漢傳媒集團有限公司

SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

ANNUAL REPORT
2014/2015

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Direk Lim *(Chairman)*
Mr. Hui Yuet Man
Mr. Yeung Man Kit, Dennis

Independent Non-executive Directors

Mr. Li Fui Lung, Danny
Mr. Ng Hoi Yue
Ms. Chan Sim Ling, Irene

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

EXECUTIVE COMMITTEE

Mr. Direk Lim *(Chairman)*
Mr. Hui Yuet Man
Mr. Yeung Man Kit, Dennis

AUDIT COMMITTEE

Mr. Li Fui Lung, Danny *(Chairman)*
Mr. Ng Hoi Yue
Ms. Chan Sim Ling, Irene

REMUNERATION COMMITTEE

Mr. Ng Hoi Yue *(Chairman)*
Mr. Direk Lim
Mr. Li Fui Lung, Danny

NOMINATION COMMITTEE

Mr. Direk Lim *(Chairman)*
Mr. Li Fui Lung, Danny
Mr. Ng Hoi Yue

CORPORATE GOVERNANCE COMMITTEE

Mr. Direk Lim *(Chairman)*
Ms. Chan Sim Ling, Irene
A representative from company secretarial function
A representative from finance and accounts function

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 2nd Floor
46-48 Morrison Hill Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
The Hong Kong and Shanghai Banking Corporation Limited

WEBSITE

http://www.irasia.com/listco/hk/see

STOCK CODE

Hong Kong Stock Exchange: 491

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the year ended 30 June 2015 (the "**Year**"), See Corporation Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") reported a turnover of HK$123.5 million (2014: HK$54.4 million), representing an increase of 127.0% when compared with last year. Such increase was mainly attributable to the increase in segment revenue from the businesses of film production and investment and post production service. Loss from operations and loss attributable to the owners of the Company for the Year were HK$80.6 million and HK$75.1 million (2014: HK$64.4 million and HK$66.8 million) respectively. Increase in the loss from operations was mainly due to the impairment loss of goodwill of HK$39.7 million. Due to the recent stock markets slump and economic slowdown of Mainland China, the Board of Directors (the "**Board**" or "**Directors**") of the Company took a prudent view to forecast the post production business so that the impairment loss of goodwill of HK$39.7 million was recorded at the end of the reporting period. If excluding such impairment loss, the loss from operations and loss attributable to the owners of the Company for the Year would decrease to HK$40.9 million and HK$35.4 million (2014: HK$64.4 million and HK$66.8 million) respectively. Basic and diluted loss per share for the Year was HK$0.05 (2014: HK$0.13).

Review of operation

During the Year, the Group was principally engaged in the entertainment and media business. Our activities can be categorised as (i) film and TV programme production and investment; (ii) event production and investment, music production and others; (iii) post production service; and (iv) investment in securities.

Film and TV programme production and investment

The Group generated turnover of HK$74.3 million from film and TV programme production and investment activities for the Year, representing an increase of 81.2% from HK$41.0 million in the prior year. The gross profit derived from these activities was HK$3.2 million (2014: HK$1.5 million). Turnover of this segment for the Year was mainly contributed by a co-invested film with an independent third party which had been completed and released during the Year.

As of 30 June 2015, the carrying values of the Group's film rights and film production in progress were HK$58.0 million and HK$162.2 million (2014: HK$64.3 million and HK$18.5 million) respectively. The carrying amount of the investment in film production was HK$0.6 million (2014: Nil). Total impairment losses of film rights and investment in film production amounting to HK$24.6 million (2014: HK$41.6 million) was recognised for the Year.

Event production and investment, music production and others

Along the disposal of certain subsidiaries during the Year (details were set out in the below section under heading "Disposal of subsidiaries and a joint venture"), the Group recorded a turnover of HK$0.4 million from the event production and investment and music production activities as compared to HK$0.8 million in the prior year and a turnover of HK$0.4 million from the artiste and model management as compared to HK$3.0 million in the last year. During the Year, the Group decided to dispose certain prolonged loss making subsidiaries which is believed to bring benefit to the Group. The Group will continue to keep most cautious to select the investment opportunity in event and music production in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of operation *(Continued)*

Post production service

Since the Acquisition (as defined in the below section under heading "Acquisition of subsidiaries") up to 30 June 2015, this segment derived a turnover of HK$38.2 million while its gross profit was HK$11.6 million. Majority of the turnover under this segment was attributable to post production services for TV commercials, followed by post production services and visual special effect services for featured films. The Mainland China market contributed over 70% of the Group's post production turnover. The Group will continue to focus its resources on business development in the Mainland China, especially on the featured film segment.

Investment in securities

During the Year, the Group recorded both turnover and gross profit of HK$10.2 million (2014: HK$9.7 million) in this segment, which represents the realised gain on disposal of certain investment in securities. At the end of the reporting period, the Group continued to hold certain investment in securities with the carrying amount of HK$30.4 million (2014: Nil). Based on the stock market price of such portfolio of investment in securities, the fair value gain of HK$3.6 million (2014: Nil) was recorded during the Year.

Geographical review

During the Year, the Group continued to focus on the Hong Kong and Mainland China markets. The revenue derived from Hong Kong and Mainland China amounted to HK$91.3 million and HK$27.0 million (2014: HK$20.6 million and HK$26.4 million) respectively, representing 73.9% and 21.9% (2014: 37.9% and 48.5%) of the total turnover of the Group respectively.

Future business prospects and plans

In spite of the challenges in the market environment, the Group has dedicated its efforts in exploring the film investment opportunities and strengthening distribution channels for its film and TV programmes as well as development of post production service in Mainland China. According to the publication by State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局), the box office in Mainland China in 2014 achieved RMB29.6 billion, represented year-on-year growth of 36%. Before completion of the first three quarters of 2015, the box office had already broken through RMB30.0 billion. Given the sustainable growth in the box office in Mainland China, we believe that there is a great potential market for the development of our film and TV programmes production and investment business as well as for the benefit of the growth of traditional markets of TV commercials and featured films post production in Mainland China.

We also expect the newly set up visual special effect production house in Beijing will continue to grow as featured films in the Mainland China are expected to contain more visual special substance and bring in additional contribution to the Group in the foreseeable future.

Nevertheless, we are still facing a challenging year ahead with uncertain recovery in market sentiment for the retail sector. The Group continues to be cautious in the selection of stories and scripts for the production and investment of our films and TV programmes. Stringent measures are also continuously adopted in the cost control and risk management for the Group's different business segments.

In addition, the Group is always on lookout for different entertainment related investment opportunities in the market.

Disposal of subsidiaries and a joint venture

During the Year, the Group disposed of certain subsidiaries and a joint venture which were principally engaged in artiste management, music production and distribution and entertainment promotion services (the "**First Disposal**") and some inactive subsidiaries (the "**Second Disposal**") at total consideration of HK$0.8 million and resulted in gain on disposals of HK$6.3 million. The First Disposal and the Second Disposal were completed on 22 October 2014 and 30 June 2015 respectively. Details of the First Disposal were set out in the Company's announcement dated 22 October 2014.

On 11 May 2015, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest of an indirect wholly-owned subsidiary, which is a property holding company, at a consideration of HK$52.0 million. The transaction was expected to be completed on 30 September 2015 (or such later date as both parties may agree) and a gain on disposal of HK$32.1 million will be resulted upon its completion. However, as certain conditions precedent in relation to the disposal have not been satisfied or waived as at 30 September 2015 (after the publication of the final results announcement on 23 September 2015) and the relevant long stop date has not been further extended, such agreement has lapsed on 30 September 2015 and the transaction will not proceed any further. The Directors of the Company consider that the lapse of the agreement has no material adverse impact on the existing operation and financial position of the Group.

Acquisition of subsidiaries

On 22 October 2014, the Group entered into a sale and purchase agreement for acquisition of 60% equity interest of Lucrative Skill Holdings Limited at a consideration equivalent to HK$122.5 million which was satisfied by the allotment and issue of 350,000,000 consideration shares by the Company at an issue price of HK$0.35 each (the "**Acquisition**"). The Acquisition was completed on 28 January 2015 and the purchase consideration was booked as HK$168.0 million which represents the fair value of the 350,000,000 consideration shares at the closing price of the Company's share of HK$0.48 each on the completion date. Details of the Acquisition were set out in the Company's circular dated 31 December 2014. Lucrative Skill Holdings Limited and its subsidiaries are principally engaged in conducting post production work on advertisements, featured films, TV programmes, music videos, internet and mobile applications content, visual matters on corporate events, etc.

Placing of shares and capital structure

On 4 June 2015, the Company completed the placing of 368,880,000 shares of the Company at an issue price of HK$0.81 per share (the "**Placing**") and received a net proceed of HK$291.2 million. The net proceeds from the Placing is currently retained at the bank and will be used for investment and general working capital of the Group including the film investment production projects and for its newly acquired post production business and financing any business opportunities identified by the Group for its expansion of business. Details of the Placing were set out in the Company's announcement dated 11 May 2015.

Upon completion of the Acquisition and the Placing, the number of the Company's ordinary shares was increased from 1,494,460,890 shares to 2,213,340,890 shares and its share capital and share premium were increased to HK$22.1 million and HK$733.0 million (2014: HK$14.9 million and HK$281.0 million) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds

In the prior year, the Company raised a net proceed of HK$294.5 million from the rights issue by way of issuing 1,345,014,801 ordinary shares at the subscription price of HK$0.228 per right share on the basis of nine right shares for every one ordinary share held on 14 May 2014 (the "**Rights Issue**"), being the record date of which entitlements to the Rights Issue are determined. During the Year, the Group had used HK$267.4 million of the net proceeds as intended for its existing businesses such as film production and investment, post production service, event production as well as investment in securities and the remaining balance of HK$27.1 million was retained at the bank at the end of the reporting period.

Financial review and liquidity

As at 30 June 2015, the Group's net assets amounted to HK$857.9 million, as compared with HK$484.4 million as of 30 June 2014. The current ratio, representing current assets divided by current liabilities, was 8.44 (2014: 11.10).

The Group's cash and bank balances as at 30 June 2015 amounted to HK$411.5 million (2014: HK$398.2 million).

At the end of the reporting period, the Group had total borrowings of HK$53.5 million (2014: HK$10.0 million) which comprised the amounts due to related companies of HK$21.6 million (2014: Nil), the amount due to a director of HK$1.5 million (2014: Nil), the amount due to non-controlling interests of HK$27.2 million (2014: Nil), the obligations under finance lease of HK$0.2 million (2014: Nil) as well as the bank borrowings of HK$3.0 million (2014: HK$10.0 million). The amounts due to the related companies, director and non-controlling interests were principally denominated in Hong Kong dollars and unsecured, interest-free and repayable on demand. The bank borrowings were denominated in Hong Kong dollars while the obligation under finance lease was denominated in Renminbi, both of which were secured, interest-bearing and had fixed repayment term. The gearing ratio, as a ratio of total borrowings over total assets was 0.06 (2014: 0.02).

At the end of the reporting period, the Group had a corporate guarantee of HK$24.0 million to a financial institution in respect of banking facilities granted to former subsidiaries. Approximately HK$5.5 million of the banking facilities were utilised by those former subsidiaries and this amount was being claimed by the financial institution concerned. Details of the claim has been disclosed in point 2 under the section with heading "Major litigation and arbitration proceedings" below.

Exposure of fluctuation exchange rates and related hedges

The Group's cash and bank balances, income and expenditure are primarily denominated in Hong Kong dollars and Renminbi. The carrying amount of the Group's Renminbi denominated monetary assets was only less than 10% of the Group's net assets at the end of the reporting period. In addition, the exchange rate of Hong Kong dollars against Renminbi was relatively stable during the Year, even considering the abrupt devaluation of Renminbi by the PRC government subsequent to the end of the reporting period, and therefore the Group's exposure to fluctuations in exchange rates was insignificant.

The Group will closely monitor the foreign currency exposure and may consider to arrange for hedging facilities when it is necessary.

Employees and remuneration policy

As at 30 June 2015, the Group had 162 employees (2014: 27). Total staff costs including the Directors' remuneration for the Year were HK$17.7 million (2014: HK$13.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Employees' benefits include the retirement benefit schemes, in-house training programme, medical insurance scheme and discretionary bonuses.

Pledge of assets

As at 30 June 2015, certain assets of the Group with an aggregate carrying value of HK$19.7 million (2014: HK$19.9 million) were pledged to a bank as security for the banking facilities granted to the Group.

Major litigation and arbitration proceedings

1. The Company and its ex-subsidiary, P.N. Electronic Limited ("**PNE**") have been involved in arbitration proceedings with North American Foreign Trading Corporation ("**NAFT**") in respect of a gross receivable of HK$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK$18 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.

2. On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited ("**BII Finance**") against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK$3,583,000 and US$248,000 (approximately HK$1,936,000), together with interest.

   The Company has issued Third Party Proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former Directors of the Company, seeking a contribution to the extent of 49% of BII Finance's claim in the event that the Company is found liable to BII Finance (which is denied).

   BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance's claim, and will also continue to pursue the Third Party Proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Direk Lim, aged 65, joined the Company in July 2014. Mr. Lim is the Chairman of the Board, the Executive Committee, the Nomination Committee and the Corporate Governance Committee as well as a member of the Remuneration Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Lim was an executive director of a Hong Kong listed company, Foundation Group Limited (now known as C Y Foundation Group Limited) (Stock Code: 1182) from May 2003 to March 2007. He was an advisor to Thai Prime Minister General Chavalit from 1995 to 1997. He was also an advisor of the standing committee on transportation and communication, banking and financial institutions of the senate of Thailand from 2000 to 2006. Mr. Lim holds a Bachelor's Degree in Commerce from Nanyang University of Singapore and has spent his career as a director and advisor to various companies/bodies.

Mr. Hui Yuet Man, aged 52, joined the Company in October 2014. Mr. Hui is a member of the Executive Committee and a director of certain subsidiaries of the Company. Mr. Hui is currently the Managing Director and a responsible officer of a securities company which is licensed under the Securities and Futures Ordinance to carry on dealing in securities business. He is also an executive director of two private companies which are involved in financial charting software business and insurance broking business. Mr. Hui has more than 20 years managerial experience in the fields of securities dealing and wealth management and more than 10 years working experience in the field of information technology. He holds a Bachelor's Degree in Computational Science from University of Saskatchewan, Canada. He is also a member of the Hong Kong Securities and Investment Institute.

Mr. Yeung Man Kit, **Dennis,** aged 40, joined the Company in January 2015. Mr. Yeung is a member of the Executive Committee and a director of certain subsidiaries of the Company. He is also the Managing Director of Post Production Office Limited, a subsidiary of the Company, which is a diversified post production company for TV commercials and featured films in Asia Pacific region serving international clienteles. Mr. Yeung has 20 years of business management experience in post production industry.

PROFILE OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Li Fui Lung, **Danny,** aged 62, joined the Company in October 2001. Mr. Li is the chairman of the Audit Committee as well as a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Li is the sole proprietor of Messrs. Danny Li & Company, a certified public accountants firm in Hong Kong, and has been practising as a certified public accountant in Hong Kong for more than 13 years. He has over 34 years of experience in the accounting profession and after qualifying as Chartered Accountant in 1980 with Ernst & Whinney in Scotland, has worked as finance manager, controller and internal auditor in major multinational companies. He is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in Scotland and the Institute of Chartered Accountants in Australia. Mr. Li holds a Bachelor of Science Degree from the University of Hong Kong and subsequently obtained a postgraduate certificate in accountancy from the University of Stirling in Scotland.

Mr. Ng Hoi Yue, aged 51, joined the Company in May 2002. Mr. Ng is the chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee of the Company. Mr. Ng was re-designated from an independent non-executive director to an executive director and was appointed as the Deputy Chief Executive Officer of Asian Citrus Holdings Limited listed in Hong Kong and London (Stock Code: HKSE: 73; AIM: ACHL) with effect from 4 August 2015. He is also an independent non-executive director of another Hong Kong listed company, Imperial Pacific International Holdings Limited (Stock Code: 1076). He was previously an independent non-executive director of a Hong Kong listed company, Landing International Development Limited (Stock Code: 582) and resigned on 2 October 2013. He has been practicing as a certified public accountant in Hong Kong since 1989. Mr. Ng is an associate member of The Institute of Chartered Accountants in England and Wales and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Chan Sim Ling, Irene, aged 52, joined the Company in July 2014. Ms. Chan is a member of the Audit Committee and the Corporate Governance Committee of the Company. She is also an independent non-executive director of another Hong Kong listed company, Chinlink International Holdings Limited (Stock Code: 997). She was previously an independent non-executive director of two Hong Kong listed companies, Emperor Entertainment Hotel Limited (Stock Code: 296) and New Media Group Holdings Limited (now known as Evergrande Health Industry Group Limited) (Stock Code: 708), and retired on 8 August 2013 and resigned on 27 March 2015 respectively. Ms. Chan graduated from The University of Hong Kong with Bachelor's Degree in Laws.

REPORT OF THE DIRECTORS

The Board hereby presents the annual report and the audited consolidated financial statement of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is also engaged in investment in securities. The Group is principally engaged in (i) film and TV programme production and investment; (ii) event production and investment, music production and others; (iii) post production service; and (iv) investment in securities. Details of the principal activities and other particulars of the Company's significant subsidiaries are set out in note 44 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the Year by business and geographical segments is set out in note 8 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 30.

The Directors did not recommend the payment of a final dividend for the Year (2014: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 108.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the Year are set out in note 36 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 33.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to the shareholders of the Company (the "**Shareholders**") as at 30 June 2015 represent the aggregate of contributed surplus and accumulated profits amounting to HK$129,266,000 (2014: HK$93,851,000).

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares of the Company (the "**Shares**") on a pro-rata basis to existing Shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, 59.6% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 58.9% of the Group's purchases. In addition, 59.1% of the Group's turnover was attributable to the Group's five largest customers with the largest customer accounting for 46.7% of the Group's turnover.

As at 30 June 2015, to the knowledge of the Directors of the Company, none of the Directors, their close associates or any Shareholders owning more than 5% of the Company's issued share capital had beneficial interests in the share capital of any of the above major suppliers or customers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Direk Lim *(Chairman)*	(Appointed as Executive Director on 3 July 2014 and elected as Chairman on 13 November 2014)
Mr. Hui Yuet Man	(Appointed on 3 October 2014)
Mr. Yeung Man Kit, Dennis	(Appointed on 28 January 2015)
Dr. Ma Ho Man, Hoffman	(Retired on 13 November 2014)
Mr. Wong Kui Shing, Danny	(Resigned on 28 January 2015)
Mr. Wong Chi Chiu	(Resigned on 3 October 2014)

Independent Non-executive Directors

Mr. Li Fui Lung, Danny	
Mr. Ng Hoi Yue	
Ms. Chan Sim Ling, Irene	(Appointed on 3 July 2014)
Mr. Heung Pik Lun	(Resigned on 28 January 2015)

Subject to the service contract/appointment letter hereafter mentioned, the term of office of each Director, including independent non-executive Director ("**INED(s)**"), is the period up to his/her retirement/retirement by rotation in accordance with the Bye-laws of the Company but can offer himself/herself for re-election at the relevant annual general meeting.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(Continued)*

In accordance with the Bye-law 87(1) and (2) of the Company's Bye-Laws, Mr. Hui Yuet Man ("**Mr. Stephen Hui**") and Ms. Chan Sim Ling, Irene ("**Ms. Irene Chan**") shall retire by rotation at the forthcoming annual general meeting ("**2015 AGM**"). Ms. Irene Chan, being eligible, offers herself for re-election while Mr. Stephen Hui, being eligible, does not offer himself for re-election thereat.

Each of the Directors (including the INEDs) has entered into a service contract/appointment letter with the Company in relation to his/her service as Executive Director/INED (as the case may be) of the Company for an initial term of three years and is renewed automatically for successive terms of one year until being terminated by notice in writing served by either party.

None of the Directors proposed for re-election at the 2015 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into during the Year were disclosed in note 42 to the consolidated financial statements. These related party transactions did not constitute connected transactions under Chapter 14A of The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Save as the above, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

(A) Ordinary Shares of HK$0.01 each

As at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") of the Listing Rules.

(B) Share options

The Company has in place a share option scheme under which the Directors of the Company may, at their discretion, grant options to employees, including any Director of the Company or its subsidiaries to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. During the Year, there were no outstanding share options granted to the Directors of the Company. Details of the share options are set out in note 36 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share options as stated above, at no time during the Year was the Company, its subsidiaries, holding company or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2015, none of the Directors or their respective associates was interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 June 2015, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long Position in the Shares

Name	Capacity/Nature of interests	Number of Shares	Approximate % holding
Golden Skill Limited	Beneficial owner	350,000.000	15.81%
Tse Nicholas	Interest in a controlled corporation	350,000,000	15.81%

The interests stated above represent long positions. As at 30 June 2015, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 June 2015, so far as is known to the Directors or chief executive of the Company, no other person or corporation (not being a Director or chief executive of the Company) had any interests or deemed to have any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or otherwise notified to the Company.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, involving the management and administration of the whole or any substantial part of any business of the Group were entered into or subsisted during the Year.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

The emolument policy of the Group is to reward employees and Directors. The remuneration packages of Executive Directors is structured in such a way that Directors have a strong motivation to perform well. The INEDs are paid fees in line with market practice. No individual should determine his or her own remuneration.

Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Employees' benefits include the retirement benefits schemes, in-house training programme, medical insurance scheme and discretionary bonuses.

To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options granted under the share option scheme adopted by the Company, details of which are set out in note 36 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 16 to the consolidated financial statements.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 27.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company maintained the prescribed public float under the Listing Rules.

AUDITOR

A resolution will be submitted to the 2015 AGM to re-appoint of HLB Hodgson Impey Cheng Limited as the auditor of the Company.

On behalf of the Board

Direk Lim
Chairman

Hong Kong, 23 September 2015

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of corporate governance for the Company so as to ensure "Accountability, Responsibility and Transparency" towards Shareholders, stakeholders, investors as well as employees of the Company.

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 of the Listing Rules. The Company has fully complied with all the provisions of the CG Code throughout the Year.

THE BOARD

Board Composition

As at 30 June 2015, the Board comprised six Directors (three Executive Directors including the Chairman and three INEDs). The composition of the Board represents a diversified mixture of age, gender, educational and cultural background, skills, knowledge, length of service and professional expertise in management, media and entertainment industry, legal, accounts and finance and corporate development which is beneficial to the business development of the Company. The biographies of the Directors are set out from pages 8 to 9 of this annual report under the "Profile of the Directors and Senior Management" section.

Chairman and Chief Executive Officer

Mr. Direk Lim is the Chairman of the Board who is responsible for providing leadership to the Board. Taking up the role of Chairman, Mr. Lim provides the Group with strong and consistent leadership and is responsible for the management of the Board. The day-to-day operation and management of the business of the Group is delegated to the other two Executive Directors, Mr. Hui Yuet Man and Mr. Yeung Man Kit, Dennis. The Board considers that such segregation of duties functions effectively.

During the Year, the Chairman held a meeting with all the INEDs without the presence of the Executive Directors.

Independent Non-executive Directors

The INEDs are all professionals with valuable experience and expertise in legal, accounting or auditing who contribute impartial view and make independent judgment on issues to be discussed at Board meetings. They are appointed for an initial term of three years and is renewed automatically for successive terms of one year subject to early termination with written notice being served by either party. The terms of the INEDs are also subject to retirement and re-election provision under the Bye-laws of the Company.

The Company had received a confirmation of independence from each of the INEDs. The Board considered each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs had been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

THE BOARD *(Continued)*

Roles and Responsibilities of the Board

The Board is responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the Shareholders and by formulating strategic directions and monitoring the financial and management performance of the Group.

There is a procedure agreed by the Board to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses in order to assist them to perform their duties to the Company.

Delegation to the Management

The management is led by the Executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues and exercise power and authority delegated by the Board from time to time.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the management that certain matters (including the followings) must be reserved to the Board:

- Publication of final and interim results of the Company
- Dividend distribution or other distributions
- Major issues of treasury policy, accounting policy and remuneration policy
- Changes to major group structure or Board composition requiring notification by announcement
- Publication of the announcement for notifiable transaction and non-exempted connected transaction/ continuing connected transaction
- Non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring Shareholders' approval
- Capital re-structuring and issue of new securities of the Company
- Financial assistance to Directors or their associates

Induction, Support and Professional Development of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of equity/business interest. Every newly appointed Director has received a comprehensive, formal and tailored induction on appointment and subsequently received briefing and professional development necessary to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of his/her responsibilities under statute and common law, the Listing Rules, legal and other applicable regulatory requirement and the corporate governance practices.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on Directors' training. During the Year, each Director had participated in continuous professional development by attending seminars/workshops and reading materials covering corporate governance, regulatory, finance and industry-related areas in order to develop and refresh his/her knowledge and skills. Each Director has provided a record of training received during the Year to the Company.

THE BOARD *(Continued)*

Relationship between the Board Members

None of the members of the Board has any relationship (including financial, business, family or other materials/relevant relations) among each other.

Directors' Insurance

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Board Meetings And Proceedings

Regular Board meetings were held at approximately quarterly interval. The Company has engaged an external service provider as its company secretary (the "**Company Secretary**"). Any Executive Director of the Company will be the person whom such external service provider can contact with. The Directors have access to the advice and services of the Company Secretary for ensuring that the Board procedures, all applicable rules and regulations are followed.

With the assistance of the Company Secretary, the meeting agenda is set by the Chairman of the meeting in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least 3 days before each regular Board meeting and Board Committee meeting to enable the Directors to make informed decision.

Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director.

If a Director has conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates has a material interest and he/she shall not be counted in the quorum present at the Board meeting.

CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Directors' Attendance and Time Commitment

The attendance of Directors at the following types of meetings during the Year is set out below:

	Number of meetings attended/held						
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Executive Committee	General Meetings
Executive Directors							
Mr. Direk Lim *(Note 1)*	11/11	N/A	0/0	1/1	0/0	1/1	0/3
Mr. Hui Yuet Man *(Note 2)*	8/9	1/1	N/A	N/A	N/A	1/1	3/3
Mr. Yeung Man Kit, Dennis *(Note 3)*	5/5	N/A	N/A	N/A	N/A	1/1	0/1
Dr. Ma Ho Man, Hoffman *(Note 4)*	4/4	N/A	N/A	3/3	N/A	N/A	1/1
Mr. Wong Kui Shing, Danny *(Note 5)*	3/6	N/A	N/A	N/A	N/A	N/A	0/2
Mr. Wong Chi Chiu *(Note 6)*	0/2	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors							
Mr. Li Fui Lung, Danny *(Note 7)*	11/11	3/3	2/2	4/4	N/A	N/A	3/3
Mr. Ng Hoi Yue *(Note 8)*	11/11	3/3	2/2	4/4	N/A	N/A	3/3
Ms. Chan Sim Ling, Irene *(Note 9)*	11/11	2/2	N/A	N/A	0/0	N/A	1/3
Mr. Heung Pik Lun *(Note 10)*	5/6	1/1	1/2	3/4	N/A	N/A	1/2
Total number of meetings held:	11	3	2	4	0	1	3

Notes:

1. Mr. Direk Lim was appointed as Executive Director on 3 July 2014 and elected as Chairman of the Board on 13 November 2014. He is also the Chairman of the Executive Committee, the Nomination Committee and the Corporate Governance Committee as well as a member of the Remuneration Committee.
2. Mr. Hui Yet Man was appointed as Executive Director on 3 October 2014. He was invited to represent the management to sit-in the Audit Committee meeting.
3. Mr. Yeung Man Kit, Dennis was appointed as Executive Director on 28 January 2015.
4. Dr. Ma Ho Man, Hoffman retired as Chairman of the Board and Executive Director on 13 November 2014 and automatically ceased to act as the Chairman of the Nomination Committee and a member of the Prevention of Bribery Committee (dissolved).
5. Mr. Wong Kui Shing, Danny resigned as Managing Director and Executive Director on 28 January 2015 and automatically ceased to act as Chairman of the Prevention of Bribery Committee (dissolved).
6. Mr. Wong Chi Chiu resigned as Executive Director on 3 October 2014.
7. Mr. Li Fui Lung, Danny is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Nomination Committee.
8. Mr. Ng Hoi Yue is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee.
9. Ms. Chan Sim Ling, Irene was appointed as INED on 3 July 2014 and is also a member of the Audit Committee and the Corporate Governance Committee.
10. Mr. Heung Pik Lun resigned as INED on 28 January 2015 and automatically ceased to act as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

THE BOARD *(Continued)*

Directors' Attendance and Time Commitment *(Continued)*

Upon reviewing (a) the annual confirmation on time commitment given by each Director; (b) the directorships and major commitments of each Director; and (c) the attendance rate of each Director on full Board and their respective Board committee meetings, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the Year.

Board Committees

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are INEDs. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. *Executive Committee (set up on 28 January 2015)*

   The Executive Committee consists of three members, namely Mr. Direk Lim (Chairman of the Committee), Mr. Hui Yuet Man and Mr. Yeung Man Kit, Dennis, all being the Executive Directors. The primary duties of the Executive Committee are (a) formulating business polices and making decision on matters relating to the management and operations of the Group; and (b) having all power and authorities of the Board except those matters specifically reserved for the full Board as set out in the "Formal Schedule on matters reserved for and delegated by the Board" adopted by the Board from time to time. This Committee was set up following the dissolution of the Investment Committee and the Prevention of Bribery Committee on 28 January 2015 which roles and functions are replaced by the Executive Committee.

2. *Audit Committee (set up on 4 December 1998)*

   The Audit Committee consists of three INEDs, namely Mr. Li Fui Lung, Danny (Chairman of the Committee), Mr. Ng Hoi Yue and Ms. Chan Sim Ling, Irene.

   The specific written terms of reference of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor; and (c) reviewing financial information and overseeing the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

THE BOARD *(Continued)*

Board Committees *(Continued)*

2. *Audit Committee (set up on 4 December 1998) (Continued)*

A summary of the work performed by the Audit Committee during the Year is set out below:

i. reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 30 June 2014 and the interim financial statements for the six months ended 31 December 2014;

ii. reviewed with finance-in-charge the effectiveness of the internal control system of the Group;

iii. approved the audit plan for the financial year ended 30 June 2015, reviewed the independence of the external auditor and approved the engagement of external auditor; and

iv. recommended the Board on the re-appointment of external auditor.

3. *Remuneration Committee (set up on 26 October 2005)*

The Remuneration Committee consists of three members, namely Mr. Ng Hoi Yue (Chairman of the Committee) and Mr. Li Fui Lung, Danny, both being INEDs, and Mr. Direk Lim, being the Chairman of the Board.

The specific written terms of reference of the Remuneration Committee is available on the websites of the Stock Exchange and the Company. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of INEDs; and (c) the specific remuneration packages for individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 16 to the consolidated financial statements. The Remuneration Committee held two meetings during the Year.

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

i. reviewed and recommended the Board on the directors' fee of the newly appointed Executive Director, Mr. Hui Yuet Man; and

ii. reviewed and recommended the Board on the directors' fee of the newly appointed Executive Director, Mr. Yeung Man Kit, Dennis.

THE BOARD *(Continued)*

Board Committees *(Continued)*

4. *Nomination Committee (set up on 23 March 2012)*

The Nomination Committee consists of three members, namely Mr. Direk Lim (Chairman of the Committee), being the Chairman of the Board, and Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, both being INEDs.

The specific written terms of reference of the Nomination Committee is available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of INEDs; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment or re-election of Directors. The Nomination Committee held four meetings during the Year.

A summary of the work performed by the Nomination Committee for the period up to the date of publication of this annual report is set out as follows:

i. reviewed the structure, size and diversity of the Board;

ii. reviewed the independence of INEDs;

iii reviewed the confirmation from the Directors on their time commitment in performing their duties;

iv. recommended to the Board on the nomination of Directors for re-election at the annual general meetings;

v. recommended to the Board on the nomination of Mr. Hui Yuet Man and Mr. Yeung Man Kit, Dennis as Executive Directors;

vi. recommended to the Board on the nomination of Mr. Direk Lim as Chairman of the Board; and

vii. recommended to the Board on the nomination of Mr. Yeung Man Kit, Dennis for re-election as Director at the special general meeting of the Company held on 11 May 2015.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on the Board so as to enhance the quality of its performance. Selection of candidates on the Board is based on a range of diversity perspectives, including but not limited to gender, age, length of service, educational background, skills and professional experience. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board.

THE BOARD *(Continued)*

Board Committees *(Continued)*

5. *Corporate Governance Committee (set up on 14 August 2015)*

   The Corporate Governance Committee consists of four members, namely Mr. Direk Lim (Chairman of the Committee), being the Chairman of the Board, Ms. Chan Sim Ling, Irene, being an INED, a representative of company secretarial function and a representative of finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the code of conduct applicable to Directors and relevant employees of the Group on dealings with the Company's securities; and (d) reviewing the Company's compliance with the CG Code and disclosure in this Report. No meeting was held by this Committee during the Year.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, all of them confirmed that they have complied with required standard of dealings and the code of conduct throughout the Year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to prepare the consolidated financial statements of the Group and other financial disclosures required under the Listing Rules and the management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the consolidated financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The management has provided all members of the Board with monthly updates on internal financial statements which give a balanced and understandable assessment of the Group's performance, position and prospects.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists a company in achieving its business objectives. An Internal Control Policy and Procedures has been implemented within the Group with the primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management.

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the internal control system. Such system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The management is primarily responsible for the design, implementation, and maintenance of the internal control system and the key objectives of the system include:

– safeguarding assets
– ensuring completeness, accuracy and validity of financial records and reports
– promoting adherence to policies, procedures, regulations and laws
– promoting effectiveness and efficiency of operations

Internal control generally covers the following material activities – finance, operational and compliance controls:

Finance

Effective financial control is a vital element of internal control. It helps in identifying and managing liabilities to ensure that the Group is not unnecessarily exposed to avoidable financial risks. It also contributes to the safeguarding of assets from inappropriate use or loss, including the prevention and detection of fraud and errors.

In order to achieve effective financial control, a set of measures have been implemented to tighten the control on cash flow. All payments are required to be properly checked and approved. Proper accounting and financial records shall be maintained to support financial budgets, monthly management accounts and reports.

Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

Operational

With regard to the Group's various business activities such as film and TV programme production and investment, post production service, event investment, music production and others, and investment in securities, different sets of principles and procedures have been set up for different teams to follow. It is expected that through the implementation of these principles and procedures, the production process and budget approval process should become more transparent and efficient.

These principles and procedures cover the day-to-day operational activities including but not limited to the preparation of production and investment plans and budgets, formulating a screening and approval process, setting up of an on-going monitoring system for production or job in progress, review on the production or time cost spending and guidelines for investment in securities.

INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

Compliance

The following policies and procedures are in place to safeguard the compliance control:

i. the Systems and Procedures on Disclosure of Inside Information to ensure that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated for the attention of the Board; and

ii. the policies and practices on compliance with legal and regulatory requirements which shall be reviewed and monitored regularly by the Corporate Governance Committee as delegated by the Board.

The Board and the Audit Committee had conducted a review on the effectiveness of internal control system (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

Whistle Blowing Policy

To deter wrongdoing and to promote standards of good corporate practices, the Company has adopted a whistle blowing policy. The policy aims at encouraging and enabling employees of the Group at all levels and others to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters of the Group.

Based on all of the above, the Board considered that the Company has been maintaining a sound and effective internal controls to safeguard Shareholders' investment and the Group's assets.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a Shareholders' communication policy and shall review on a regular basis to ensure its effectiveness. A written Shareholders' communication policy is available on the website of the Company.

The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meeting ("**AGM**") and other general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Directors; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules; and (iii) the availability of latest information of the Group on the Company's website.

Separate resolutions were proposed at the general meetings for substantial issues, including the re-election of retiring Directors. The chairman of the Board, the respective chairman of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee and the external auditor were available at the AGM to answer questions from the Shareholders. The chairman of the independent board committee was also available to answer questions at any general meeting for approving the transaction that required independent shareholders' approval. The chairman of each general meetings explained the procedures for conducting a poll during the meetings.

The Company's notice to Shareholders for AGM were sent to Shareholders at least 20 clear business days before the meeting whilst notices of all other general meetings were sent to Shareholders at least 10 clear business days before the meetings.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the CG Code.

1. *Convening a special general meeting and putting forward proposals at such meetings*

    1.1 Shareholders holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company may by written requisition sent to the Company's principal place of business in Hong Kong for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

    1.2 The requisition must specify the purposes of the meeting, signed by the requisitionists and may consist of several documents in like form each signed by one or more of those requisitionists.

    1.3 The signatures and the requisition will be verified by the Company's share registrars. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.

    1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition, proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. In addition, such meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

2. *Procedures for putting forward proposals at a duly convened general meeting*

    2.1 The Company holds an annual general meeting every year, and may hold a general meeting known as a special general meeting whenever necessary.

    2.2 In general, subject to paragraph 2.3 below, no resolution may be proposed at a Shareholders' meeting (whether it is a special general meeting or an annual general meeting) if such resolution is not included in the notice convening the general meeting. However, if the proposal is to amend an existing resolution set out in the notice convening the general meeting and such amendment is within the scope of the notice, such amendment may be made if approved by the Shareholders by ordinary resolution. In the case of a resolution duly proposed as a special resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

SHAREHOLDERS' RIGHTS *(Continued)*

2. *Procedures for putting forward proposals at a duly convened general meeting (Continued)*

2.3 On the requisition in writing of (i) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates, or (ii) not less than 100 Shareholders, the Company shall be under a duty to:

i. give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

ii. circulate to Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

2.4 The requisition under paragraph 2.3 must be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong for the attention of the Company Secretary and:

i. in the case of a requisition requiring notice of a resolution, not less than six weeks before the annual general meeting and in the case of any other requisition, not less than one week before the meeting; and

ii. there is deposited or tendered with the requisition a sum reasonably determined by the Board to be sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating any statement in accordance with the statutory requirements to all the registered Shareholders.

2.5 If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the annual general meeting or (ii) to circulate any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the general meeting. On the contrary, if the requisition is invalid or the Shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses mentioned in paragraph 2.4(ii), the Shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting or the statement will not be circulated for the general meeting.

2.6 Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholders by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

SHAREHOLDERS' RIGHTS *(Continued)*

3. *Enquires from Shareholders*
   Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited. Other Shareholders' enquiries can be directed to the Company.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the Year.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statement in accordance with applicable standard. Members of the Committee were of the view that the Company's auditor, HLB Hodgson Impey Cheng Limited is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting.

During the Year, HLB Hodgson Impey Cheng Limited has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company is set out as follows:

Services rendered	**Fees paid/payable**
	HK$
Statutory audit fees	690,000
Fee for non-audit service	630,000

INDEPENDENT AUDITOR'S REPORT

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEE CORPORATION LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of See Corporation Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 30 to 107, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 23 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	7	**123,503**	54,437
Cost of sales		**(97,857)**	(42,364)
Gross profit		**25,646**	12,073
Other revenue	9	**1,405**	3,379
Distribution costs		**(1,252)**	(13,650)
Administrative expenses		**(38,159)**	(22,871)
Other operating expenses	10	**(64,525)**	(43,357)
Change in fair value of financial assets at fair value through profit or loss		**(3,761)**	–
Loss from operations	10	**(80,646)**	(64,426)
Gain on disposal of subsidiaries and a joint venture	38	**6,319**	–
Finance costs	11	**(1,386)**	(625)
Loss before taxation		**(75,713)**	(65,051)
Taxation	13	**(1,531)**	–
Loss for the year		**(77,244)**	(65,051)
Other comprehensive loss for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(614)**	–
Total comprehensive loss for the year		**(77,858)**	(65,051)
Loss for the year attributable to:			
Owners of the Company		**(75,115)**	(66,832)
Non–controlling interests		**(2,129)**	1,781
		(77,244)	(65,051)
Total comprehensive loss attributable to:			
Owners of the Company		**(75,483)**	(66,832)
Non–controlling interests		**(2,375)**	1,781
		(77,858)	(65,051)
Loss per share attributable to the owners of the Company			
– Basic and diluted	14	**HK$(0.05)**	HK$(0.13)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Non–current assets			
Property, plant and equipment	17	**28,899**	20,348
Goodwill	18	**106,082**	–
Intangible assets	19	**39,060**	–
Interests in associates	20	**–**	7,384
Interest in a joint venture	21	**–**	–
Deferred tax assets	35	**6,418**	–
		180,459	27,732
Current assets			
Film rights	22	**57,964**	64,349
Film production in progress	23	**162,235**	18,538
Investment in film production	24	**600**	–
Music production in progress	25	**–**	455
Trade and other receivables, deposits and prepayments	26	**93,301**	10,348
Financial assets at fair value through profit or loss	27	**30,392**	–
Loan receivable	28	**–**	10,000
Cash and bank balances	29	**411,475**	398,175
		755,967	501,865
Assets classified as held for sale	30	**19,784**	–
		775,751	501,865
Current liabilities			
Trade and other payables	31	**36,438**	35,219
Amounts due to related companies	32	**21,589**	–
Amount due to a director	32	**1,526**	–
Amount due to non-controlling interests	32	**27,200**	–
Tax payable		**1,875**	–
Obligations under finance lease	33	**230**	–
Bank borrowings	34	**3,004**	9,961
		91,862	45,180

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Net current assets		**683,889**	456,685
Total assets less current liabilities		**864,348**	484,417
Non-current liability			
Deferred tax liability	35	**6,445**	–
Net assets		**857,903**	484,417
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	36	**22,133**	14,945
Reserves		**862,331**	485,780
		884,464	500,725
Non–controlling interests		**(26,561)**	(16,308)
		857,903	484,417

Approved and authorised for issue by the Board of Directors on 23 September 2015 and signed on its behalf by:

Mr. Direk Lim
Executive Director

Mr. Hui Yuet Man
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Attributable to the owners of the Company									
	Share capital HK$'000	Share premium HK$'000 *(note(i))*	Capital redemption reserve HK$'000 *(note (ii))*	Contributed surplus HK$'000 *(note (iii))*	Exchange reserve HK$'000 *(note (iv))*	Statutory reserve HK$'000 *(note (v))*	Accumulated (losses)/ profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2013	12,455	717,027	50	–	–	–	(470,958)	258,574	(18,089)	240,485
(Loss)/profit for the year	–	–	–	–	–	–	(66,832)	(66,832)	1,781	(65,051)
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	(66,832)	(66,832)	1,781	(65,051)
Placing of shares	2,490	12,699	–	–	–	–	–	15,189	–	15,189
Share issue expenses on placing of shares	–	(638)	–	–	–	–	–	(638)	–	(638)
Capital reduction & share premium reduction	(13,450)	(729,088)	–	742,538	–	–	–	–	–	–
Amount transferred to write off accumulated losses	–	–	–	(683,880)	–	–	683,880	–	–	–
Issue of shares pursuant to rights issue	13,450	293,213	–	–	–	–	–	306,663	–	306,663
Share issue expenses on rights issue	–	(12,231)	–	–	–	–	–	(12,231)	–	(12,231)
At 30 June 2014 and 1 July 2014	**14,945**	**280,982**	**50**	**58,658**	**–**	**–**	**146,090**	**500,725**	**(16,308)**	**484,417**
Loss for the year	–	–	–	–	–	–	(75,115)	(75,115)	(2,129)	(77,244)
Other comprehensive loss for the year	–	–	–	–	(368)	–	–	(368)	(246)	(614)
Total comprehensive loss for the year	–	–	–	–	(368)	–	(75,115)	(75,483)	(2,375)	(77,858)
Placing of shares	3,688	295,104	–	–	–	–	–	298,792	–	298,792
Share issue expenses on placing of shares	–	(7,570)	–	–	–	–	–	(7,570)	–	(7,570)
Issue of shares in relation to acquisition of subsidiaries *(note 37)*	3,500	164,500	–	–	–	–	–	168,000	–	168,000
Non-controlling interests arising from acquisition of subsidiaries *(note 37)*	–	–	–	–	–	–	–	–	(7,878)	(7,878)
Transfer to statutory reserve	–	–	–	–	–	88	(88)	–	–	–
At 30 June 2015	**22,133**	**733,016**	**50**	**58,658**	**(368)**	**88**	**70,887**	**884,464**	**(26,561)**	**857,903**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

Notes:

(i) Share premium

The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) Capital redemption reserve

Capital redemption reserve arose on the cancellation of repurchased shares and accordingly reduction of nominal value of share capital of the Company.

(iii) Contributed surplus

The contributed surplus of the Group represents the amount transferred from the capital account due to the capital reduction and share premium reduction as a result of the capital reorganisation of the Company took effect on 8 May 2014 as detailed in note 36.

Under the Company Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution. However, the Company cannot make a distribution out of the contributed surplus if: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than its liabilities.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(v) Statutory reserve

The statutory reserve is set up for enterprises established in Mainland China. According to the relevant rules and regulations in The People's Republic of China (the "**PRC**") applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Loss before taxation		**(75,713)**	(65,051)
Adjustments for:			
Amortisation of film rights	10	**13,433**	39,424
Amortisation of intangible asset	10	**1,698**	–
Cost of investment in film production	10	**57,685**	–
Depreciation of property, plant and equipment	10	**4,444**	563
Impairment loss recognised in respect of:			
– goodwill	10	**39,701**	–
– film rights	10	**12,980**	41,636
– investment in film production	10	**11,593**	–
– trade and other receivables	10	**251**	1,721
Loss on disposal of property, plant and equipment	10	**66**	335
Dividend income	9	**(308)**	–
Interest income	9	**(193)**	(167)
Interest expenses	11	**1,386**	625
Change in fair value of financial assets at fair value through profit or loss		**3,761**	–
Reversal of impairment loss in respect of trade and other receivables	9	**(60)**	(3,014)
Reversal of written down in respect of inventories	9	**–**	(120)
Gain on disposal of subsidiaries and a joint venture	38	**(6,319)**	–
Operating cash flows before movement in working capital		**64,405**	15,952
(Increase)/decrease in film production in progress		**(163,725)**	58,734
Decrease in music production in progress		**–**	204
Decrease in inventories		**–**	120
Increase in trade and other receivables, deposits and prepayments		**(114,317)**	(4,091)
(Increase)/decrease in financial assets at fair value through profit or loss		**(26,769)**	4,615
Decrease in trade and other payables		**(6,573)**	(18,746)
Cash (used in)/generated from operations		**(246,979)**	56,788
Income tax paid		**(1,031)**	–
Net cash (used in)/generated from operating activities		**(248,010)**	56,788

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from investing activities			
Dividend income received		**308**	–
Interest income received		**665**	52
Purchase of property, plant and equipment	*17*	**(3,480)**	(140)
Net cash inflow on acquisition of subsidiaries	*37*	**2,237**	–
Net cash inflow on disposal of subsidiaries	*38*	**620**	–
Proceeds from disposal of property, plant and equipment		**3**	–
Net cash generated from/(used in) from investing activities		**353**	(88)
Cash flows from financing activities			
Net proceeds from rights issue		**–**	294,432
Net proceeds from placing of shares		**291,222**	14,551
Advances from non-controlling interests		**27,200**	–
Repayments from an associate		**10,000**	–
Advances from related companies		**6,322**	–
Repayments of bank and other borrowings		**(62,275)**	–
Repayments of obligations under finance lease		**(97)**	–
Repayments to a director		**(76)**	–
Interest expense paid		**(1,386)**	(625)
Net cash generated from financing activities		**270,910**	308,358
Net increase in cash and cash equivalents		**23,253**	365,058
Effect of foreign exchange rate changes		**8**	–
Cash and cash equivalents at the beginning of the year		**388,214**	23,156
Cash and cash equivalents at the end of the year		**411,475**	388,214
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	*29*	**411,475**	398,175
Bank overdraft	*34*	**–**	(9,961)
		411,475	388,214

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 27 March 1992 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the address of the principal place of business of the Company is Unit A, 2nd Floor, 46-48 Morrison Hill, Wanchai, Hong Kong.

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

The Company acts as an investment holding company and is also engaged in investment in securities. The principal activities of its subsidiaries are set out in note 44.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied for the first time in the current year the following amendments to HKFRSs and Hong Kong Accounting Standards ("**HKASs**") and a new interpretation (hereinafter collectively referred to as the "**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities
HKFRSs (Amendments)	Annual improvements to HKFRSs 2010-2012 cycles
HKFRSs (Amendments)	Annual improvements to HKFRSs 2011-2013 cycles
HKAS 19 (Amendments)	Defined benefit plans: Employee contributions
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*)-Int 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised standards and interpretations issued but not yet effective

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[1]
HKFRS 14	Regulatory deferral accounts[3]
HKFRS 15	Revenue from contracts with customers[2]
HKFRSs (Amendments)	Annual improvements to HKFRSs 2012-2014 cycles[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[4]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception[3]
HKFRS 11 (Amendments)	Accounting for acquisitions of interests in joint operations[3]
HKAS 1 (Amendments)	Disclosure initiative[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants[3]
HKAS 27 (Amendments)	Equity method in separate financial statements[3]

1 Effective for annual period beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual period beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual period beginning on or after 1 January 2016, with earlier application permitted.

HKFRS 9, Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9, Financial Instruments *(Continued)*

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39, Financial instruments: Recognition and measurement are 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, 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 requires that the amount of changes in the fair value of a financial liability 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 changes in the financial liabilities' 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 relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirement about an entity's risk management activities have also been introduced.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9, Financial Instruments *(Continued)*

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

HKFRS 15, Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 supersedes the revenue recognition guidance including HKAS 18, Revenue, HKAS 11, Construction contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that the Group should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the standard has a 5-step approach to revenue recognition:

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

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligations is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in 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.

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 consolidated financial statements.

In addition, the revised Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) will come into effect as from the Group's first financial year ending on or after 30 June 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and disclosure of information in the consolidated financial statements will be affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs, and Interpretations ("**Ints**") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared under historical cost convention except for certain financial assets which are carried at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Specially, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non–controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

When the Group loses control of subsidiaries, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiaries and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to those subsidiaries are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiaries (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, Financial instruments: Recognition and measurement or, when applicable, the cost on initial recognition of an interest in an associate or a joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12, Income taxes and HKAS 19, Employee benefits respectively;

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

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

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

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations. Under the equity method, interests in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise in the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of associates or joint ventures equals or exceeds the Group's interest in that associates or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates or joint ventures), the Group discontinues recognising its share of future losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Interests in associates and joint ventures *(Continued)*

An interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the interest in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When interests in associates and joint ventures is held by, or is held indirectly through an entity that is a venture capital organisation and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36, Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interests in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associates or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(h) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which is located. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, at the following annual rates:

Leasehold land	:	Over the lease terms
Building	:	40 years
Leasehold improvement	:	20%
Furniture, fixture and equipment	:	20%
Plant and machinery	:	20%
Motor vehicles	:	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment *(Continued)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Intangible assets

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

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in the business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Categories of the intangible assets of the Group are summarised as follows:

(i) Artiste contract rights

Artiste contract rights are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of profit or loss over the contract terms.

(ii) Trademarks

Trademarks are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of up to 8 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets *(Continued)*

(iii) Customer relationships

Customer relationships acquired in business combination are recognised at fair value at the acquisition date (which is regarded as their cost) and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives. The estimated useful lives for customer relationships at the end of reporting period are not more than 10 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the profit or loss when the asset is derecognised.

(k) Film rights

Film rights represent films and television drama series produced or acquired by the Group for reproduction, distribution and sub-licensing and are stated at cost less accumulated amortisation and any identified impairment losses. Amortisation is charged to the consolidated statement of profit or loss based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.

(l) Film and music production in progress

Film and music production in progress represent films, televisions drama series and music records under production and are stated at cost incurred to date, less any identified impairment losses. Cost is transferred to films and music production rights upon completion.

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

(m) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts received for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the consolidated statement of profit or loss as follows:

Revenue from licensing of the distribution rights over films and television programmes is recognised when the master materials of films are delivered to customers.

Revenue from investment in film production is recognised when the Group's entitlement to such payments has been established, subject to the terms of the relevant agreements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition *(Continued)*

Revenue from event production and investment is recognised when the events are completed or the services are provided.

Sales of goods are recognised when goods are delivered and the significant risks and rewards of ownership of the goods has passed to the buyer.

Revenue from provision of model and artiste services is recognised when the services are rendered.

Revenue from post production work is recognised by reference to the stage of completion of the production work.

Sales of securities investments are recognised on a trade date basis.

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

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

(n) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve (attributed to non-controlling interests as appropriate) and will be reclassified from equity to profit or loss on disposal of the foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Lease

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

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the profit or loss.

(i) Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("**FVTPL**") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as financial assets at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at financial assets at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments *(Continued)*

(i) Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including investments in film production, loan receivable, trade and other receivables, deposits and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, the objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments *(Continued)*

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance amount. Changes in the carrying amount of the allowance amount are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies/a director/non-controlling interests, obligations under finance lease and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial instruments *(Continued)*

(ii) Financial liabilities and equity instruments (Continued)

Effective interest method (Continued)

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Taxation *(Continued)*

Deferred tax (Continued)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Impairment of tangible and intangible assets other than goodwill *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(s) Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank borrowings in current liabilities on the consolidated statement of financial position.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(v) Employee benefits

(i) Salaries, annual bonuses, paid annual leaves, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to contributions.

(iii) The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the consolidated statement of profit or loss. The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options granted. At the end of the reporting period, the Company revises its estimates of the number of share options that are expected to become exercisable that become vested. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss, and a corresponding adjustment to equity in the consolidated statement of financial position will be made over the remaining vesting period.

(iv) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Related parties

A party is considered to be related to the Group if:

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

(1) has control or joint control of the Group; or
(2) has significant influence over the Group; or
(3) is a member of the key management personnel of the Group or the Group's parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Related parties *(Continued)*

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

(1) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or

(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

(3) both entities are joint ventures of the same third party; or

(4) one entity is joint venture of a third entity and the other entity is an associate of the third entity; or

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

(6) the entity is controlled or jointly controlled by a person identified in (i); or

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(i) Impairment of trade and other receivables

The provision of impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. In determining whether impairment is required, the Group takes into consideration the ageing status and likelihood of collection. When the recoverability of trade and other receivables are called into doubts, specific provision of impairment loss on trade and other receivables is made on the difference between the estimated future cash flows expected to receive being discounted using the original effective interest rate and the carrying value.

(ii) Impairment of film rights

At the end of each reporting period, management performs review of the carrying amount of each film rights by reference to its estimated total projected revenues from each film, which is based on the historical performance and incorporating factors such as the past box office record of the lead actors and actresses, the genre of the film, pre-release market research, the expected number of theatres that the film will be released to and the anticipated performance in the home entertainment, television and other ancillary markets, and agreement for future sales. The residual values of each film rights are continually evaluated based on the changes in consumer demand.

(iii) Impairment of film production in progress

The Group reviews ageing analysis of the film production in progress at the end of each reporting period. The recoverable amounts of film production in progress are assessed with reference to value–in–use calculation at the end of the reporting period. The key assumptions include the discount rate, budgeted gross margin and estimated turnover based on past practices, experience and expectations in the film distribution and production industry. Changes in these estimates and assumptions would result in additional impairment provision or reversal of impairment in future years.

(iv) Impairment of investment in film production

In assessing the recoverability of investment in film production, management assesses the credibility of the counterparties, the progress of the related film production and the market condition. Management determines the provision for impairment of investment in film production taking into account the estimation of cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(v) Impairment of goodwill

The Group performs annual review on impairment of goodwill in accordance with the accounting policy of the Group. The recoverable amounts of CGUs are determined based on value-in-use calculation. This calculation requires the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(vi) Fair value of Interests in associates

As at 30 June 2015, the Group held 5% equity interest in TVB Pay Vision Holdings Limited ("**TVBP**"), the investment in TVBP was classified as interests in associates as the Group exercises significant influence over financial and operating policies of TVBP (see note 20). As this associate is held as part of venture capital organisation's investment portfolio, it is carried in the consolidated statement of financial position at fair value. HKAS 28 requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value based on a value-in-use calculation. This calculation requires the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculation.

(vii) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual review on whether the assumptions made on useful lives continue to be valid.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and bank balances)	**501,476**	417,828
Financial assets designated as at FVTPL	**30,392**	7,384
Financial liabilities		
Amortised cost	**89,987**	45,180

(b) Financial risk management objectives and policies

The Group's major financial instruments include investment in film production, loan receivable, trade and other receivables, deposits, financial assets at FVTPL, cash and bank balances, trade and other payables, amounts due to related companies/a director/non-controlling interests, obligations under finance lease and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

(i) Foreign currency risk management

The Group mainly operates in Hong Kong and the PRC, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("**RMB**"). Foreign exchange risk arises from commercial transactions, recognised assets and liabilities denominated in a currency that is not the functional currency of the Group and net investments in foreign operations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**75,078**	7,886	**66,276**	5,337

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in RMB.

The following table details the Group's sensitivity to a 5% increase or decrease in HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year ended for a 5% change in foreign currency rates. A positive number below indicates a decrease in the Group's loss for the year where the HK$ strengthen 5% against the relevant currency. For a 5% weakening of the HK$ against the relevant currency, there would be an equal and opposite impact on the loss, and the balance below would be negative.

	Impact of RMB	
	2015	2014
	HK$'000	*HK$'000*
Profit or loss	**440**	127

In opinion of the Directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk management

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Variable-rate bank borrowings expose the Group to cash flow interest rate risk. The Group currently does not have policy on cash flow hedges of interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss for the year would increase or decrease by HK$15,000 (2014: HK$50,000).

(iii) Other price risks

Equity security price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to equity security price risk arising from individual equity investments classified as financial assets at FVTPL.

Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's loss for the year and other components of equity in response to the reasonably possible changes in the relevant stock market prices, to which the Group has significant exposure at the end of the reporting period.

In response to the reasonably possible change in the market price of the listed securities, if the equity price had been 5% higher or lower, the Group's loss for the year would decrease or increase by HK$1,520,000 (2014: Nil).

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk management

As at 30 June 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit–rating agencies.

The Group has concentration of credit risk as 5% (2014: 0%) and 9% (2014: 0%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the film and TV programme production and investment operation and the post production operation. The Directors of the Company consider that there is no significant credit risk on the trade receivables from the five largest customers given their strong financial background and good creditability. The remaining trade receivables balances are spread over a number of customers.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of bank borrowings and thus the liquidity requirement are provided to management for review periodically. Management will raise or refinance bank borrowings whenever necessary.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities that will result in cash outflow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on interest rate at the end of the reporting period.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk management (Continued)

	Weighted average effective interest rate	Within 1 year or repayable on demand *HK$'000*	Within 2 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
At 30 June 2015						
Non-derivative financial liabilities						
Trade and other payables	**–**	**36,438**	**–**	**–**	**36,438**	**36,438**
Amounts due to related companies	**–**	**21,589**	**–**	**–**	**21,589**	**21,589**
Amount due to a director	**–**	**1,526**	**–**	**–**	**1,526**	**1,526**
Amount due to non-controlling interests	**–**	**27,200**	**–**	**–**	**27,200**	**27,200**
Obligations under finance lease	**1%**	**232**	**–**	**–**	**232**	**230**
Bank borrowings	**2%**	**3,064**	**–**	**–**	**3,064**	**3,004**
Total		**90,049**	**–**	**–**	**90,049**	**89,987**
At 30 June 2014						
Non-derivative financial liabilities						
Trade and other payables	–	35,219	–	–	35,219	35,219
Bank borrowings	5%	10,459	–	–	10,459	9,961
Total		45,678	–	–	45,678	45,180

Bank borrowings with a repayment on demand clause are included in the "less than 1 year or repayable on demand" time band in the above maturity analysis. As at 30 June 2015, the aggregate carrying amounts of these bank borrowings amounted to HK$3,004,000. Taking into account the Group's financial position, the Directors of the Company believe that the bank will not exercise their discretionary rights to demand immediate repayment and so such bank borrowings will be repaid within 1 year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

5. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurement

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The following table shows an analysis of the financial assets recorded at fair value by the fair value hierarchy:

	At 30 June 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at FVTPL	**30,392**	**–**	**–**	**30,392**

There were no transfers between Levels 1, 2 and 3 in both years.

The fair value of the financial assets traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These financial assets are included in Level 1.

6. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt (which includes amounts due to related companies/a director/non-controlling interests, obligations under finance lease and bank borrowings as disclosed in note 32, 33 and 34 respectively), net of cash and bank balances and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through issue of new shares, new borrowings raised and repayment of borrowings.

7. TURNOVER

An analysis of the Group's turnover is as follows:

	2015	2014
	HK$'000	*HK$'000*
Film and TV programme production and investment	**74,329**	40,960
Event production and investment, music production and others	**797**	3,813
Post production service	**38,171**	–
Investment in securities	**10,206**	9,664
	123,503	54,437

8. SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, information reported to the Executive Directors of the Company, being the Chief Operating Decision Maker (the "**CODM**") for the purposes of resource location and assessment of segment performance focuses on types of goods or services delivered or provided.

In the manner consistent with the way in which information is reported internally to the CODM for the purpose of resource allocation and performance assessment, the business activities of the Group are currently organised into the following operating segments:

– Film and TV programme production and investment
– Event production and investment, music production and others (including artiste and model management)
– Post production service
– Investment in securities

8. SEGMENT INFORMATION *(Continued)*

Information regarding the Group's reportable segments is presented below:

(a) Segment revenue and results

	Film and TV programme production and investment	Event production and investment, music production and others	Post production service	Investment in securities	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015					
Segment revenue	74,329	797	38,171	10,206	123,503
Segment results	3,211	593	11,636	10,206	25,646
Interest income					193
Reversal of impairment loss	43	17	–	–	60
Dividend income	–	–	–	308	308
Unallocated gains					844
Unallocated corporate expenses					(12,988)
Distribution costs	(975)	(38)	(239)	–	(1,252)
Administrative expenses	(8,088)	(48)	(17,027)	(8)	(25,171)
Other operating expenses	(24,573)	(251)	(39,701)	–	(64,525)
Unallocated change in fair value of financial assets at fair value through profit or loss					(7,384)
Change in fair value of financial assets at fair value through profit or loss	–	–	–	3,623	3,623
Loss from operations					(80,646)
Gain on disposal of subsidiaries and a joint venture					6,319
Finance costs					(1,386)
Loss before taxation					(75,713)

8. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results *(Continued)*

	Film and TV programme production and investment	Event production and investment, music production and others	Post production service	Investment in securities	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014					
Segment revenue	40,960	3,813	–	9,664	54,437
Segment results	1,536	873	–	9,664	12,073
Interest income					167
Reversal of impairment loss	2,997	137	–	–	3,134
Unallocated gains					78
Unallocated corporate expenses					(12,564)
Distribution costs	(12,617)	(1,033)	–	–	(13,650)
Administrative expenses	(9,792)	(515)	–	–	(10,307)
Other operating expenses	(41,663)	(1,694)	–	–	(43,357)
Loss from operations					(64,426)
Finance costs					(625)
Loss before taxation					(65,051)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in the current year (2014: Nil).

Segment results represent the profit earned by each segment without allocation of corporate gains such as exchange gain and central administration costs which mainly includes Directors' emoluments, corporate legal and professional fees and gain on disposal of subsidiaries and a joint venture. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

	Film and TV programme production and investment	Event production and investment, music production and others	Post production service	Investment in securities	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015					
Segment assets	**305,066**	**194**	**217,515**	**42,546**	**565,321**
Unallocated assets					**390,889**
Consolidated assets					**956,210**
Segment liabilities	**20,735**	**60**	**72,074**	**–**	**92,869**
Unallocated liabilities					**5,438**
Consolidated liabilities					**98,307**
2014					
Segment assets	103,050	1,223	–	14,282	118,555
Unallocated assets					411,042
Consolidated assets					529,597
Segment liabilities	21,864	6,836	–	–	28,700
Unallocated liabilities					16,480
Consolidated liabilities					45,180

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than interests in associates and a joint venture and other unallocated head office and corporate assets that are not attributable to segments; and

– all liabilities are allocated to reportable segments other than unallocated corporate financial liabilities that are not attributable to segments.

8. SEGMENT INFORMATION *(Continued)*

(c) Other segment information

	Film and TV programme production and investment	Event production and investment, music production and others	Post production service	Investment in securities	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015						
Other segment information:						
Additions to property, plant and equipment	**5**	**–**	**3,475**	**–**	**–**	**3,480**
Amortisation of film rights	**13,433**	**–**	**–**	**–**	**–**	**13,433**
Amortisation of intangible asset	**–**	**–**	**1,698**	**–**	**–**	**1,698**
Cost of investment in film production	**57,685**	**–**	**–**	**–**	**–**	**57,685**
Depreciation of property, plant and equipment	**116**	**–**	**4,105**	**–**	**223**	**4,444**
Impairment loss recognised in respect of:						
– goodwill	**–**	**–**	**39,701**	**–**	**–**	**39,701**
– film rights	**12,980**	**–**	**–**	**–**	**–**	**12,980**
– investment in film production	**11,593**	**–**	**–**	**–**	**–**	**11,593**
– trade and other receivables	**–**	**251**	**–**	**–**	**–**	**251**
Reversal of impairment in respect of trade and other receivables	**(43)**	**(17)**	**–**	**–**	**–**	**(60)**
2014						
Other segment information:						
Additions to property, plant and equipment	68	–	–	–	72	140
Amortisation of film rights	39,424	–	–	–	–	39,424
Depreciation of property, plant and equipment	318	1	–	–	244	563
Impairment loss recognised in respect of:						
– film rights	41,636	–	–	–	–	41,636
– trade and other receivables	27	1,694	–	–	–	1,721
Reversal of impairment in respect of trade and other receivables	(2,997)	(17)	–	–	–	(3,014)
Reversal of written down in respect of inventories	–	(120)	–	–	–	(120)

8. SEGMENT INFORMATION *(Continued)*

(d) Geographical information

The Group's turnover from external customers by geographical location are detailed as below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**91,328**	20,614
The PRC	**27,048**	26,422
Hungary	**3,269**	–
Malaysia	**–**	2,181
Others	**1,858**	5,220
	123,503	54,437

At the end of reporting period, over 90% of the identifiable assets of the Group were located in Hong Kong. Accordingly, no geographical information analysis over non-current assets is presented.

(e) Information about major customers

Revenue from one (2014: one) major customer contributing over 10% of the total turnover of the Group for the year was HK$57,685,000 (2014: HK$26,352,000), which was derived from the film and TV programme production and investment segment.

9. OTHER REVENUE

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**124**	52
Other interest income	**69**	115
Dividend income	**308**	–
Exchange gain	**675**	–
Reversal of impairment loss in respect of trade and other receivables *(note 10)*	**60**	3,014
Reversal of written down in respect of inventories *(note 10)*	**–**	120
Sundry income	**169**	78
	1,405	3,379

10. LOSS FROM OPERATIONS

	2015 HK$'000	2014 HK$'000
Loss from operations has been arrived at after charging/ (crediting):		
Auditors' remuneration	**690**	600
Amortisation of film rights (included in cost of sales) *(note 22)*	**13,433**	39,424
Amortisation of intangible asset (included in administrative expenses) *(note 19)*	**1,698**	–
Cost of investment in film production (included in cost of sales)	**57,685**	–
Cost of inventories (included in cost of sales)	**–**	7
Depreciation of property, plant and equipment *(note 17)*	**4,444**	563
Operating leases in respect of land and buildings *(note 39)*	**4,472**	1,988
Impairment loss recognised in respect of:		
– goodwill* *(note 18)*	**39,701**	–
– film rights* *(note 22)*	**12,980**	41,636
– investment in film production* *(note 24)*	**11,593**	–
– trade and other receivables*	**251**	1,721
Loss on disposal of property, plant and equipment	**66**	335
Reversal of impairment loss in respect of trade and other receivables *(note 9)*	**(60)**	(3,014)
Reversal of written down in respect of inventories *(note 9)*	**–**	(120)

* *The aggregation of these items represents "Other operating expenses" in the consolidated statement of profit or loss.*

11. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**240**	574
Bank borrowings wholly repayable within one year	**983**	–
Bank overdraft	**99**	–
Obligations under finance lease *(note 33)*	**13**	–
	1,335	574
Bank charges	**51**	51
	1,386	625

12. EMPLOYEE BENEFIT EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**15,024**	10,947
Retirement benefit scheme contributions	**875**	445
	15,899	11,392

Retirement Benefit Schemes

The Group participates in both defined contribution schemes which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "**ORSO Scheme**") and the mandatory provident fund scheme (the "**MPF Scheme**") established under the Hong Kong Mandatory Provident Fund Scheme Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

Equity Compensation Benefits

Share Options

The Company operates a share option scheme, details of which are set out under the heading "Share Options" in note 36.

13. TAXATION

	2015	2014
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	**17**	–
PRC Enterprise Income Tax ("**EIT**")	**1,905**	–
	1,922	–
Deferred taxation *(note 35)*	**(391)**	–
	1,531	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current year. No provision for Hong Kong Profits Tax had been made in the prior year as the Group had no assessable profits arising in Hong Kong for the prior year.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

The taxation charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation	**(75,713)**	(65,051)
Tax at tax rate in relevant jurisdictions	**(12,426)**	(10,733)
Tax effect of expenses not deductible for tax purpose	**25,005**	444
Tax effect of income not taxable for tax purpose	**(19,807)**	(100)
Tax effect of tax losses not recognised	**8,982**	11,978
Utilisation of tax losses previously not recognised	**(223)**	(1,589)
Taxation for the year	**1,531**	–

14. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(75,115)**	(66,832)

	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,668,460**	520,429

For the years ended 30 June 2015 and 2014, the diluted loss per share was the same as the basic loss per share as there was no dilutive potential ordinary share for both years.

15. DIVIDENDS

The Directors of the Company did not recommend the payment of any dividend in respect of the year ended 30 June 2015 (2014: Nil).

16. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the six (2014: three) Executive Directors and four (2014: three) Independent Non–executive Directors during the years ended 30 June 2015 and 2014 are as follows:

	Fees	Salaries	Discretionary bonus	Provident fund contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of Director					
2015					
Executive Directors					
Mr. Direk Lim[1]	**199**	**–**	**–**	**–**	**199**
Mr. Hui Yuet Man[2]	**269**	**–**	**–**	**–**	**269**
Mr. Yeung Man Kit, Dennis[3]	**643**	**–**	**–**	**–**	**643**
Dr. Ma Ho Man, Hoffman[4]	**–**	**–**	**–**	**–**	**–**
Mr. Wong Kui Shing, Danny[5]	**–**	**–**	**–**	**–**	**–**
Mr. Wong Chi Chiu[6]	**–**	**–**	**–**	**–**	**–**
Independent Non–executive Directors					
Mr. Li Fui Lung, Danny	**220**	**–**	**–**	**–**	**220**
Mr. Ng Hoi Yue	**190**	**–**	**–**	**–**	**190**
Mr. Heung Pik Lun[7]	**110**	**–**	**–**	**–**	**110**
Ms. Chan Sim Ling, Irene[8]	**179**	**–**	**–**	**–**	**179**
	1,810	**–**	**–**	**–**	**1,810**
2014					
Executive Directors					
Dr. Ma Ho Man, Hoffman	–	–	–	–	–
Mr. Wong Kui Shing, Danny[5]	–	–	1,000	–	1,000
Mr. Wong Chi Chiu	–	–	–	–	–
Independent Non–executive Directors					
Mr. Li Fui Lung, Danny	220	–	–	–	220
Mr. Ng Hoi Yue	190	–	–	–	190
Mr. Heung Pik Lun	190	–	–	–	190
	600	–	1,000	–	1,600

16. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

(1) Appointed as Executive Director on 3 July 2014 and elected as Chairman of the Board on 13 November 2014

(2) Appointed as Executive Director on 3 October 2014

(3) Appointed as Executive Director on 28 January 2015

(4) Retired as Chairman of the Board and Executive Director on 13 November 2014

(5) Resigned as Executive Director on 28 January 2015. Save as the bonus payment of HK$1,000,000 for the year ended 30 June 2014, Mr. Wong did not receive any Director's emolument or other benefits from the Group for the years ended 30 June 2015 and 2014.

(6) Resigned as Executive Director on 3 October 2014

(7) Resigned as Independent Non–executive Director on 28 January 2015

(8) Appointed as Independent Non–executive Director on 3 July 2014

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2014: one) Director of the Company, details of whose emoluments is set out above. The aggregate emoluments of the remaining four (2014: four) highest paid individuals for both years are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**5,391**	5,689
Retirement benefit scheme contributions	**54**	61
	5,445	5,750

The emoluments of those individuals are within the following bands:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	1
	4	4

For the years ended 30 June 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, including the Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. Except as disclosed above, none of the Directors has waived or agreed to waive any emolument during both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land *HK$'000*	Building *HK$'000*	Leasehold improvement *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:							
At 1 July 2013	14,321	7,558	1,426	3,186	–	–	26,491
Additions	–	–	–	140	–	–	140
Disposals	–	–	(913)	(93)	–	–	(1,006)
At 30 June 2014 and 1 July 2014	**14,321**	**7,558**	**513**	**3,233**	**–**	**–**	**25,625**
Exchange realignment	**–**	**–**	**48**	**62**	**93**	**4**	**207**
Acquisition of subsidiaries *(note 37)*	**–**	**–**	**4,851**	**9,128**	**14,492**	**754**	**29,225**
Disposal of subsidiaries *(note 38)*	**–**	**–**	**–**	**(21)**	**–**	**–**	**(21)**
Additions	**–**	**–**	**–**	**3,197**	**283**	**–**	**3,480**
Disposals	**–**	**–**	**(513)**	**(1,902)**	**–**	**(15)**	**(2,430)**
Transfer to assets held for sale *(note 30)*	**(14,321)**	**(7,558)**	**–**	**–**	**–**	**–**	**(21,879)**
At 30 June 2015	**–**	**–**	**4,899**	**13,697**	**14,868**	**743**	**34,207**
Accumulated depreciation and impairment:							
At 1 July 2013	143	1,591	899	2,752	–	–	5,385
Charged for the year *(note 10)*	17	189	192	165	–	–	563
Written back on disposals	–	–	(578)	(93)	–	–	(671)
At 30 June 2014 and 1 July 2014	**160**	**1,780**	**513**	**2,824**	**–**	**–**	**5,277**
Exchange realignment	**–**	**–**	**36**	**16**	**57**	**2**	**111**
Disposal of subsidiaries *(note 38)*	**–**	**–**	**–**	**(17)**	**–**	**–**	**(17)**
Charged for the year *(note 10)*	**17**	**189**	**769**	**1,221**	**2,163**	**85**	**4,444**
Written back on disposals	**–**	**–**	**(513)**	**(1,841)**	**–**	**(7)**	**(2,361)**
Transfer to assets held for sale *(note 30)*	**(177)**	**(1,969)**	**–**	**–**	**–**	**–**	**(2,146)**
At 30 June 2015	**–**	**–**	**805**	**2,203**	**2,220**	**80**	**5,308**
Carrying amount:							
At 30 June 2015	**–**	**–**	**4,094**	**11,494**	**12,648**	**663**	**28,899**
At 30 June 2014	14,161	5,778	–	409	–	–	20,348

As at 30 June 2015, the Group had certain of office equipment with carrying amount of HK$223,000 (2014: Nil) in respect of asset held under finance lease.

As at 30 June 2014, the leasehold land was located in Hong Kong under long term lease while the building was located in Hong Kong under medium term lease.

18. GOODWILL

	HK$'000
Cost:	
At 1 July 2013, 30 June 2014 and 1 July 2014	–
Acquisition of subsidiaries *(note 37)*	**145,783**
At 30 June 2015	**145,783**
Accumulated impairment:	
At 1 July 2013, 30 June 2014 and 1 July 2014	–
Impairment loss recognised for the year *(note 10)*	**39,701**
At 30 June 2015	**39,701**
Carrying amount:	
At 30 June 2015	**106,082**
At 30 June 2014	–

Goodwill represents the amount attributable to the acquisition of Lucrative Skill Holding Limited and its subsidiaries (collectively referred to as "**Lucrative Skill Group**"), details of which are set out in note 37. The goodwill is primarily attributable to the significant synergies expected to arise in connection with the development of post production business.

Impairment test on goodwill

The goodwill is allocated to the post production operation in Hong Kong and the PRC.

As at 30 June 2015, management considered that the operating performance of the post production business was affected by the recent stock market slump and economic slowdown of the PRC, of which the market contributed over 70% of the turnover to this business. Hence, the Director of the Company took a prudent view to forecast the post production business.

The recoverable amount of the goodwill was assessed by the Directors of the Company with reference to the valuation carried out by an independent firm of valuers, Flagship Consulting (Hong Kong) Limited at the end of the reporting period. The valuation was appraised on the value-in-use basis. The key assumptions for the value-in-use calculation are those regarding the discount rate and budgeted gross margin and turnover. The Group estimates discount rate using the rate that reflects current market assessments of the time value of money and the risks specific to the post production business. Budgeted gross margin and turnover are based on past practices and expectations with the post production industry.

As at 30 June 2015, the Group had prepared 5-years cash flow forecast derived from the most recent financial budget of the post production business using a pre-tax discount rate of 17% per annum and the projection are extrapolated using a constant growth rate of 3% per annum for subsequent years. Since the recoverable amount is less than the carrying amount, an impairment loss of HK$39,701,000 for goodwill with reference to the valuation report was therefore made during the year.

19. INTANGIBLE ASSETS

	Trademarks	Artiste contract rights	Customer relationships	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 July 2013, 30 June 2014 and 1 July 2014	**81**	**120**	**–**	**201**
Acquisition of subsidiaries *(note 37)*	**–**	**–**	**40,758**	**40,758**
Disposal of subsidiaries *(note 38)*	**–**	**(120)**	**–**	**(120)**
At 30 June 2015	**81**	**–**	**40,758**	**40,839**
Accumulated amortisation and impairment:				
At 1 July 2013, 30 June 2014 and 1 July 2014	**81**	**120**	**–**	**201**
Disposal of subsidiaries *(note 38)*	**–**	**(120)**	**–**	**(120)**
Amortisation for the year *(note 10)*	**–**	**–**	**1,698**	**1,698**
At 30 June 2015	**81**	**–**	**1,698**	**1,779**
Carrying amount:				
At 30 June 2015	**–**	**–**	**39,060**	**39,060**
At 30 June 2014	–	–	–	–

The following useful lives are used in the calculation of amortisation:

Trademarks	5 years
Artiste contract rights	Over the contract terms
Customer relationships	10 years

The above intangible assets are amortised on a straight–line basis over the relevant periods.

20. INTERESTS IN ASSOCIATES

	2015	2014
	HK$'000	*HK$'000*
Unlisted shares, at fair value	–	7,384

Notes:

(a) Details of the Group's material associates as at 30 June 2015 and 2014 are as follows:

Name of associate	**Place of incorporation/ operation**	**Particulars of issued share held**	**Percentage of ownership interest**	**Principal activities**
Unlisted				
TVBP	Hong Kong	Ordinary shares of HK$1 each	5%	Investment holding

The Group is entitled to 5% equity interest (comprised of ordinary shares and non-voting preferred shares) in TVBP together with its subsidiary, TVB Network Vision Limited (collectively referred to as "**TVBP Group**") and held 42.5% voting interest under ordinary shares as at 30 June 2015 and 2014. The Directors of the Company consider that the Group has retained significant influence over TVBP Group by the representation of the Group on the board of directors of TVBP Group despite that the interest held by the Group is below 20%. Therefore, the Group has continuously accounted for TVBP Group as its associates for the years ended 30 June 2015 and 2014.

20. INTERESTS IN ASSOCIATES *(Continued)*

Notes: (Continued)

(b) Summarised financial information of TVBP Group is set out below:

	2015	2014
	HK$'000	*HK$'000*
Assets		
Current assets	**156,370**	167,056
Non-current assets	**91,321**	83,160
	247,691	250,216
Liabilities		
Current liabilities	**629,941**	566,204
Non-current liabilities	**740,655**	737,096
	1,370,596	1,303,300
Equity	**(1,122,905)**	(1,053,084)
Results		
Turnover	**256,997**	238,572
Loss and total comprehensive loss for the year	**(69,821)**	(78,006)
Dividends received from the associates	**–**	–

There are no contingent liabilities or commitment relating to the Group's interests in the associates. The associates are strategic for the Group's investment in Hong Kong pay TV market.

(c) All associates are private companies and there are no quoted market prices available for their shares. The associates are held as part of venture capital organisation's investment portfolio and are carried at fair value in the consolidated statement of financial position. This treatment is permitted by HKAS 28 (2011), Investments in associates and joint ventures which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with HKAS 39, with changes in fair value recognised in the consolidated statement of profit or loss in the period of change.

The fair value of the interests in associates engaging in domestic pay television programme service has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 14.33% (2014: 14.33%). The growth rate used to extrapolate the cash flows of the investments in associates beyond the five-year period is 2% (2014: 2%).

During the year, the Group had recognised a fair value loss HK$7,384,000 on the interests in associates in accordance with its accounting policy.

21. INTEREST IN A JOINT VENTURE

	2015	2014
	HK$'000	*HK$'000*
Unlisted share, at cost	**–**	5
Share of post–acquisition losses and other comprehensive losses, net of dividend received	**–**	(5)
	–	–

Note:

Particulars of the Group's interest in a joint venture as at 30 June 2014 were as follows:

Name of joint venture	**Place of incorporation/ operation**	**Particulars of issued share held**	**Percentage of ownership interest**	**Principal activities**
Unlisted				
SSA Amusement Limited ("**SSA**")	Hong Kong	Ordinary shares of HK$1 each	50%	Provision of entertainment promotion services

During the year, the Group had disposed of its 50% interests in SSA through the disposal of certain subsidiaries, details of which are set out in note 38.

22. FILM RIGHTS

	HK$'000
Cost:	
At 1 July 2013	439,182
Additions	–
Transfer from film production in progress	62,700
Transfer to other receivables	(5,000)
Disposals	(35,000)
At 30 June 2014 and 1 July 2014	**461,882**
Additions	**–**
Transfer from film production in progress	**20,028**
Disposal of subsidiaries *(note 38)*	**(1,875)**
At 30 June 2015	**480,035**
Accumulated amortisation and impairment:	
At 1 July 2013	316,473
Amortisation for the year *(note 10)*	39,424
Impairment loss recognised for the year *(note 10)*	41,636
At 30 June 2014 and 1 July 2014	**397,533**
Amortisation for the year *(note 10)*	**13,433**
Impairment loss recognised for the year *(note 10)*	**12,980**
Disposal of subsidiaries *(note 38)*	**(1,875)**
At 30 June 2015	**422,071**
Carrying amount:	
At 30 June 2015	**57,964**
At 30 June 2014	64,349

22. FILM RIGHTS *(Continued)*

As at 30 June 2015 and 2014, the Group reviewed its library of film rights regularly to reassess the estimated recoverable amounts of the film rights with reference to marketability of each film and current market condition. The estimated recoverable amounts of the film rights was determined based on a value-in-use calculation which uses the present value of the expected future cash flows arising from the sub-licensing and distribution of film rights and subsequent to the completion of film production, which was derived from discounting the projected future cash flows at a discount rate of 13.21% (2014: 10.39%).

Key assumptions for the value-in-use calculation relate to the estimation of cash inflow/outflow which include budgeted sales and gross margin, growth rate and discount rate. Such estimation is based on past experience and management's expectations of the market development.

The Directors of the Company determined that a number of these film rights were impaired due to worsen marketability of the respective film rights and therefore an impairment loss of HK$12,980,000 (2014: HK$41,636,000) was recognised in profit or loss during the year. Such impairment was mainly attributable to certain films with box office and distribution results which were significantly lower than the original estimation by management. Management therefore re-estimated the expected future revenue to be generated from these films and the estimated recoverable amounts of these films was adjusted accordingly.

23. FILM PRODUCTION IN PROGRESS

	HK$'000
At 1 July 2013	99,972
Additions	23,266
Transfer to film rights	(62,700)
Transfer to other receivables	(5,000)
Disposals	(37,000)
At 30 June 2014 and 1 July 2014	**18,538**
Additions	**233,603**
Transfer to film rights	**(20,028)**
Transfer to investment in film production	**(69,878)**
At 30 June 2015	**162,235**

24. INVESTMENT IN FILM PRODUCTION

	2015	2014
	HK$'000	*HK$'000*
Investment in film production	**600**	–

The amount represents investment in a Hong Kong production house for co-production of a film.

During the year, the Group entered into an agreement with this production house, and paid an amount of HK$69,878,000 as investment in a film production project. The investment is governed by the relevant agreement whereby the Group is entitled to benefits generated from the distribution of the related film based on the percentage of capital invested into the production of film.

During the year, the Group recognised an impairment loss of HK$11,593,000 (2014: Nil) based on the expected future revenue to be generated from the film with reference to its marketability and current market condition. The carrying amount of HK$600,000 (2014: Nil) is expected to be repaid within one year and therefore, the amount is classified as current asset.

25. MUSIC PRODUCTION IN PROGRESS

	2015	2014
	HK$'000	*HK$'000*
At the beginning of the year	**455**	659
Additions	**–**	50
Transfer to inventories	**–**	(254)
Disposal of subsidiaries *(note 38)*	**(455)**	–
At the end of the year	**–**	455

The Group performed impairment review as at 30 June 2014 by comparing the attributable carrying amount of the music production in progress with its recoverable amount based on the present value of estimated discounted future cash flows from the music production in progress.

No impairment loss had been recognised in respect of the music production in progress for the year ended 30 June 2014.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables, net	**85,296**	365
Other receivables, deposits and prepayments, net	**8,005**	9,983
	93,301	10,348

The Group allows an average credit period of 30 to 180 days (2014: 90 to 180 days) to its customers. The ageing analysis of the trade receivables of the Group at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**79,214**	365
91 to 180 days	**6,082**	–
Over 181 days	**6,592**	6,860
	91,888	7,225
Less: Impairment loss recognised in respect of trade receivables	**(6,592)**	(6,860)
	85,296	365

There were no trade receivables that were past due for over 180 days but not impaired.

Trade receivables of HK$6,592,000 (2014: HK$6,860,000) that were past due for over 180 days were impaired. In determining the recoverability of trade receivables, the Directors of the Company consider any change in the credit quality of the trade receivables from the date credit were initially granted and up to the end of the reporting period. Accordingly, the Directors of the Company consider provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Movement in the allowance for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
At the beginning of the year	**6,860**	11,419
Impairment loss recognised for the year	**25**	87
Reversal of impairment loss during the year	**(60)**	(3,014)
Amounts written off during the year as uncollectible	**(233)**	(1,632)
At the end of the year	**6,592**	6,860

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Listed securities:		
– Equity securities listed in Hong Kong at fair value	**30,392**	–

As at 30 June 2015, all of the financial assets at FVTPL are equity securities listed in Hong Kong and denominated in HK$, and were stated at their quoted price in the active market at the end of the reporting period.

A fair value gain on these financial assets at FVTPL of HK$3,623,000 (2014: Nil) has been included in the consolidated statement of profit or loss.

28. LOAN RECEIVABLE

	2015	2014
	HK$'000	*HK$'000*
Loan to TVBP	**–**	10,000
Less: Amount due within one year and classified as current assets	**–**	(10,000)
Amount due after one year	**–**	–

The loan was unsecured and carried at interest rate of Hong Kong Inter-bank Offer Rate ("**HIBOR**") plus 0.25% per annum. During the year, the loan was fully repaid.

29. CASH AND BANK BALANCES

	2015	2014
	HK$'000	*HK$'000*
Cash and bank balances	**411,475**	398,175

Notes:

(a) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$3,224,000 (2014: Nil).

(b) Cash at bank earn interests at floating rates based on daily bank deposit rates. Short–term deposits were made during the years ended 30 June 2015 and 2014 for varying period between one day and three months, depending on the immediate cash requirements of the Group, and earned interests at the respective short-term deposit rates.

(c) The conversion of RMB denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

30. ASSETS CLASSIFIED AS HELD FOR SALE

	2015	2014
	HK$'000	*HK$'000*
Leasehold land and building *(note 17)*	**19,733**	–
Deposits	**51**	–
	19,784	–

In May 2015, the Group entered into a sale and purchase agreement with an independent third party for disposal of the entire interest of Anyone Holdings Limited, an indirect wholly-owned subsidiary of the Company, which is a property holding company, at a consideration of HK$52,000,000. Such disposal is expected to be completed on 30 September 2015 (or such later date both parties may agree). Accordingly, the assets held by this subsidiary were reclassified as held for sale at the end of the reporting period.

The property was previously used in the Group as property, plant and equipment. No impairment loss was recognised on reclassification of the leasehold land and building as held for sale as the consideration to be received is higher than the carrying amounts of the assets.

As at 30 June 2015, the above property was pledged to secure the banking facilities granted to the Group (see note 40). The pledge of these assets is expected to be released before completion of the disposal.

31. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**11,564**	8,084
Accruals	**17,798**	22,564
Deposits received from customers	**5,175**	4,021
Other payables	**1,901**	550
	36,438	35,219

The following is an ageing analysis of trade payables of the Group at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**967**	506
91 days or above	**10,597**	7,578
	11,564	8,084

32. AMOUNTS DUE TO RELATED COMPANIES/A DIRECTOR/NON-CONTROLLING INTERESTS

Members of the key management and shareholder of the Group have controlling interest over these related companies.

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

33. OBLIGATIONS UNDER FINANCE LEASE

The Group leased certain of its office equipment under finance lease of which the lease term is 3 years. Interest rate underlying the obligations under finance lease is fixed at contract date and is 1% (2014: N/A) per annum. The lease is on a fixed repayment basis. No arrangement has been entered into for contingent rental payments.

	2015	2014
	HK$'000	*HK$'000*
Obligations under finance lease		
– Current portion	**230**	–

33. OBLIGATIONS UNDER FINANCE LEASE *(Continued)*

The rights to the leased asset are reverted to the lessor in the event of default of the lease liabilities by the Group.

	2015	2014
	HK$'000	*HK$'000*
Gross finance lease liabilities- minimum lease payments:		
– No later than 1 year	**243**	–
Future finance charges on finance lease *(note 11)*	**(13)**	–
Present value of finance lease liabilities	**230**	–

34. BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank loans	**3,004**	–
Bank overdraft	**–**	9,961
	3,004	9,961

The bank borrowings are repayable as follows:

	2015	2014
	HK$'000	*HK$'000*
Carrying amounts of bank borrowings that contain a repayment on demand clause shown under current liabilities	**3,004**	9,961
	3,004	9,961

The carrying amounts of bank borrowings are denominated in HK$.

As at 30 June 2015, the bank loans are secured by i) an all monies guarantee given by a Director of the Company, Mr. Yeung Man Kit, Dennis, ii) a property of his family member, and iii) an unlimited guarantee provided by a related company. These bank loans carry interest rate which ranged from 2% to 5% and denominated in HK$.

As at 30 June 2014, the bank overdraft was secured by the Group's leasehold land and building and chargeable with interest at the lending bank's prime rate per annum or 1% per annum over HIBOR, whichever is higher. Details of the pledged assets refer to note 40.

35. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years.

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Fair value adjustment arising from acquisition of subsidiaries *HK$'000*	Total *HK$'000*
At 1 July 2013, 30 June 2014 and 1 July 2014	–	–	–	–
Acquisition of subsidiaries *(note 37)*	**332**	**5,975**	**(6,725)**	**(418)**
Credited to profit or loss *(note 13)*	**111**	**–**	**280**	**391**
At 30 June 2015	**443**	**5,975**	**(6,445)**	**(27)**

	2015 *HK$'000*	2014 *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**6,418**	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(6,445)**	–
	(27)	–

As at 30 June 2015, the Group had unrecognised tax losses of HK$438,272,000 (2014: HK$369,468,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

36. SHARE CAPITAL

	Number of shares	Nominal value *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 July 2013, 30 June 2014, 1 July 2014 and 30 June 2015	50,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 July 2013	1,245,460,891	12,455
Placing of shares *(note (i))*	249,000,000	2,490
Share consolidation *(note (ii))*	(1,345,014,802)	–
Capital reduction *(note (iii))*	–	(13,450)
Rights Issue *(note (iv))*	1,345,014,801	13,450
At 30 June 2014 and 1 July 2014	**1,494,460,890**	**14,945**
Share allotment *(note (v))*	**350,000,000**	**3,500**
Placing of shares *(note (vi))*	**368,880,000**	**3,688**
At 30 June 2015	**2,213,340,890**	**22,133**

Notes:

(i) Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 22 October 2012, the Company issued 249,000,000 shares at the placing price of HK$0.061 per ordinary share under the general mandate on 29 October 2013.

(ii) Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting held on 7 May 2014, every 10 issued shares of HK$0.01 each were consolidated into one consolidated share of HK$0.10 each. The share consolidation took effect on 8 May 2014.

(iii) Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting held on 7 May 2014, the nominal value of each consolidated share was reduced from HK$0.10 to HK$0.01 by cancelling the Company's paid up capital to the extent of HK$0.09 on each consolidated share resulted from the share consolidation in note (ii) above. The capital reduction took effect on 8 May 2014.

(iv) Pursuant to an ordinary resolution passed by shareholders of the Company at a special general meeting held on 7 May 2014, rights issue of 1,345,014,801 rights shares at price of HK$0.228 each on the basis that nine rights shares for every existing share has been approved by the shareholders. The rights issue has been completed on 6 June 2014.

36. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(v) Pursuant to an ordinary resolution passed by the shareholders of the Company at special general meeting held on 16 January 2015, the Company allotted and issued 350,000,000 shares at an issue price of HK$0.35 each as approved by the shareholders of the Company for the acquisition of 60% equity interest of Lucrative Skill Group. The acquisition was completed on 28 January 2015. Details of the acquisition are set out in note 37.

(vi) Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 11 May 2015, the Company issued 368,880,000 shares at the placing price of HK$0.81 each under the general mandate on 4 June 2015.

Share Options

The Company has adopted a share option scheme (the "**Scheme**") on 8 November 2011. The major terms of the Scheme are summarised as follows:

1. Purpose of the Scheme: To enable to Group to grant options to eligible participants to subscribe for shares of the Company (the "**Shares**") as incentive or rewards for their contribution to the Group.

2. Eligibility: Eligible participants include employees (including any Directors of the Company and its subsidiaries) or any entity in which any member of the Group holds an equity interest.

3. (a) Total number of Shares available for issue as at the date of this report under the Scheme: 149,446,089 Shares

   (b) Percentage of the issued Shares that it represents as at the date of this report: 6.75%

4. Maximum entitlement of each eligible participant under the Scheme:

   (a) not to exceed 1% of the Shares in issue in any 12-month period unless approved by the shareholders of the Company ("**Shareholders**");

   (b) options granted to substantial shareholders or independent non-executive directors or their respective associates in any 12-month period exceeding the higher of 0.1% of the Shares in issue and with a value in excess of HK$5,000,000 must be approved by the Shareholders.

5. Period within which the Shares must be taken up under an option: At any time from the date of acceptance of the option to such a date determined by the Board but in any event not exceeding 10 years from the date of grant.

6. Minimum period for which an option must be held before it can be exercised: No minimum period unless otherwise determined by the Board.

36. SHARE CAPITAL *(Continued)*

Share Options *(Continued)*

7. (a) Price payable on application or acceptance of the option: HK$1.00;

   (b) The period within which payments or calls must or may be made: Within 21 days from the date of grant;

   (c) Period within which loans for such purposes of the payments or calls must be repaid: Not applicable.

8. Basis for determining the exercise price:

   The exercise price is determined by the Board (subject to adjustment) and will not be less than the highest of (a) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet for trades in one or more board lots of Shares on the date of grant; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

9. The remaining life of the Scheme: Approximately 6 years (expiring on 7 November 2021).

During the year, no option was outstanding, granted, exercised, cancelled or lapsed under the Scheme.

37. BUSINESS COMBINATION

Acquisition of Lucrative Skill Group

On 28 January 2015 (the "**Acquisition Date**"), the Group acquired 60% equity interest in Lucrative Skill Group from an independent third party at a consideration of HK$168,000,000 which was satisfied by the allotment and issue of 350,000,000 consideration shares by the Company at the closing price of HK$0.48 each on the Acquisition Date. Details of the acquisition were set out in the Company's announcement dated 30 October 2014 and circular dated 31 December 2014.

Lucrative Skill Group is principally engaged in provision of post production services which includes conducting post production work on advertisements, featured films, TV programmes, music video, internet and mobile applications content, visual matters on corporate events, etc in Hong Kong and the PRC.

37. BUSINESS COMBINATION *(Continued)*

Acquisition of Lucrative Skill Group *(Continued)*

The following table summarises the consideration paid for the acquisition of Lucrative Skill Group and the fair value of identifiable assets acquired and liabilities assumed at the Acquisition Date.

	HK$'000
Purchase consideration by allotment and issue of the Company's shares *(note (i))*	**168,000**
Fair values of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	**29,225**
Intangible asset *(note (ii))*	**40,758**
Deferred tax assets	**6,307**
Trade and other receivables, deposits and prepayments	**40,674**
Cash and cash equivalents	**2,237**
Trade and other payables	**(14,700)**
Amount due to a shareholder	**(1,014)**
Amount due to a director	**(1,602)**
Amounts due to related companies	**(14,253)**
Tax payable	**(963)**
Obligations under finance lease	**(326)**
Bank and other borrowings	**(65,279)**
Deferred tax liability	**(6,725)**
Total identifiable net assets	**14,339**
Non-controlling interests	**7,878**
Goodwill	**145,783**
	168,000
Cash and cash equivalents acquired	**2,237**

Notes:

(i) The fair value of 350,000,000 consideration shares of the Company issued as the purchase consideration for the business combination of Lucrative Skill Group were based on the published share price of HK$0.48 each on the Acquisition Date.

(ii) Intangible asset arising from the business combination represents customer relationships. The Group has engaged an external valuer to perform fair value assessment on the intangible asset in accordance with HKAS 36, Intangible assets and HKFRS 3 (Revised), Business combination.

37. BUSINESS COMBINATION *(Continued)*

Acquisition of Lucrative Skill Group *(Continued)*

Lucrative Skill Group was acquired so as to complement the Group's expansion strategy and to tap into the growing post production markets of transmedia products in different regions.

Goodwill arose in the acquisition of Lucrative Skill Group because cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Lucrative Skill Group.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Acquisition-related costs of HK$2,568,000 had been charged to administrative expenses in the consolidated statement of profit or loss.

Included in the Group's turnover and loss for the year are HK$38,171,000 and HK$7,753,000 respectively attributable from Lucrative Skill Group since the Acquisition Date.

Had Lucrative Skill Group been consolidated from 1 July 2014, the consolidated statement of profit or loss would show pro forma revenue of HK$99,500,000 and loss of HK$24,094,000.

38. DISPOSAL OF SUBSIDIARIES AND A JOINT VENTURE

Disposal of Snazz Entertainment Group (as defined below)

On 22 October 2014, the Group disposed of an indirect wholly-owned subsidiary, Snazz Entertainment Group Limited together with its subsidiaries and a 50% owned joint venture, SSA (collectively referred to as "**Snazz Entertainment Group**") at a cash consideration of HK$750,000 which resulted in a gain on disposal of HK$1,195,000. Snazz Entertainment Group was principally engaged in artiste management, music production and distribution and entertainment promotion services. Details of this disposal were set out in the Company's announcement dated 22 October 2014.

Disposal of 14 subsidiaries

On 30 June 2015, the Group disposed of 14 wholly-owned inactive subsidiaries to an independent third party at a cash consideration of HK$20. A gain of HK$5,124,000 was resulted from this disposal and recognised in the consolidated statement of profit or loss.

38. DISPOSAL OF SUBSIDIARIES AND A JOINT VENTURE *(Continued)*

Summary of the effect of these disposal of these subsidiaries and the joint venture is as follows:

	Snazz Entertainment Group	14 subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	4	–	4
Intangible asset	–	–	–
Interest in a joint venture	–	–	–
Film rights	–	–	–
Music production in progress	455	–	455
Trade and other receivables	750	–	750
Cash and cash equivalents	60	–	60
Trade and other payables	(1,784)	(5,124)	(6,908)
Net liabilities disposed of	(515)	(5,124)	(5,639)
Less: Total consideration received, net	680	–	680
Gain on disposal	1,195	5,124	6,319
Consideration satisfied by cash	750	–	750
Less: Professional fee paid	(70)	–	(70)
Cash and cash equivalents disposed of	(60)	–	(60)
Net cash inflow arising on disposal	620	–	620

39. OPERATING LEASES

The Group as lessee

	2015	2014
	HK$'000	*HK$'000*
Operating leases rentals paid or payable for the year in respect of rented premises *(note 10)*	**4,472**	1,988

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases, in respect of rented premises, which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**10,192**	872
In the second to fifth year inclusive	**10,669**	3
	20,861	875

The leases were mainly negotiated for an average term of 1-3 years (2014:1-3 years) and the rentals are pre-determined and fixed.

40. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to a bank to secure the banking facilities granted to the Group:

	2015	2014
	HK$'000	*HK$'000*
Leasehold land	**14,144**	14,161
Building	**5,589**	5,778
	19,733	19,939

41. CONTINGENT LIABILITIES

(i) As at 30 June 2004, the Company provided corporate guarantees amounting to HK$24 million to a financial institution in respect of banking facilities granted to Welback International Investments Limited and its subsidiaries (the "**WIIL Group**"), HK$5.5 million of which was utilised by members of the WIIL Group and such amount was claimed by the financial institution as disclosed in point (iii) below.

(ii) The Company and its ex-subsidiary, P.N. Electronic Ltd. ("**PNE**") have been involved in arbitration proceeding with North American Foreign Trading Corporation ("**NAFT**") in respect of a gross receivable of HK$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK$18 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.

(iii) On 13 October 2003, a Writ of Summons and Statement of Claim were issued by BII Finance Company Limited ("**BII Finance**") against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of HK$3,583,000 and US$248,000 (approximately HK$1,936,000), together with interest.

The Company has issued Third Party Proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former Directors of the Company, seeking a contribution to the extent of 49% of BII Finance's claim in the event that the Company is found liable to BII Finance (which is denied).

BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance's claim, and will also continue to pursue the Third Party Proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

Save as disclosed above, no member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance are known to the Directors of the Company to be pending or threatened by or against any member of the Group.

42. MATERIAL RELATED PARTY TRANSACTIONS

(a) Details of balances with associates and loan to associates at the end of the reporting period are set out in note 20 and note 28 respectively.

In addition, the Group had the amounts due to related companies/a director/non-controlling interests at the end of the reporting period, details of which are set out in note 32.

(b) Save as disclosed elsewhere in the consolidated financial statements, the Group had entered into the following significant related party transaction, which in the opinion of the Directors of the Company, was conducted under commercial terms and in the normal course of the Group's business.

	2015	2014
	HK$'000	*HK$'000*
Artiste management fee income from related companies with common director	**–**	562

(c) The key management personnel of the Company are Directors. Details of the remunerations are set out in note 16.

(d) A Director of the Company, Mr. Yeung Man Kit, Dennis, had provided an all monies guarantee, a property of his family member, and an unlimited guarantee given by a related company (see note 34) to a bank to secure general banking facilities granted to the Group.

43. FINANCIAL INFORMATION OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non–current assets		
Intangible asset	**–**	–
Property, plant and equipment	**–**	68
Investment in subsidiaries	**521,041**	23,118
	521,041	23,186
Current assets		
Trade and other receivables, deposits and prepayments	**4**	267
Financial assets at fair value through profit or loss	**12,015**	–
Cash and bank balances	**352,502**	372,858
	364,521	373,125
Current liability		
Trade and other payables	**1,097**	6,483
	1,097	6,483
Net current assets	**363,424**	366,642
Net assets	**884,465**	389,828
Equity		
Capital and reserves attributable to the owners of the Company		
Share capital	**22,133**	14,945
Reserves *(note)*	**862,332**	374,883
	884,465	389,828

43. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Note:

	Share premium HK$'000	Capital redemption reserves HK$'000	Contributable surplus HK$'000	Accumulated (losses)/ profits HK$'000	Total HK$'000
At 1 July 2013	717,027	50	–	(683,880)	33,197
Profit for the year	–	–	–	35,193	35,193
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	35,193	35,193
Premium arising from placing of shares	12,699	–	–	–	12,699
Shares issue expenses on placing of shares	(638)	–	–	–	(638)
Capital reduction & share premium reduction	(729,088)	–	742,538	–	13,450
Amount transferred to write off accumulated losses	–	–	(683,880)	683,880	–
Premium arising from rights issue	293,213	–	–	–	293,213
Shares issue expenses on rights issue	(12,231)	–	–	–	(12,231)
At 30 June 2014 and 1 July 2014	**280,982**	**50**	**58,658**	**35,193**	**374,883**
Profit for the year	**–**	**–**	**–**	**35,415**	**35,415**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**35,415**	**35,415**
Premium arising from placing of shares	**295,104**	**–**	**–**	**–**	**295,104**
Shares issue expenses on placing of shares	**(7,570)**	**–**	**–**	**–**	**(7,570)**
Premium on issue of shares in relation to acquisition of subsidiaries	**164,500**	**–**	**–**	**–**	**164,500**
At 30 June 2015	**733,016**	**50**	**58,658**	**70,608**	**862,332**

44. PARTICULARS OF SUBSIDIARIES

(a) Particulars of the Company's principal subsidiaries as at 30 June 2015 and 2014 are set out as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued shares/ registered capital	Proportion of nominal value of issued shares/registered capital held by the Company				Principal activities
			Direct		Indirect		
			2015	2014	**2015**	2014	
Anyone Holdings Limited	The British Virgin Islands (The "**BVI**")	US$1	**–**	100%	**100%**	–	Property holding
Corporate Frame Limited	The BVI	US$1	**100%**	100%	**–**	–	Investment holding
Ease Strong Limited	Hong Kong	HK$1	**–**	100%	**100%**	–	Provision of secretarial services
Goldcore Holdings Limited	The BVI	US$1	**100%**	–	**–**	–	Investment holding
Mega-Vision Pictures Limited	Hong Kong	HK$1	**–**	–	**80%**	80%	Investment in production and distribution of film and TV programme production
Mega-Vision Productions Limited ("**Mega-Vision**")	Hong Kong	HK$10,000,000	**–**	–	**80%**	80%	Investment in production and distribution of film and TV programme production
Multi-Wide Limited	Hong Kong	HK$1	**–**	–	**100%**	–	Film Investment and investment in securities
Post Production Office Limited	Hong Kong	HK$16,993,446	**–**	–	**60%**	–	Provision of post production service
See Entertainment Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Provision of event management services
See Movie Limited	Hong Kong	HK$1	**–**	–	**100%**	100%	Investment in production and distribution of film and TV programme production
Shineidea Limited	The BVI	US$1	**–**	100%	**100%**	–	Investment in securities
Vast Think Limited	Hong Kong	HK$1	**–**	–	**100%**	–	Event production and investment

44. PARTICULARS OF SUBSIDIARIES *(Continued)*

(a) Particulars of the Company's principal subsidiaries as at 30 June 2015 and 2014 are set out as follows: *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued shares/ registered capital	Proportion of nominal value of issued shares/registered capital held by the Company				Principal activities
			Direct		Indirect		
			2015	2014	**2015**	2014	
文霆廣告制作(北京)有限公司*	The PRC	RMB3,000,000	**–**	–	**60%**	–	Provision of post production service
朝霆廣告制作(上海)有限公司*	The PRC	RMB6,000,000	**–**	–	**60%**	–	Provision of post production service

* The companies are wholly foreign-owned enterprises with registered capital as stated above.

Notes:

(i) All are ordinary share capital unless otherwise stated.

(ii) None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

(iii) The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2015	2014
Investment holding and others	Hong Kong	**1**	9
	The BVI	**7**	11

44. PARTICULARS OF SUBSIDIARIES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Lucrative Skill#	The BVI/Hong Kong and the PRC	**40%**	–	**(3,101)**	–	**(11,225)**	–
Mega–Vision*	Hong Kong	**20%**	20%	**972**	1,781	**(15,336)**	(16,308)

Representing Lucrative Skill Group.

* Representing Mega-Vision and its subsidiary, Mega-Vision Pictures Limited (collectively referred to as "**Mega-Vision Group**").

44. PARTICULARS OF SUBSIDIARIES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

	Lucrative Skill Group		Mega-Vision Group	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current assets	**37,273**	–	**20,582**	19,253
Non-current assets	**35,100**	–	**212**	332
Current liabilities	**(100,435)**	–	**(12,855)**	(35,275)
Non-current liabilities	**–**	–	**(149,210)**	(130,442)
Turnover	**38,171**	–	**3,233**	5,911
Costs, other revenue and expenses	**(45,924)**	–	**1,628**	2,996
(Loss)/profit for the year	**(7,753)**	–	**4,861**	8,907
Net cash inflow from operating activities	**3,047**	–	**2,029**	6,801
Net cash outflow from investing activities	**(3,469)**	–	**(5)**	(67)
Net cash inflow/(outflow) from financing activities	**1,772**	–	**(6)**	(7)
Net cash inflow	**1,350**	–	**2,018**	6,727

45. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 September 2015.

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the published results and the assets and liabilities of the Group for the five years ended 30 June 2015:

RESULTS

	Year ended 30 June				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(Restated)	(Restated)	(Restated)		
Turnover	28,858	33,880	23,253	54,437	**123,503**
(Loss)/profit before taxation	(57,751)	27,534	(54,695)	(65,051)	**(75,713)**
Taxation	–	–	–	–	**(1,531)**
(Loss)/profit for the year	(57,751)	27,534	(54,695)	(65,051)	**(77,244)**
(Loss)/profit attributable to:					
Owners of the Company	(51,774)	30,679	(52,842)	(66,832)	**(75,115)**
Non-controlling interests	(5,977)	(3,145)	(1,853)	1,781	**(2,129)**
	(57,751)	27,534	(54,695)	(65,051)	**(77,244)**

ASSETS AND LIABILITIES

	At 30 June				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(Restated)	(Restated)	(Restated)		
Total assets	332,415	377,355	304,482	529,597	**956,210**
Total liabilities	(64,769)	(82,175)	(63,997)	(45,180)	**(98,307)**
Net assets	267,646	295,180	240,485	484,417	**857,903**
Capital and reserves attributable to:					
Owners of the Company	280,737	311,416	258,574	500,725	**884,464**
Non-controlling interests	(13,091)	(16,236)	(18,089)	(16,308)	**(26,561)**
	267,646	295,180	240,485	484,417	**857,903**