
Exchange realignment	–	3	5	–	3	4	15
At 30 June 2015	384	5,832	8,122	1,424	4,207	5,078	25,047
Net book values							
At 30 June 2015	**1,029**	**2,595**	**753**	**2,521**	**2,131**	**2,754**	**11,783**
At 30 June 2014	1,072	2,007	1,880	1,947	2,151	1,224	10,281

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

At 30 June 2015, none of the Group's property, plant and equipment was held under finance lease (30-6-2014: Nil).

11. GOODWILL

	Lottery-related services *HK$'000*	Wineries *HK$'000*	Total *HK$'000*
Cost			
At 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 and 1 July 2014	145,099	–	145,099
Acquisition of subsidiaries	28,978	–	28,978
Dissolve of subsidiaries	(27)	–	(27)
At 30 June 2015	174,050	–	174,050
Impairment			
At 1 July 2013	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2014 and 1 July 2014	–	–	–
Impairment loss recognized for the year	–	–	–
At 30 June 2015	**–**	**–**	**–**
Carrying Values			
At 30 June 2015	**174,050**	**–**	**174,050**
At 30 June 2014	145,099	–	145,099

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 2015, the Group recognized an impairment loss of Nil (Year ended 30-6-2014: Nil) in relation to goodwill arising on lottery-related services business.

The recoverable amounts of cash generating units ("**CGUs**") are determined from value in use calculations based on cash flow projections throughout the budgeted period. The cash flows beyond the five-year period has been extrapolated using a steady of 20% (Year ended 30-6-2014: 18%) per annum growth rate which is projected long-term growth rate of lottery business in the PRC. The key assumption 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.

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on management expectation.

Discount rate adopted for the cash flow projections is 15% (Year ended 30-6-2014: 15%).

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 & development	**Computer software**	**Service contracts**	**Intellectual property right**	**LED deployment contract**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 July 2013	–	6,045	–	–	–	6,045
Acquisition of a subsidiary	–	–	508			508
Additions	268	–	–	–	–	268
Exchange realignment	–	(70)	–	–	–	(70)
At 30 June 2014 and at 1 July 2014	268	5,975	508	–	–	6,751
Acquisition of subsidiaries	–	–	9,004	6,253	3,877	19,134
Exchange realignment	–	7	1	–	–	8
At 30 June 2015	268	5,982	9,513	6,253	3,877	25,893
Amortization						
At 1 July 2013	–	6,045	–	–	–	6,045
Exchange realignment	–	(70)	–	–	–	(70)
At 30 June 2014 and at 1 July 2014	–	5,975	–	–	–	5,975
Charged for the year	–	–	102	–	–	102
Exchange realignment	–	7	–	–	–	7
At 30 June 2015	–	5,982	102	–	–	6,084

	Research & development	Computer software	Service contracts	Intellectual property right	LED deployment contract	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Impairment						
At 1 July 2013	–	–	–	–	–	–
Impairment loss recognized for the year	–	–	–	–	–	–
Exchange realignment	–	–	–	–	–	–
At 30 June 2014 and at 1 July 2014	–	–	–	–	–	–
Impairment loss recognized for the year	268	–	–	–	–	268
Exchange realignment	–	–	–	–	–	–
At 30 June 2015	268	–	–	–	–	268
Carrying Values						
At 30 June 2015	**–**	**–**	**9,411**	**6,253**	**3,877**	**19,541**
At 30 June 2014	268	–	508	–	–	776

Impairment loss was recognized for the year ended 30-6-2015 was approximately of HK$268,000 (Year ended 30-6-2014: Nil).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Listed investment	Unlisted investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	3	63,780	63,783
Impairment			
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	3	63,780	63,783
Carrying Values			
At 30 June 2015	–	–	–
At 30 June 2014	–	–	–
	(Note a)	*(Note b)*	

Notes:

(a) Listed investment represents investment in an equity securities listed in Hong Kong. By considering that there was a significant decline in the fair value of the listed equity securities below its cost, the change in fair value is considered to be objective evidence of impairment and charged to profit or loss directly.

(b) Unlisted investment represents investment in an unlisted equity securities issued by private entities incorporated in the PRC. In the opinion of directors, the Group is unable to exercise significant influence on the financial and operation of the investee, therefore, the investment is classified as available-for-sale financial assets.

The unlisted investment is measured at cost less impairment at the end of the reporting date because the range of reasonable fair value estimates is so significant that the directors of the Company are in the opinion that its fair value cannot be measured reliably.

14. INVENTORIES

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
Raw materials and consumables	**229**	233
Finished goods	**1,196**	848
	1,425	1,081

All inventories are stated at cost.

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
Trade receivables	**77,388**	43,306
Other receivables and prepayments	**74,164**	61,716
	151,552	105,022
Less: Allowances for doubtful receivables	**(74)**	(74)
	151,478	104,948

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 period:

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
0 to 30 days	**13,088**	9,838
31 to 60 days	**5,143**	1,697
61 to 180 days	**46,371**	26,377
181 to 365 days	**12,617**	5,299
Over 1 year	**169**	95
	77,388	43,306

The trade receivables with carrying amount of approximately HK$51,740,000 (30-6-2014: approximately HK$33,932,000) are neither past due nor impaired at the reporting period.

The Group has policies for allowances of doubtful receivables 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 2015, the Group made an allowance of Nil (Year ended 30-6-2014: 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 doubtful receivables:

	30-6-2015	30-6-2014
	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$25,574,000 (30-6-2014: approximately HK$9,300,000) 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:

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
0 to 30 days	**4,644**	1,213
31 to 60 days	**876**	1,159
61 to 180 days	**17,597**	1,609
181 to 365 days	**2,362**	5,299
Over 1 year	**95**	20
	25,574	9,300

The fair value of the Group's trade receivables as at 30 June 2015 approximates to the corresponding carrying amount.

Other receivables, deposits and prepayments included the following:

(a) Receivable for disposal of property, plant and equipment of Nil (30-6-2014: HK$23,642,000).

(b) Deposits for acquisition of a subsidiary of approximately HK$26,000,000 which will be refunded in next financial year (30-6-2014: HK$3,706,000).

(c) Amounts due from subsidiaries of a joint venture of approximately HK$1,197,000 (30-6-2014: approximately HK$1,358,000). The amounts are unsecured, interest free and have no fixed repayment terms.

(d) Amounts due from related companies of approximately HK$384,000 (30-6-2014: approximately HK$111,000). The amounts are unsecured, interest free and have no fixed repayment terms.

16. TRADE PAYABLES, ACCRUED LIABILITIES AND OTHER PAYABLES

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
Trade payables	**21**	–
Accrued liabilities and other payables	**27,644**	18,947
	27,665	18,947

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:

	30-6-2015	30-6-2014
	HK$'000	*HK$'000*
0 to 30 days	**–**	–
31 to 120 days	**–**	–
121 to 180 days	**–**	–
181 to 365 days	**4**	–
Over 1 year	**17**	–
	21	–

The fair value of the Group's trade payables, accrued liabilities and other payables as at 30 June 2015 approximates to the corresponding carrying amount.

Included in trade payables, accrued liabilities and other payables, there was consideration payable of approximately HK$15,812,000 (30-6-2014: Nil) arisen from acquisition of subsidiaries during the year.

17. 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:

	30-6-2015 ***HK$'000***	30-6-2014 *HK$'000*
Nominal value of convertible bonds issued	**89,625**	89,625
Equity component	**(28,963)**	(28,963)
Liability component	**60,662**	60,662
Imputed finance costs	**15,174**	4,454
Interest paid and payable	**(2,598)**	(805)
Carrying amount	**73,238**	64,311

18. RELATED PARTY TRANSACTIONS

(a) Transaction with Connected or related parties

	Year ended 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Interest expenses to a Shareholder:		
Best Frontier Investments Limited	–	956
Consultancy income received from a related party	**360**	–

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) Amount due to a director of approximately HK$45,000 (30-6-2014: approximately HK$1,089,000) is unsecured, interest free and has no fixed repayment term.

(b) Amounts due from related companies of approximately HK$384,000 (30-6-2014: HK$111,000). The amounts are unsecured, interest free and have no fixed repayment terms.

(c) Amounts due from subsidiaries of a joint venture of approximately HK$1,197,000 (30-6-2014: approximately HK$1,358,000). The amounts are unsecured, interest free and have no fixed repayment terms.

(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 30-6-2015 *HK$'000*	Year ended 30-6-2014 *HK$'000*
Short term benefits	**10,912**	12,277
Post-employment benefits	**124**	117
Equity-settled share-based payment	**2,769**	3,980
	13,805	16,374

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business Review

Lottery Related Operations

The Group is a pioneer in providing comprehensive, end-to-end hardware and software solutions, in marketing promotion and distribution services, as well as downstream channel management services to Sports Lottery and Welfare Lottery Centres in the PRC, focusing on interactive self-service lottery. Since 2011, the Group has been focusing on developing our lottery-related businesses. We have been providing PRC's Sports and Welfare Lottery Centres, as the regulatory bodies overseeing the implementation of lottery services at the regional and municipal levels, with end-to-end services that will enable the roll-out of lottery distribution. Our core business is to facilitate Lottery Centres to seamlessly integrate different aspects necessary for lottery distribution. This includes the development, provision and maintenance of the interactive self-service lottery solutions and implementation through self-operated stores, franchise stores and alternative means including community channels, in addition to overseeing the upgrading of eligible existing stores as well as to increase lottery sales through new marketing and distribution channels.

As the Group started out with the specific goal to become a leading lottery service provider and a trusted partner to Lottery Centres, The Management would like to report to our Shareholders that during the reporting period, we have been moving ever closer to our goal.

During the year the Group has continued to expand our foothold in PRC's lottery market by adding more new contracts for lottery operations to our portfolio. These additional contracts have allowed us to expand our reach into 21 municipals and provinces in total. These provinces and municipalities which we serve boasts an aggregate population of close to 900 million* which translates into direct access to over 65% of the PRC's total population, rendering the Group immense growth potential once POS roll-out is in full-swing in each contracted area.

** Source: National Bureau of Statistics (http://data.stats.gov.cn/english/easyquery.htm?cn=E0103)*

In addition to making significant inroads in terms of geographic coverage, our teams have been working towards developing new avenues to augment the distribution of lottery products beyond traditional channels. We have formed a number of strategically important alliances during and beyond the reporting period that should be the lynchpins in taking the Group onto the next level. Our initial goal is to ensure that our services, as well as hardware and software that we are offering, will all work towards facilitating lottery sales. Our strategy is to broaden the distribution of lottery products through widening the platform for distribution, first of all through enhancing in-store value-added services, while also bringing information beyond the physical confinement of stores and lounges, ultimately enhancing lottery sales. Essentially, the Group is building a nation-wide service platform that is enabled to offer innovative products and services to penetrate different markets at the community-level.

In our previous report to our Shareholders, we have mentioned that we have begun to turn traditional stores into VIP lounges that would cater to changes in customer behaviour since enriched, interactive contents have extended interval per play. While that is an on-going process, this year an additional key direction is to offer value-added services to lottery store owners. In May 2015 the Group has completed share acquisition in a company that is principally engaged in the provision of an interactive electronic marketing platform and administrative services to Lottery Centres to enable more effective information management and enhance end-user experience. We believe this project should enrich the content of information offered in-stores and facilitate the quality of information flow while creating additional revenue potentials for the Group combining infomercial elements into our service portfolio. The Management believe the quality of our content or games will also be a contributing factor to our success in the coming seasons. In June 2014, the Group has also announced our collaboration with a PRC company specialized in content design and development which will help the Group in the creation of interactive, more engaging lottery solutions.

As the Group continued to bring valuable information out of the physical boundaries of stores and lounges, our teams have been working with a dedicated unit under TCL Communications Groups since August 2014 to explore opportunities to deliver lottery related information to users through its SmartTV platforms. Within the same month we have also entered into a strategic cooperation agreement with payment solutions service provider Yunbo Digital Synergy Group Limited, to explore e-payment options for non-cash online and offline payment systems, including China Telecom's Bestpay platform (翼支付) in order to bring greater convenience to lottery users in the future. Furthermore, since the end of the review period, in August and September 2015, we have also announced the collaboration with All-In-Pay, a payment solutions specialist, and a leading smart-city technology developer to potentially offer our lottery-related services through a community-based, innovative smart-city technology service platform in different cities in the PRC. Innovation is at the core of our development strategy, hence we will continue to explore the latest technologies in order to offer state-of-the-art solutions to our customer and to end-users.

While the Group is committed to strictly adhere to the regulatory framework of the PRC government, and is presently not engaged in Internet-based lottery sales and services, we have nonetheless set out to explore available technologies and options in order to ensure that the standards and qualities of our services are in-keeping with global standards. Hence in June 2015, we have started to explore business synergies with a company primarily engaged in providing data marketing, data analytics, software and application development and consultation services. We believe its proven expertise in mobile applications development and application-based data marketing for lottery operations will help in actualizing the Group's offsite-lottery strategies for Sports and Welfare lottery operations in the future, should it become accessible within the regulatory and legal framework in the PRC.

It is safe to state that in the past year we have built a rather comprehensive platform where all the necessary moving parts would enable us a major roll-out and ramp-up of our operation. We are already beginning to see our hard work coming into fruition, with certain stores seeing significant growth in business through new lounges and revamped stores with self-service lottery terminals, churning in decent sales during the reporting period. The Board is confident in seeing even more significant growth in the coming periods as these moving parts integrate seamlessly to the advantage for our customers for an escalated scaling up of our operation.

Other Operations

As we continue to focus on developing our lottery-related operations, the Group do not anticipate material contributions from this segment going forward and will dedicate its resources on the lottery-related businesses. This segment made insignificant contributions to the Group for the period under review.

Outlook

Our focus in the past year has gone beyond merely improving in-store environment as we are moving towards becoming a nation-wide distribution service platform. These initiatives that were put in place in the past eighteen months shall set the tone for the Group's growth and will enable us to achieve our goal in becoming a leading comprehensive lottery service provider in the PRC. We are confident that as the Group enter into a next phase of its development, with the integration of different components of our service platform, we will be able to reap the fruit from a proven business model that can be replicated and adjusted to different markets, catering to the distribution of new and innovative products on a nation-wide basis.

Looking ahead, as we continue to offer more enriched content and services while expanding our geographic coverage, our team will seek to penetrate target markets via leveraging community-based distribution channels with the objective to better serve our target markets, enhance value-added services to store operators, and facilitate lottery sales for Lottery Centres.

The Group will strengthen our existing operations, closely monitor both macroeconomic environment and the latest industry trends amidst a rapidly evolving landscape and respond with timely and innovative solutions, in order to capture upcoming opportunities arising from such dynamic and exciting times in China's lottery industry.

As we review this year's achievement and progress, we would like to take this opportunity to express our sincere gratitude towards our customers, partners, suppliers, and to our Shareholders, for your invaluable insights, catapulting our development and encouraging our teams to keep forging ahead. We look forward to your continuous feedback and partnerships in the coming years.

Financial Review

Results

The Group recorded revenue of HK$124 million for Year 2015, an increase of 29% from Year 2014 of HK$96 million. Profit attributable to equity holders for Year 2015 was HK$19 million, representing an increase of 28% as compared to HK$15 million in Year 2014. The profits generated from the lottery-related business was the major contributor of the profit for the year.

Net Profit	**Year 2015** ***HK$'000***	Year 2014 *HK$'000*	**Improved** **by**
Profit attributable to equity holders	**19,107**	14,887	28%

The Group's operating revenue for Year 2015 increased by 29% to HK$124 million, almost all the Group's revenue was derived from the lottery-related services business which has increased by 51% to HK$124 million as compared to Year 2014.

Revenue	**Year 2015** *HK$'000*	Year 2014 *HK$'000*	**Change**
Lottery-related services	**123,722**	81,961	51%
Land and property development, trading and consulting services	–	13,800	(100%)
Others	**14**	25	(44%)
	123,736	95,786	29%

The Group's gross profit increased by 31% to HK$118 million in Year 2015. The Group's gross profit ratio was 95%, increased by 1% for the Year 2015 as compared with 94% in Year 2014.

The Group's operating costs comprising selling and distribution costs and administrative expenses, increased by 38% to HK$95 million in Year 2015.

The finance costs for Year 2015 and Year 2014 amounted to about HK$11 million and HK$10 million respectively.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2015, Shareholder's fund amounted to HK$358 million (2014: HK$337 million). Current assets amounted to HK$246 million (2014: HK$263 million), mainly comprising of trade and other receivables and prepayments, bank balances and cash. Current liabilities amounted to HK$33 million (2014: HK$30 million) mainly comprising of trade payables, accrued liabilities and other payables and tax liabilities.

The Group's bank balances and cash amounted to HK$93 million (2014: HK$152 million). Net asset value per share was HK$0.11 (2014: adjusted to HK$0.11 to reflect impact from share subdivision).

The gearing ratio of the Group was 21% as at 30 June 2015 (2014: 20%) on the basis of non-current liabilities divided by total equity excluding assets and liabilities classified as held for sale.

Capital Structure

On 16 December 2014, Shareholders of the Company approved the ordinary resolution in relation to the proposed share subdivision at an extraordinary general meeting of the Company. Pursuant to which, with effect from 17 December 2014, each existing issued and unissued share of HK$0.050 each in the share capital of the Company was divided into four subdivided shares of HK$0.0125 each (the "**Share Subdivision**"). Upon the Share Subdivision on 17 December 2014, the authorized share capital of the Company was HK$200,000,000 divided into 16,000,000,000 shares of HK$0.0125 each, of which 3,217,207,068 shares of HK$0.0125 each have been issued and fully paid for or credited as fully paid. As a result of the Share Subdivision, adjustments to the share option scheme adopted on 31 January 2013 and to the convertible bonds issued on 17 January 2014 have been made respectively.

As at 30 June 2015, the issued share capital of the Company was 3,207,765,068 Shares.

Convertible Bonds

On 17 January 2014, the Company issued unlisted convertible bonds due on 17 January 2017 with a principal amount of HK$89,625,000 at an annual rate of 2% per annum as general working capital and for the repayment of borrowings (the "**Bonds**"). A maximum number of 37,500,000 shares would be issued by the Company upon full conversion of the Bonds at the conversion price of HK$2.390 per share into fully-paid ordinary shares of the Company. As the Company completed its Share Subdivision on 17 December 2014, the number of Shares fallings to be issued upon full conversion of the Bonds was adjusted to 150,000,000 at the conversion price of HK$0.598 per Share. Save for the adjustment, all other terms and conditions of the Bonds shall remain unchanged.

As at 30 June 2015, no conversions have been made for the Bonds issued by holders of the Bonds or redeemed by the Company.

Contingent Liabilities and Pledge of Assets

The Company has no contingent liabilities as at 30 June 2015 (30 June 2014: Nil).

No assets of the Group was pledged as securities to any third parties as at 30 June 2015 (30 June 2014: Nil).

Commitments

The Group had capital commitments of HK$58 million and operating lease commitments as lessee of HK$7 million from operations as at 30 June 2015 (30 June 2014: capital commitments of HK$80 million and operating lease commitments of HK$6 million respectively).

Material Acquisition and Disposal of Subsidiaries

On 22 May 2015, the Group completed the acquisition of 100% equity interest in Trans Pacific Associates Ltd. for the consideration of an aggregate sum of approximately HK$9,005,000 by way of cash in RMB3,000,000 and the issue of 4,000,000 consideration shares. Upon completion of the acquisition, Trans Pacific Associates Ltd. and its subsidiaries have become indirect wholly-owned subsidiaries of the Company.

On 4 June 2015, the Group completed the acquisition of 100% equity interest in Zhong Li Group Limited for a cash consideration of approximately RMB31,950,000 (approximately HK$40,501,000). Upon completion of the acquisition, Zhong Li Group Limited and its subsidiaries have become indirect wholly-owned subsidiaries of the Company.

On 19 June 2015, the Group completed the disposal of 100% equity interest in Huai Lai Sai Shang Wineries Company Limited, and proceeds from the disposal of RMB6,000,000 (approximately HK$7,519,000) was received. Upon completion of the disposal, the Company no longer have any interests in Huai Lai Sai Shang Wineries Company Limited.

Except for the above, the Group did not make any material acquisition nor disposal of subsidiaries and/or joint ventures during the year ended 30 June 2015.

Foreign Exchange Exposure

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars, Renminbi or United States dollars. The Group's major investment and financing strategies are to invest in domestic projects in the PRC 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 period. 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.

DIVIDENDS

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

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 SECURITIES

Issue of Shares Upon Exercise of Share Options of the Company

During the year ended 30 June 2015, 19,623,000 Shares were issued to eligible participants after they had exercised their Share Option rights. Net proceeds exclusive of handling fees of HK$8,594,874 was received.

Repurchase of Shares

During the year ended 30 June 2015, the Company repurchased a total of 24,265,000 Shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK$17,794,273, and all of the Shares repurchased were subsequently cancelled. Particulars of the Shares repurchased are as follows:

Month of Repurchases	**Number of Shares Repurchased**	**Highest Price Paid Per Share**	**Lowest Price Paid Per Share**	**Aggregate Consideration Paid (before expenses)**
		HK$	*HK$*	*HK$*
December 2014	20,400,000	0.840	0.655	14,623,846
January 2015	3,865,000	0.850	0.790	3,170,427
	24,265,000			17,794,273

The repurchases were made for the benefit of the Company and its Shareholders as a whole with a view to enhancing the earnings per Share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's Shares during the year ended 30 June 2015.

CORPORATE GOVERNANCE

Corporate Governance Practice

The Company has adopted and complied with the applicable code of provisions as set out in CG Code contained in Appendix 15 of the GEM Listing Rules on the Stock Exchange during the year ended 30 June 2015, except for the following deviations which are summarized below:

Code Provision A.4.1

The Non-executive Director and the INEDs of the Company were not appointed under specific terms but are subject to retirement by rotation in annual general meetings of the Company at least once every three years in accordance with the Articles of Association of the Company. The Company does not believe that arbitrary term limits on Directors' services are appropriate given that Directors ought to be committed to representing the long term interests of the Company's Shareholders. The retirement and re-election requirements of INEDs have given the rights to the Company's Shareholders to approve the continuation of INEDs' offices.

Code Provision A.6.7

An Executive Director, a NED and two INEDs were unable to attend an extraordinary general meeting of the Company held on 16 December 2014 due to their respective commitments elsewhere.

The corporate governance practices of the Company will be reviewed and updated from time to time in order to comply with Listing Rules requirements when the Board considers appropriate.

Directors' Securities Transactions

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the Code of Conduct for securities transactions by the Directors in respect of the Shares of the Company. Having made specific enquiries, the Company has confirmed with all the Directors that they have complied with the required standards as set out in the Code of Conduct throughout the year ended 30 June 2015.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three INEDs, namely, Mr. TO Yan Ming Edmond, Mr. YANG Qing Cai and Mr. ZHANG Xiu Fu. Mr. TO was appointed as the Chairman of the Audit Committee. The major duties and functions of Audit Committee are (i) to review the financial information of the Company; (ii) to review the accounting policies, financial position and results, financial reporting system and internal control procedures of the Group; (iii) to oversee the relationship between the Company and the external auditors and (iv) to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their term of appointment. During the year ended 30 June 2015, the Audit Committee held four meetings (i) to discuss the financial reporting and the compliance procedures with the external auditors; (ii) to review the audited annual results for the year ended 30 June 2015 and unaudited quarterly and interim results; and (iii) to consider the re-appointment of auditors of the Company.

The Group's audited consolidated results for the year ended 30 June 2015 has been reviewed by the Audit Committee of the Company.

By Order of the Board
CHINA VANGUARD GROUP LIMITED
眾彩科技股份有限公司 *
Chan Ting
Executive Director and Chief Executive Officer

Hong Kong, 30 September 2015

As at the date of this announcement, the Board 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*