Vision Values

Vision Values Holdings Limited

Stock Code: 862

Annual Report 2010

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Corporate Information

Board of Directors

Executive Directors
Mr. Lo Lin Shing, Simon *(Chairman)*
Mr. Ho Hau Chong, Norman

Independent Non-executive Directors
Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

Company Secretary

Mr. Tang Chi Kei

Independent Auditor

PricewaterhouseCoopers

Legal Adviser

Iu, Lai & Li

Principal Bankers

Standard Chartered Bank
Public Bank (Hong Kong) Limited

Audit Committee

Mr. Lau Wai Piu *(Chairman)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

Remuneration Committee

Mr. Lau Wai Piu *(Chairman)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

Registered Office

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal Place of Business in Hong Kong

Unit 309, 3/F
Fook Hong Industrial Building
19 Sheung Yuet Road, Kowloon Bay
Hong Kong

Principal Share Registrar

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Abacus Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code

862

Website

www.visionvalues.com.hk

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the annual results of Vision Values Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2010.

Financial Results Summary

— Revenue increased to HK$30.5 million (2009: HK$25.1 million)

— Loss attributable to the equity holders of the Company was HK$17.1 million (2009: HK$4.5 million)

— Basic loss per share from continuing and discontinued operations was HK$0.15 (2009: HK$0.05)

Management Discussion and Analysis

Business Review

1. Network solutions and project services ("NSPS")

Following the improvement of overall economic environment, this business segment achieved a growth of 15.7% in revenue to HK$29.1 million (2009: HK$25.1 million).

Among the total revenue, around 60% was generated from the sales of both Telecom and Enterprise Networking solutions while the remaining balance was generated from project and engineering services.

NSPS is achieving success in the sales of Wireless Solutions on the unlicensed band microwave system as backhaul for mobile operators, public utilities and government agencies. Our outstanding achievement is leading to our subsidiary, Cyber On-Air (Asia) Limited ("COA"), being awarded by Motorola and promoted to become their Platinum Partner in Hong Kong. In addition, NSPS has also well positioned itself as a wireless solution/system provider. For the business of Enterprise market, it was still underperformed because of keen market competition.

For the business of Project Service, it was quite successful during the reporting year. Based on our expertise in wireless system installation and supporting services, COA was selected during the year by Nokia Siemens Networks as one of their contractors to replace, test and commission their 3G base stations for one of the mobile operators in Hong Kong.

2. Aircraft Leasing

On 1 March 2010, the Group completed the acquisition of 100% of the share capital of Glory Key Investment Ltd. ("Glory Key") for approximately HK$94.7 million. The principal asset of Glory Key is a Gulfstream G200 aircraft. Pursuant to a lease agreement dated 3 December 2009, Glory Key has agreed to lease the aircraft for an initial term of 12 months to a related party (with an option to renew for a further term of 12 months by either party to the lease agreement) at the monthly rent of US$40,000. A total of four months rental were recognised during the year.

3. Property Investment

During the year, the Group leased out its office unit in Beijing to an independent third party for a lease term of two years. The villa in Beijing remained vacant.

Financial Review

1. Results Analysis

For the year ended 30 June 2010, revenue for the Group grew approximately to HK$30.5 million (2009: HK$25.1 million). Over 95% of the Group revenue was generated from the business segment of network solutions and project services.

Loss for the year attributable to the equity holders of the Company was approximately HK$17.1 million (2009: HK$4.5 million).

2. Liquidity and Financial Resources

As at 30 June 2010, the capital and reserves attributable to the Company's equity shareholders were HK$171.4 million (2009: HK$43.7 million). During the year, the Company had completed two fund raising exercises with details as follows:

(a) On 13 November 2009, the Company issued 19,578,000 shares at a subscription price of HK$3.0 each in pursuant to a top-up placement with net proceeds of approximately HK$57.9 million. Out of which, approximately HK$48.7 million was used for the partial settlement of the consideration for the acquisition of Glory Key; and

(b) On 22 April 2010, the Company issued 23,490,000 shares at a subscription price of HK$3.3 each in pursuant to a placement of new shares with net proceeds of approximately HK$76.6 million. Out of which, approximately HK$46.3 million was used for the early repayment of loan note in relation to the acquisition of Glory Key.

As at 30 June 2010, the Group had no bank or other borrowings (2009: Nil). The Group has sufficient liquidity and financial resources to meet its daily operational needs.

As stated in the interim report, a wholly-owned subsidiary of the Company has taken legal actions against a former customer on an overdue amount of approximately HK$4.8 million. The wholly-owned subsidiary finally reached an out-of-court settlement with this former customer in September 2010. An impairment loss of approximately HK$0.2 million was recognised in current financial year.

3. Gearing

The Group has no gearing as at 30 June 2010 (2009: Nil).

4. Foreign Exchange

The key operations of the Group are located in Hong Kong and Mainland China. The Group's assets and liabilities are mainly denominated in Hong Kong dollar, United States dollar and Renminbi. The Group does not establish a foreign currency hedging policy. However, management of the Group continues to monitor foreign exchange exposure and will consider hedging significant currency exposures should the need arises.

5. Contingent Liabilities

As at 30 June 2010, the Group did not have significant contingent liabilities (2009: Nil).

6. Material Acquisition

On 9 December 2009, the Company entered into a conditional sale and purchase agreement to acquire the entire interest in Glory Key at a consideration of HK$94.7 million. The acquisition was completed on 1 March 2010. For details of this acquisition, please refer to the Company's circular dated 27 January 2010.

Business Outlook

Looking forward to the new financial year for the NSPS business segment, we are cautiously optimistic that more customers are willing to increase their capital expenditure budgets due to the continuous improvement in economic environment. Therefore, we will concentrate our focus in improving our sales revenue with the Wireless Solutions for the Enterprise Market in addition to the existing Telecom Market segment. To achieve this target, we are going to introduce different wireless solutions to our potential customers including:

(1) Data Communication through wireless backhaul link;

(2) Video surveillance solution by point to multipoint wireless system;

(3) Digital signage solution by wireless, and

(4) Voice over Wi-Fi with Push to Talk over Wireless LAN network.

In addition, we are also looking for other solutions and applications that are wireless related so that we can increase our solution portfolio to meet the needs of different customers.

To gain better market penetration and revenue income, we have designed both long term and short term approaches. For the long term approach, we will focus on system and solution sales which includes video surveillance, wireless backhaul etc. that may take a longer lead time to design and be concluded with our potential customers. For short term approach, we will promote the standalone digital signage solution as well as standalone wireless system such as Wi-Fi system that may take a much shorter time to conclude with potential customers when compared to system or solution sales. These standalone systems, once adopted, can be scaled and expanded in the future whenever required by customers.

We have already started the promotion of standalone digital signage system with some potential customers and hope that some projects will be concluded in the near future. Once the solution is successfully implemented, we can easily replicate the essential ingredients to other customers to generate more revenue in the enterprise segment.

For the Project Service, we have partnered with EADS Secure Networks Limited, another TETRA Radio System supplier in Hong Kong, to become one of their appointed partners for the installation of the TETRA Radio system. Some projects have already started and there will be new built stations in the coming months to be implemented by us.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank our management and all colleagues for their effort and dedication to the Group.

Lo Lin Shing, Simon
Chairman

Hong Kong, 6 October 2010

Corporate Governance Report

The board of directors of the Company (the"Board") recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the year ended 30 June 2010, the Company has complied with the code provisions of the CG Code with deviations from the code provision A.2.1, A.4.1 and E.1.2 of the CG Code as summarised below:

i. In accordance with the CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

   Mr. Lo Lin Shing, Simon ("Mr. Lo") is the chairman of the Company and has also carried out the responsibility of CEO. Mr. Lo possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

ii. Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

   None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, they are subject to the retirement by rotation in accordance with the provisions of the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

iii. The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("AGM") of the Company.

   The chairman of the Board did not attend the 2009 AGM due to an urgent business engagement. An executive director had chaired the 2009 AGM and answered questions from shareholders. A member of the audit and remuneration committee was also available to answer questions at the 2009 AGM.

Model Code for Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by directors and employees who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules.

Upon specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the year ended 30 June 2010.

Attendance Record at Board, Audit and Remuneration Committees' Meeting

The following was an attendance record of the Board and Board Committee Meetings held during the year ended 30 June 2010:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Number of meetings	***4***	***2***	***1***
Executive directors			
Mr. Lo Lin Shing, Simon	4/4	N/A	N/A
Mr. Ho Hau Chong, Norman	2/4	N/A	N/A
Independent non-executive directors and Members of Audit and Remuneration Committees			
Mr. Lau Wai Piu	4/4	2/2	1/1
Mr. Tsui Hing Chuen, William, *JP*	4/4	2/2	1/1
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1

Board

(a) Board Composition

The Board currently comprises two executive directors and three independent non-executive directors, serving the important function of guiding the management.

The Board members for the year ended 30 June 2010 and up to the date of the annual report were:

Executive directors
Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent non-executive directors
Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

None of the members of the Board is related to one another.

The Company is in full compliance with the relevant Listing Rules relating to the appointment of at least 3 independent non-executive directors with at least one independent non-executive director possessing appropriate accounting qualification.

All independent non-executive directors are financially independent from the Company and any of its subsidiaries. The Company has received written annual confirmation of independence from each of the existing independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Accordingly, the Company considers all independent non-executive directors to be independent.

(b) Roles and Function

The Board is responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group, as well as preparing and approving financial statements. The directors, collectively and individually, are aware of their responsibilities to shareholders, for the manner in which the affairs of the Company are managed and operated. In the appropriate circumstances and as when necessary, directors will consent to the seeking of independent professional advice at the Group's expense, ensuring that Board procedures, and all applicable rules and regulations, are followed.

The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

For the year ended 30 June 2010, the Board:

i. reviewed the performance of the Group and formulated business strategy of the Group;

ii. reviewed and approved the annual and interim results of the Group;

iii. reviewed the internal controls of the Group;

iv. reviewed and approved the general mandates to issue and repurchase shares of the Company;

v. reviewed and approved the price-sensitive transactions;

vi. reviewed and approved the notifiable transactions of the Company; and

vii. reviewed and approved the independent auditor's remuneration and recommended the re-appointment of PricewaterhouseCoopers as the independent auditor of the Group respectively.

To the best knowledge of the Company, there is no financial, business and family relationship among our directors. All of them are free to exercise their independent judgment.

(c) Accountability and Audit

The directors are responsible for preparing the accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The directors also ensure that the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting policies.

In preparing the financial statements, the directors consider that the financial statements of the Group are prepared on the going concern basis and appropriate accounting policies have been consistently applied. The directors have also made judgments and estimates that are prudent and reasonable in the preparation of the financial statements.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 21 to 22.

(d) Internal Control and Risk Management

The Board is responsible for the Group's system of internal control so as to maintain sound and effective internal controls to safeguard the shareholders' investment and the assets of the Group.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes continuous updating of the internal control system of the Group in response to the changing business environment and regulatory requirements. The Board is also conducting a review of the internal controls of the Group to ensure that the policies and procedures in place are adequate. During the year, an independent professional consultant was engaged to conduct an internal control review of the Group and reported to the Audit Committee and the Company. No major issue but only minor areas for improvement had been identified. The Board assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls and risk management functions.

Board Committees

The Board has also established the following committees with defined terms of reference:

- Audit Committee
- Remuneration Committee

Each Board Committee makes decisions on matters within its terms of reference and applicable limits of authority. The terms of reference as well as the structure and membership of each committee will be reviewed from time to time.

Audit Committee

The audit committee currently consists of three independent non-executive directors.

(a) Composition of Audit Committee Members during the year and up to the date of this report

Mr. Lau Wai Piu *(Chairman of Audit Committee)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

(b) Roles and Function

The Audit Committee is mainly responsible for:

i. reviewing the Group's financial and accounting policies and financial statements half yearly before submission to, and providing advice and comments thereon to the Board;

ii. discussing with the independent auditor the nature and scope of audit and review audit issues raised by the independent auditor;

iii. reviewing the financial controls, internal controls and risk management systems of the Group; and

iv. considering the appointment, resignation or dismissal of independent auditors and their audit fees.

Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive directors.

(a) Composition of Remuneration Committee Members during the year and up to the date of this report

Mr. Lau Wai Piu *(Chairman of Remuneration Committee)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

(b) Roles and Function

The Remuneration Committee is mainly responsible for:

i. reviewing and approving the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

ii. ensuring the remuneration offer is appropriate for the duties and in line with market practice;

iii. making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and engaging an independent consultant to conduct a report on emoluments review; and

iv. ensuring that no director or any of his associates is involved in deciding his own remuneration. Where circumstances are considered appropriate, the Remuneration Committee decisions are approved by way of written resolutions passed by all the Remuneration Committee members.

Independent Auditor

It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company, as a body, and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report. Apart from the provision of annual audit services, PricewaterhouseCoopers, the independent auditor of the Company also provide taxation services to the Group.

For the year ended 30 June 2010, PricewaterhouseCoopers provided the following services to the Group:

	HK$'000
Audit services	760
Non-audit services	16

Responsibilities in Respect of the Financial Statements

The directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.

Directors' Profile

Executive Directors

Mr. Lo Lin Shing, Simon

Mr. Lo, aged 54, joined the Company in March 2000 and is currently an executive director of the Company. Mr. Lo has over 20 years of experience in the financial, securities and futures industries, including many trans-border transactions. Mr. Lo is the chairman of Mongolia Energy Corporation Limited and executive director of International Entertainment Corporation, all of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ho Hau Chong, Norman

Mr. Ho, aged 55, was appointed as a non-executive director of the Company in November 2000 and re-designated as executive director in 11 January 2007. Mr. Ho has over 20 years of experience in management and property development. He is a member of the Institute of Chartered Accountants in England and Wales, and a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ho is a director of CITIC Pacific Limited, Starlight International Holdings Limited, Miramar Hotel and Investment Company, Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited, all of which are listed on the Stock Exchange.

Independent Non-Executive Directors

Mr. Lau Wai Piu

Mr. Lau, aged 46, was appointed as an independent non-executive director in March 2007. Mr. Lau has over 20 years extensive experience in accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Lau is also an independent non-executive director of Taifook Securities Group Limited, Mongolia Energy Corporation Limited and International Entertainment Corporation, all of which are listed on the Stock Exchange.

Mr. Tsui Hing Chuen, William, JP

Mr. Tsui, aged 59, was appointed as an independent non-executive director in September 2006. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries since 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980, and a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and solicitor of the Supreme Court of Republic of Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of the Peace by the Government of Hong Kong in 1997. He is also an independent non-executive director of Taifook Securities Group Limited, Mongolia Energy Corporation Limited and International Entertainment Corporation, all of which are listed on the Stock Exchange.

Mr. Lee Kee Wai, Frank

Mr. Lee, aged 51, was appointed as an independent non-executive director in April 2007. Mr. Lee is the Senior Partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. Mr. Lee is a qualified solicitor in the respective jurisdictions of Hong Kong, England, Singapore and the Australian Capital Territory. He is also a China-Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr. Lee is a graduate of Bachelor of Laws from the London School of Economics & Political Science and has also obtained a Master of Laws degree from Cambridge University. Mr. Lee is also a non-executive director of Pico Far East Holdings Limited, a company listed on the Stock Exchange.

Directors' Report

The directors present their report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 30 June 2010.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 20 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group for the year ended 30 June 2010 is set out in note 7 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 30 June 2010 are set out in the Consolidated Income Statement on page 23.

No interim dividend was declared (2009: Nil) and the directors do not recommend the payment of a final dividend for the year ended 30 June 2010 (2009: Nil).

Share Capital and Share Options

Details of movements in the share capital and the share options of the Company during the year are set out in note 29 to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

Group Financial Information

Five-year financial summary of the Group ended 30 June 2010 is set out on page 71.

Major Suppliers and Customers

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

Purchases

the largest supplier	28%
five largest suppliers in aggregate	79%

Sales

the largest customer	27%
five largest customers in aggregate	62%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers.

Directors

The directors of the Company during the year and up to the date of this report are as follows:

Executive directors

Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent non-executive directors

Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William, JP
Mr. Lee Kee Wai, Frank

In accordance with article 116 of the Company's articles of association, Mr. Ho Hau Chong, Norman and Mr. Lau Wai Piu retires by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of Company's articles of association.

Biographical details of the directors of the Group are set out on pages 12.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 6 to 11.

Change of Company Name

Pursuant to a special resolution passed by the shareholders of the Company at the annual general meeting ("AGM") held on 8 December 2009 and the subsequent approval of the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong, the name of the Company has been changed from "New World Mobile Holdings Limited" to "Vision Values Holdings Limited". The change of Company name will not affect any of the rights of the shareholders of the Company.

The website of the Company has been changed to www.visionvalues.com.hk. Shareholders can visit the Company's website for updated information of the Group. The stock short name of the Company on the Stock Exchange has also been changed to "Vision Values" with effect from 21 January 2010 and the original Chinese stock short name of "新移動" has been ceased to use with effect from the same date.

Directors' Interests and Short Positions

As at 30 June 2010, the interests or short positions of the directors of the Company in the shares and underlying shares 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 Companies (the "Model Code") were as follows:

1 Long positions in the shares

Name of director	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon	Interest of a controlled corporation (Note)	553,554,060	39.27%
Mr. Ho Hau Chong, Norman	Beneficial	780,000	0.06%

Note: These shares are beneficially owned by Moral Glory International Limited, a company wholly-owned by Mr. Lo Lin Shing, Simon.

2 Long positions in the underlying shares

Name of director	Capacity	Number of underlying shares Interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon	Personal	12,780,000	0.91%
Mr. Ho Hau Chong, Norman	Personal	5,000,000	0.35%
Mr. Lau Wai Piu	Personal	5,000,000	0.35%
Mr. Tsui Hing Chuen, William, *JP*	Personal	5,000,000	0.35%
Mr. Lee Kee Wai, Frank	Personal	5,000,000	0.35%

Save as disclosed above and the section headed "Share Option Schemes", as at 30 June 2010, none of the directors, chief executives and their respective associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained 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.

Discloseable Interests and Short Positions of Substantial Shareholders/Other Persons under the SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 30 June 2010, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Long position and short position of substantial shareholders in the shares and/or underlying shares

Name	Capacity in which such interest is held	Number of shares	Percentage of nominal value of issued share capital
Ms. Ku Ming Mei, Rouisa (Note 1)	Interest of spouse	566,334,060	40.18%
Moral Glory International Limited (Note 2)	Beneficial owner	553,554,060	39.27%

Notes:

1. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo Lin Shing, Simon ("Mr. Lo") and accordingly, she is deemed to be interested in 566,334,060 shares under the SFO.

2. Moral Glory International Limited is wholly-owned by Mr. Lo.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, to the best knowledge of the directors, none of the directors and their respective associates were considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors were appointed as directors to represent the interests of the Company and/or the Group.

Directors' Interests in Contracts of Significance

Saved as disclosed elsewhere in the Directors' report, no contracts of significance to which the Company or any of its subsidiaries was a part in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Service Contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company was entered into or existed during the year.

Directors' Rights to Acquire Shares or Debentures

On 2 November 2009, the Company entered into (i) a subscription agreement with Moral Glory International Limited. ("Moral Glory"), a company beneficially wholly-owned by Mr. Lo (the executive director and Chairman of the Company), for the subscription of 19,578,000 new shares of the Company at the price of HK$3.00 per share (the "Subscription"), and (ii) a placing agreement with Moral Glory and Taifook Securities Company Limited (the "Placing Agent") pursuant to which Moral Glory agreed to sell and the Placing Agent agreed to procure the sale of 19,578,000 existing shares of the Company at a price of HK$3.00 per share. Completion of the Subscription took place on 13 November 2009 and the net proceeds of the Subscription amounted approximately HK$57.9 million.

Share Option Scheme

Under the share option scheme adopted by the Company on 28 May 2002, the "Share Option Scheme", options were granted to certain directors, employee and other eligible participants of the Company entitling them to subscribe for shares of HK$0.1 each in the capital of the Company.

The following is a summary of the terms of the Share Option Scheme:

1. *Purpose*

The purpose of the Share Option Scheme is to enable the Company to grant options to the participants as incentive or rewards for their contributions to the Group.

2. *Participants*

The participants of the Share Option Scheme include any director, employee, consultant, agent, supplier, customer or shareholder of the Group or any entity in which the Group holds any equity interest.

3. *Number of shares available for issue*

The total number of shares available for issue under the Share Option Scheme is 35,692,060 shares which represents 2.53% of the issued share capital of the Company as at the date of this report.

4. *Maximum entitlement of each participant*

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

5. *Option period*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period as the board of directors in its absolute discretion determine and in any event such period of time shall not be more than 10 years from the date upon which the offer of the option is made to the grantee.

6. *Vesting period*

The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

7. *Amount payable on acceptance of option*

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant.

8. *Subscription price*

The subscription price for a share in respect of any option granted shall be a price determined by the board of directors in its absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business day immediately preceding the date of grant; and (iii) the nominal value of a share.

9. *Life of the scheme*

The Share Option Scheme is valid and effective for a term of 10 years commencing 28 May 2002.

Movements of the share options granted under the Share Option Scheme during the year were as follows:

		Exercise Price			Number of shares subject to options					
Name of director	Date of grant	As at date of grant HK$	Adjusted (Note) HK$	Exercise period	As at 1 July 2009	Granted during the year	Adjustment during the year (Note)	Cancelled during the year	Exercised during the year	As at 30 June 2010
Mr. Lo Lin Shing, Simon	28/1/2005	1.260	0.126	28/1/2005 to 31/12/2010	78,000	—	702,000	—	—	780,000
	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	1,200,000	10,800,000	—	—	12,000,000
Mr. Ho Hau Chong, Norman	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	500,000	4,500,000	—	—	5,000,000
Mr. Tsui Hing Chuen, William, *JP*	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	500,000	4,500,000	—	—	5,000,000
Mr. Lee Kee Wai, Frank	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	500,000	4,500,000	—	—	5,000,000
Mr. Lau Wai Piu	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	500,000	4,500,000	—	—	5,000,000
Employees and others in aggregate (including a director of certain subsidiaries)	13/04/2010	4.000	0.400	13/04/2010 to 12/04/2013	—	3,000,000	27,000,000	—	—	30,000,000
					78,000	6,200,000	56,502,000	—	—	62,780,000

Note: Subsequent to the share subdivision with effect on 28 May 2010, the exercise prices and the number of share options have been adjusted.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any other arrangements to enable the directors or chief executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Connected Transaction

Pursuant to Chapter 14A of Listing Rules, the following transaction require disclosure in the annual report of the Company:

Acquisition of the entire interest in Glory Key

On 9 December 2009, the Company entered into a conditional sales and purchase agreement (the "Agreement") with Mongolia Energy Corporation Limited ("MEC") to acquire the entire interest in Glory Key at a consideration of (a) HK$50 million cash (subject to adjustment) and (b) HK$46 million loan note with 4% interest rate per annum with maturity of 2 years.

Mr. Lo being a director and the controlling shareholder of the Company (holding approximately 47.12% of the entire issued share capital of the Company as at the date of the Agreement), is also a director and a substantial shareholder of MEC. As Mr. Lo being a controller of the Company and a substantial shareholder of Glory Key through his interest in MEC, the Agreement constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

The acquisition of Glory Key would enable the Group to expand its scope of business and broaden the revenue base of the Group. The transaction was approved by the independent shareholders at the extraordinary general meeting on 26 February 2010. The transaction was completed on 1 March 2010.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Audit Committee

The audit committee of the Company currently comprises Mr. Lau Wai Piu, Mr. Tsui Hing Chuen, William, *JP* and Mr. Lee Kee Wai, Frank who are independent non-executive directors of the Company and their principal duties include the review and supervision of the Company's financial reporting process, internal control procedures and relationship with the Company's external auditors.

The audited financial statements for the year ended 30 June 2010 have been reviewed by the audit committee.

Human Resources

As at 30 June 2010, the Group employed 21 full-time employees in Hong Kong and Mainland China (2009: 23). Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company maintained the prescribed public float under the Listing Rules throughout the year ended 30 June 2010.

Independent Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lo Lin Shing, Simon
Director

Hong Kong, 6 October 2010

羅兵咸永道會計師事務所

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www.pwchk.com

TO THE SHAREHOLDERS OF VISION VALUES HOLDINGS LIMITED
(Formerly known as New World Mobile Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 23 to 70, which comprise the consolidated and company statement of financial position as at 30 June 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2010 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 6 October 2010

Consolidated Income Statement

	Note	Year ended 30 June 2010 HK$'000	2009 HK$'000
Continuing operations:			
Revenue	6	**30,528**	25,148
Other income	8	**93**	424
Other losses — net	9	**(279)**	(12)
Employee benefit expenses	12	**(17,579)**	(6,986)
Depreciation		**(2,899)**	(341)
Other expenses	10	**(25,554)**	(21,344)
Finance costs	11	**(558)**	—
Fair value gain on investment properties		**3,295**	230
Loss on early redemption of loan note payable	27	**(3,495)**	—
Loss before taxation		**(16,448)**	(2,881)
Income tax expense	14	**(615)**	(23)
Loss for the year from continuing operations		**(17,063)**	(2,904)
Discontinued operation:			
Loss for the year from discontinued operation	15	**—**	(1,555)
Loss for the year attributable to equity holders of the Company		**(17,063)**	(4,459)
Loss per share attributable to the equity holders of the Company	16		
From continuing and discontinued operations			
— Basic loss per share		**HK$0.15**	HK$0.05
— Diluted loss per share		**HK$0.15**	HK$0.05
From continuing operations			
— Basic loss per share		**HK$0.15**	HK$0.03
— Diluted loss per share		**HK$0.15**	HK$0.03
From discontinued operation			
— Basic loss per share		**N/A**	HK$0.02
— Diluted loss per share		**N/A**	HK$0.02

The consolidated income statement has been re-presented primarily due to the acquisition of the aircraft leasing business in the current year, please refer to Note 3 for details.

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 30 June	
	2010	2009
	HK$'000	HK$'000
Loss for the year	**(17,063)**	(4,459)
Other comprehensive (expense)/income:		
— Currency translation differences	**(25)**	1,705
— Revaluation gain	**—**	2,366
Other comprehensive (expense)/income for the year, net of tax	**(25)**	4,071
Total comprehensive expense for the year	**(17,088)**	(388)

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	2010 HK$'000	2009 HK$'000
		As at 30 June	
ASSETS			
Non-current assets			
Property, plant and equipment	18	**89,819**	681
Investment properties	19	**17,214**	13,850
Goodwill	21	**3,628**	3,592
		110,661	18,123
Current assets			
Trade receivables	22	**8,988**	5,304
Inventories	23	**1,857**	1,674
Prepayments, deposits and other receivables		**1,776**	588
Cash and bank balances	24	**61,378**	27,888
		73,999	35,454
Total assets		**184,660**	53,577
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	**140,960**	97,892
Other reserves	30	**118,511**	16,811
Accumulated losses		**(88,078)**	(71,015)
Total equity		**171,393**	43,688
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	25	**641**	286
Current liabilities			
Trade payables	26	**6,801**	5,184
Accrued charges, other payables, deposits received and deferred revenue		**5,382**	3,976
Amount due to a related company	28	**443**	443
		12,626	9,603
Total liabilities		**13,267**	9,889
Total equity and liabilities		**184,660**	53,577
Net current assets		**61,373**	25,851
Total assets less current liabilities		**172,034**	43,974

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Statement of Financial Position

	Note	As at 30 June 2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	20	**111,025**	15,680
Current assets			
Amount due from a related company	28	**224**	224
Prepayments, deposits and other receivables		**118**	79
Cash and bank balances	24	**57,090**	25,221
		57,432	25,524
Total assets		**168,457**	41,204
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	**140,960**	97,892
Other reserves	30	**114,075**	12,350
Accumulated losses		**(92,719)**	(74,619)
Total equity		**162,316**	35,623
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		**5,241**	4,683
Accrued charges and other payables		**900**	898
Total liabilities		**6,141**	5,581
Total equity and liabilities		**168,457**	41,204
Net current assets		**51,291**	19,943
Total assets less current liabilities		**162,316**	35,623

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 30 June 2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Net cash used in operating activities	31	**(6,118)**	(7,819)
Cash flows from investing activities			
Purchase of property, plant and equipment	18	**(61)**	(329)
Leasehold improvement for investment properties	19	**(69)**	—
Acquisition of a subsidiary, net of cash acquired	32	**(48,693)**	—
Cash outflows on disposals and deregistration of subsidiaries	33	**—**	(1)
Proceeds from disposal of property, plant and equipment	31	**21**	273
Interest received		**84**	201
Net cash (used in)/generated from investing activities		**(48,718)**	144
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	29	**134,638**	—
Repayment of loan note payable	27	**(46,000)**	—
Interest paid on loan note payable		**(287)**	—
Net cash generated from financing activities		**88,351**	—
Net increase/(decrease) in cash and cash equivalents		**33,515**	(7,675)
Cash and cash equivalents at the beginning of the year		**27,888**	35,000
Effect on foreign exchange rate changes		**(25)**	563
Cash and cash equivalents at the end of the year		**61,378**	27,888

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company			
	Share capital HK$'000	**Other reserves** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 July 2008	97,892	12,740	(66,556)	44,076
Comprehensive expense:				
Loss for the year	—	—	(4,459)	(4,459)
Other comprehensive income:				
Currency translation differences	—	1,705	—	1,705
Revaluation gain	—	2,366	—	2,366
Total comprehensive income/(expense) for the year	—	4,071	(4,459)	(388)
At 30 June 2009 and 1 July 2009	97,892	16,811	(71,015)	43,688
Comprehensive expense:				
Loss for the year	**—**	**—**	**(17,063)**	**(17,063)**
Other comprehensive expense:				
Currency translation differences	**—**	**(25)**	**—**	**(25)**
Total comprehensive expense for the year	**—**	**(25)**	**(17,063)**	**(17,088)**
Transaction with owners:				
Issue of ordinary shares — placement of new shares (Notes 29 and 30)	**43,068**	**91,570**	**—**	**134,638**
Equity settled share-based payments	**—**	**10,155**	**—**	**10,155**
At 30 June 2010	**140,960**	**118,511**	**(88,078)**	**171,393**

The notes on pages 29 to 70 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. General Information

Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the provision of network solutions and project services, aircraft leasing and property investment business.

The name of the Company has been changed from "New World Mobile Holdings Limited" to "Vision Values Holdings Limited" with effect from 14 December 2009, pursuant to a special resolution passed at the annual general meeting of the Company on 8 December 2009.

During the year ended 30 June 2009, the Group discontinued the technology related business as set out in Note 15. During the year ended 30 June 2010, the Group acquired control of Glory Key Investments Ltd. ("Glory Key") which is engaged in the aircraft leasing business.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 309, 3/F Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 6 October 2010.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

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.

The presentation of the consolidated income statement for the year ended 30 June 2010 has been changed, the change in presentation is primarily as a result of the acquisition of aircraft leasing business. In prior years, expenses were classified and presented in the consolidated income statement based on their function within the Group. In the current year, expenses were classified and presented in the consolidated income statement according to their nature. Management considers to present the nature of expenses in the consolidated income statement can provide more relevant financial information to users about business performance and operations of the Group after the acquisition of Glory Key during the year ended 30 June 2010 (Note 32). As a result, the consolidated income statement for the year ended 30 June 2009 has been re-presented to conform to the current year's presentation. Since the change only impacts presentation aspects, there is no impact on the statement of financial position. As such, three statements of financial position are not presented.

3. Summary of Significant Accounting Policies *(continued)*

(a) The Group has adopted the following new/revised amendments and interpretations to existing standards ("new HKFRSs") issued by the HKICPA which are effective or have become effective and relevant to the Group's operations for the Group's financial year beginning on 1 July 2009.

— HKAS 1 (Revised), "Presentation of financial statements". Details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in the consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been re-presented to conform to the new presentation. Since the change in accounting policy only impacts presentation aspects, there is no impact on total equity and loss per share.

— HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who makes strategic decisions.

In prior years, two operating segments were presented, which were network solutions and project services and property investment. In the current year upon the adoption of HKFRS 8 and after the completion of acquisition of aircraft leasing business in March 2010 (Note 32), an additional segment, aircraft leasing, is presented. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors of the Company who make strategic decisions.

— Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. As the change in the accounting policy only results in additional disclosures, there is no impact on total equity and loss per share.

— Amendments to HKAS 27 (Revised), "Consolidated and separate financial statements". The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 July 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods. Financial statements of previous periods have not been restated.

3. Summary of Significant Accounting Policies *(continued)*

(a) As a result of the amendments to HKAS 27 (Revised), the acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill arising on the acquisition of a non-controlling interest in a subsidiary was recognised, and represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively.

— HKFRS 2 (Amendment), "Share-based payment" deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and the Company have adopted HKFRS 2 (amendment) from July 2009. The amendment does not have a material impact on the Group's or the Company's financial statements.

— Amendments to HKFRS 3 (Revised), "Business combinations". Business combinations are accounted for by using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 1 July 2009, the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, it is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group has not early adopted the following new and revised standards, amendments or interpretations to existing standards that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendment)	Classification of rights issue[4]
HKFRS 1 (Amendment)	Additional exemptions for first time adopters[1]
HKFRS 2 (Amendment)	Group cash-settled share based payment transaction[1]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirment[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

3. Summary of Significant Accounting Policies *(continued)*

(a)

[1] Amendments that are effective for annual periods beginning on or after 1 January 2010
[2] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 January 2013
[6] Effective for annual periods beginning on or after 1 July 2010

The Group has already commenced an assessment of the impact of the above new/revised standards, amendments and interpretations but is not yet in a position to state whether the new/revised standards, amendments and interpretations would have a significant impact to its results of operations and financial position.

(b) Group Accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 30 June.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note (d)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. Summary of Significant Accounting Policies *(continued)*

(b) Group Accounting *(continued)*

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units that are expected to benefit from business combination in which the goodwill arose identified according to operating segment.

(c) Property, Plant and Equipment

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

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	20%
Furniture, fixtures and equipment	20%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%
Aircraft and engines	6.25%–12.5%

Historical costs of property, plant and equipment include expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note (d)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other losses — net in the consolidated income statement.

(d) Impairment of Investments in Subsidiaries and Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are at least tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

3. Summary of Significant Accounting Policies *(continued)*

(d) Impairment of Investments in Subsidiaries and Non-Financial Assets *(continued)*

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(e) Investment Property

Investment property is property held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. These properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis. Changes in fair values are recorded and presented separately in the consolidated income statement.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour and related overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Trade and Other Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Summary of Significant Accounting Policies *(continued)*

(j) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Employee Benefits

(i) Retirement Benefits

For employees in Hong Kong, a mandatory provident fund scheme ("MPF Scheme") has been established pursuant to the Hong Kong Mandatory Provident Fund Scheme Ordinance under which the Group's Hong Kong eligible employees are compulsorily required to join the MPF scheme. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF scheme.

Contributions made by the Group under the MPF Scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the MPF Scheme are held separately from those of the Group and managed by independent professional fund managers.

For employees in Mainland China, the Group contributes to retirement schemes established by municipal government in respect of certain subsidiaries in Mainland China.

(ii) Employee Leave Entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Bonus

Provisions for bonus due wholly within twelve months after the end of the reporting period are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iv) Share-Based Compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. Summary of Significant Accounting Policies *(continued)*

(l) Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

3. Summary of Significant Accounting Policies *(continued)*

(n) Revenue Recognition *(continued)*

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue derived from network solutions is recognised when the delivery of goods to the customers and/or the installation work is completed.

Revenue derived from project services is recognised on stage of completion method, measured by reference to the agreed milestones of work performed.

Warranty and maintenance service income is recognised in the period the services are provided, using a straight line basis over the terms of the contract.

Revenue derived from aircraft leasing is recognised on straight-line basis over the terms of relevant lease.

Revenue derived from property investment is recognised on a straight-line basis over the terms of relevant lease.

Interest income is recognised on a time proportion basis using the effective interest method.

(o) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the income statement on a straight-line basis over the period of the lease.

(p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

(q) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

3. Summary of Significant Accounting Policies *(continued)*

(q) Foreign Currency Translation *(continued)*

(iii) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in Mainland China operations are taken to shareholders' equity. When a foreign operation is potentially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal/sale.

(r) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4. Financial Risk Management

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Market Risk

(i) Foreign exchange risk

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United State Dollars ("USD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by engaging in transactions mainly in HK dollar ("HKD"), USD and RMB to the extent possible. The Group manages its exposure through constant monitoring to minimize the amount of its foreign currencies exposures.

4. Financial Risk Management *(continued)*

4.1 Financial Risk Factors *(continued)*

(a) Market Risk *(continued)*

(i) Foreign exchange risk *(continued)*

The foreign exchange risk on USD is insignificant as HKD is pegged with the USD.

At 30 June 2010, if HKD had weakened/strengthened by 10% against the RMB with all other variables held constant, post-tax loss for the year would have been approximately HK$39,000 (2009: post-tax loss of approximately HK$25,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances, trade and other receivables and trade and other payables.

(ii) Price risk

The Group is not exposed to significant price risk.

(iii) Cash flow and fair value interest rate risk

The Group's principal interest bearing assets are bank deposits. The Group manages cash balances and deposits by comparing quotations from banks, with a view to select for the terms that are most favourable to the Group.

The Group is not significantly exposed to fair value interest rate risks as the Group has no significant interest-bearing assets, except for cash at banks, and has no borrowing at the year end. The Group's income and operating cashflows are substantially independent from changes in market interest rates.

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

In order to minimise the credit risk, the management of the Group 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 debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amounts of aforementioned assets.

(c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, and the availability of funding from an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines.

The Group and the Company's financial liabilities were current in nature and repayable on demand. Therefore the contractual undiscounted cash flows of the Group and the Company's financial liabilities were less than one year at the year end.

4. Financial Risk Management *(continued)*

4.2 Capital Risk 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising share capital and reserves.

The management of the Group reviews the capital structure regularly, taking into account of the cost and risk associated. The Group will then balance its capital structure through the payment of dividends and new shares issues.

4.3 Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

5. Critical Accounting Estimates and Assumptions

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

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

(a) Revenue Recognition

The Group uses the stage of completion method in accounting for its fixed-price contracts to deliver project services. Use of the stage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Where the proportion of services performed to total services to be performed differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased by HK$124,000 (2009: HK$133,000) if the proportion performed was increased, or would be decreased by HK$151,000 (2009: HK$137,000) if the proportion performed was decreased.

(b) Allowance for Obsolete Inventories

Management reviews the inventories listing at the end of each reporting period and identifies obsolete and slow moving inventory items which are no longer suitable for use in production or diminution in net realisable value. Allowance was made by reference to the latest market value for those inventories identified. In addition, management carries out an inventory review on a product-by-product basis at balance sheet date and makes the necessary write-down for obsolete items.

(c) Impairment of Receivables

Management determines the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The Group reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. Critical Accounting Estimates and Assumptions *(continued)*

(d) Investment Properties

Investment properties are carried in the statement of financial position at fair value as determined by professional valuation. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other things, comparable market transactions. Judgment is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Change in fair value of investment properties is recorded and presented separately in the consolidated income statement.

(e) Current and Deferred Income Tax

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

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimates is changed.

(f) Purchase Price Allocation of Glory Key

During the year ended 30 June 2010, the Group acquired Glory Key and fair value of assets and liabilities of Glory Key were needed to determine at the acquisition date. The principal asset of Glory Key is an aircraft. In determining the fair value of the aircraft, the valuer used assumptions and estimates that reflect, amongst other things, comparable market transactions. Judgment is required to determine the principal valuation assumptions to determine the fair value of the aircraft.

(g) Estimated Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(d). The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 21). Adjustments will be made if the actual performance differs from the original estimates.

If the budgeted gross profit margin used in the value-in-use calculation had been 10% lower than management's estimates at 30 June 2010, or if the estimated pre-tax discount rate applied to the discounted cash flows for the cash-generating unit had been 1% higher than management's estimates, the estimated value-in-use amount would still exceed the carrying value of goodwill.

Goodwill amounting to a total of approximately HK$3,886,000 was subjected to an impairment test as at 30 June 2010. Impairment charge of HK$258,000 (Note 9) has been recognised in the consolidated income statement for the year ended 30 June 2010 (2009: Nil).

6. Revenue

An analysis of the Group's revenue for the year, from both continuing and discontinued operations, is as follows:

	2010 **HK$'000**	2009 HK$'000
Continuing operations		
Network solutions and project services	**29,091**	25,148
Aircraft leasing	**1,248**	—
Property investment	**189**	—
	30,528	25,148
Discontinued operation		
Technology related services	**—**	19
	30,528	25,167

7. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 July 2009. The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors determined the operating segments based on these reports. In March 2010, the Group commenced the business of aircraft leasing after the acquisition of the entire equity interest in a subsidiary. The acquisition was completed on 1 March 2010 (Note 32).

The reportable operating segments are (i) network solutions and project services; (ii) aircraft leasing and (iii) property investment.

In prior years, segment information reported externally was analysed on three operating divisions (i.e. network solutions, project services and property investment) under the predecessor standard (HKAS 14, Segment Reporting). The Group was also involved in technology related services but the business was discontinued in prior year, for details please refer to Note 15. However, information reported to the executive directors for the purposes of resource allocation and assessment of performance focuses on (i) network solutions and project services, (ii) aircraft leasing and (iii) property investment segments following the adoption of HKFRS 8 "Operating Segments".

The executive directors assess the performance of operating segments based on a measure of segment results. This measurement basis is revenue less direct attributable expenses to revenue but excluding depreciation. Other information provided, except as described below, to the directors is measured in a manner consistent with that in the financial statements.

Segment assets exclude other assets that are managed on a central basis.

There are no sales or other transactions between business segments.

7. Segment Information *(continued)*

	Year ended 30 June 2010			
	Network solutions and project services HK$'000	Aircraft leasing HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	29,091	1,248	189	30,528
Segment results	8,126	1,123	(37)	9,212
Depreciation on property, plant and equipment	(65)	(2,610)	(11)	(2,686)
Unallocated expenses (Note a)				(22,021)
Interest income from bank deposit				84
Finance costs				(558)
Fair value gain on investment properties				3,295
Loss on early redemption of loan note payable				(3,495)
Other losses — net (Note 9)				(279)
Loss before taxation				(16,448)
Income tax expense	(286)	—	(329)	(615)
Loss for the year				(17,063)
Other segment information				
Capital additions (Note b)	42	294	69	405
Unallocated capital additions				19
				424
Provision for impairment of trade receivables	180	—	—	180
Goodwill impairment	—	—	258	258

Note:

(a) Unallocated expenses mainly include unallocated depreciation and unallocated employee benefit expenses.

(b) Capital additions to property, plant and equipment, investment properties and goodwill.

7. Segment Information *(continued)*

	Year ended 30 June 2009		
	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	25,148	—	25,148
Segment results	6,700	(176)	6,524
Depreciation on property, plant and equipment	(69)	(11)	(80)
Unallocated expenses (Note a)			(9,743)
Interest income from bank deposit			200
Fair value gains on investment properties			230
Other losses — net (Note 9)			(12)
Loss before taxation			(2,881)
Income tax expense	—	(23)	(23)
Loss for the year			(2,904)
Other segment information			
Capital additions (Note b)	215	82	297
Unallocated capital additions			32
			329
Provision for impairment of trade receivables	29	—	29

Note:

(a) Unallocated expenses mainly include unallocated depreciation and unallocated employee benefit expenses.

(b) Capital additions to property, plant and equipment.

7. Segment Information *(continued)*

Segment Assets

	Year ended 30 June 2010			
	Network solutions and project services HK$'000	Aircraft leasing HK$'000	Property investment HK$'000	Total HK$'000
Total segment assets	**15,655**	**89,725**	**17,308**	**122,688**
Unallocated:				
Cash and bank balances				**61,378**
Other unallocated assets				**594**
Consolidated total assets				**184,660**

	Year ended 30 June 2009		
	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Total segment assets	11,107	14,196	25,303
Unallocated:			
Cash and bank balances			27,888
Other unallocated assets			386
Consolidated total assets			53,577

7. Segment Information *(continued)*

Segment Assets *(continued)*

The Group is domiciled in Hong Kong and is operating in two main geographical areas:

Hong Kong : Network solutions and project services

Mainland China : Aircraft leasing, property investment and technology related services (which was discontinued in prior year)

There are no sales nor other transactions between the geographical areas.

	Non-current assets		Revenue	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Hong Kong	**3,723**	3,944	**29,091**	25,148
Mainland China	**106,938**	14,179	**1,437**	19
	110,661	18,123	**30,528**	25,167

Revenue from Group's discontinued operation was derived from Mainland China. The Group's revenue by geographical location is determined by the places/countries in which the customer is located. The Group's non-current assets by geographical location are determined by the places/countries in which the asset is located.

Revenue of approximately HK$8,200,000 (2009: HK$5,914,000) is derived from a single external customer in Hong Kong and which is attributable to the segment of network solutions and project services.

8. Other Income

	2010 HK$'000	2009 HK$'000
Continuing operations		
Bank interest income	**84**	200
Sundry income	**9**	224
	93	424

9. Other Losses — Net

	2010 HK$'000	2009 HK$'000
Continuing operations		
Gain/(loss) on disposals of property, plant and equipment	**19**	(44)
Write off of property, plant and equipment	**(62)**	—
Goodwill impairment	**(258)**	—
Others	**22**	32
	(279)	(12)

10. Expenses by Nature

Major expenses included in other expenses are analysed as follows:

	2010 HK$'000	2009 HK$'000
Continuing operations		
Cost of inventories (Note 23)	**11,807**	9,773
Subcontracting fees for project services	**7,610**	7,320
Auditor's remuneration	**760**	730
Direct operating expenses from investment property that generate rental income	**64**	77
Direct operating expenses from investment property that do not generate rental income	**96**	80
Exchange (gains)/losses — net	**(62)**	403
Provision for impairment of trade receivables	**180**	29
Operating lease rentals for land and buildings	**437**	623
Discontinued operation		
Auditor's remuneration	**—**	3
Exchange losses — net	**—**	851
Operating lease rentals for land and buildings	**—**	98

11. Finance Costs

	2010 HK$'000	2009 HK$'000
Interest expenses on borrowing wholly repayable within five years		
— Loan note payable (Note 27)	**558**	—

12. Employee Benefit Expenses (Including Directors' Emoluments)

	2010 HK$'000	2009 HK$'000
Continuing operations		
Wages and salaries	**7,080**	6,721
Shares based payments	**10,155**	—
Pension costs — defined contribution plans	**344**	265
	17,579	6,986
Discontinued operation		
Wages and salaries	**—**	462
Pension costs — defined contribution plans	**—**	81
	—	543
	17,579	7,529

The retirement benefit costs under MPF Scheme charged to the consolidated income statement represent the net contribution after netting off with forfeited contributions of approximately HK$1,000 (2009: HK$2,000). At 30 June 2010, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2009: Nil).

13. Directors' and Senior Management's Emoluments

(a) *Directors' Emoluments*

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2010 HK$'000	2009 HK$'000
Fees	560	560
Other emoluments	5,241	—
	5,801	560

None of the directors of the Company waived any emoluments during the year (2009: Nil).

Details of the emoluments paid and payable to the directors of the Company are as follows:

	Year ended 30 June 2010				
Name of Director	Fees HK$'000	Salaries and allowances HK$'000	Share based payments HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo Lin Shing, Simon	100	—	1,965	—	2,065
Mr. Ho Hau Chong, Norman	100	—	819	—	919
Independent Non-Executive Directors					
Mr. Lau Wai Piu	120	—	819	—	939
Mr. Tsui Hing Chuen, William, *JP*	120	—	819	—	939
Mr. Lee Kee Wai, Frank	120	—	819	—	939
	560	—	5,241	—	5,801

13. Directors' and Senior Management's Emoluments *(continued)*

(a) Directors' Emoluments *(continued)*

Name of Director	Year ended 30 June 2009 Fees HK$'000	Salaries and allowances HK$'000	Share based payments HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo Lin Shing, Simon	100	—	—	—	100
Mr. Ho Hau Chong, Norman	100	—	—	—	100
Independent Non-Executive Directors					
Mr. Lau Wai Piu	120	—	—	—	120
Mr. Tsui Hing Chuen, William, *JP*	120	—	—	—	120
Mr. Lee Kee Wai, Frank	120	—	—	—	120
	560	—	—	—	560

(b) Five Highest Paid Individuals

Three directors were included in the five highest paid individuals (include consultants) for the year ended 30 June 2010 (2009: Nil). The emoluments payable to the two (2009: five) individuals during the year were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and allowances	**—**	2,895
Share based payments	**3,603**	—
Pension costs — defined contribution plans	**—**	48
	3,603	2,943

The emoluments of the individuals fell within the following bands:

	Number of individuals 2010	2009
Emoluments bands		
— HK$1 to HK$1,000,000	**—**	5
— HK$1,000,001 to HK$2,000,000	**2**	—

14. Income Tax Expense

	2010 HK$'000	2009 HK$'000
Current tax		
— Hong Kong profits tax	**260**	—
Deferred tax		
— Origination of temporary differences (Note 25)	**355**	23
Total income tax expense	**615**	23

The tax on the Group's operating loss differs from the theoretical amount that would arise using the prevailing taxation rate in the countries in which the Group operates, as follows:

	2010 HK$'000	2009 HK$'000
Loss before taxation	**(16,448)**	(4,436)
Calculated at a taxation rate of 16.5%	**(2,714)**	(732)
Effect of different taxation rates in other countries	**(140)**	(501)
Income not subject to tax	**(483)**	(339)
Expenses not deductible for taxation purposes	**3,199**	664
Utilisation of previously unrecognised tax losses	**(69)**	—
Tax losses not recognised	**774**	931
Others	**48**	—
Income tax expense	**615**	23

15. Discontinued Operation

During the year ended 30 June 2009, the Group discontinued its technology related services business.

An analysis of the results and cash flows of the discontinued operation is as follows:

	2009 HK$'000
Revenue	19
Other revenue	1
Other gains — net	91
Staff cost, depreciation and other expenses	(1,666)
Loss before taxation	(1,555)
Income tax	—
Loss for the year	(1,555)
Net cash used in operating activities	(564)
Net cash generated from investing activities	133
Total net cash outflow	(431)

There were no assets and liabilities of the discontinued operation as at 30 June 2010.

16. Loss Per Share

The calculations of basic and diluted loss per shares are based on following information:

	2010 HK$'000	2009 HK$'000
Attributable to the equity holders of the Company, as used in the calculation of basic and diluted loss per shares		
Loss from continuing and discontinued operations	**(17,063)**	(4,459)
Loss from continuing operations	**(17,063)**	(2,904)
Loss from discontinued operation	**—**	(1,555)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic loss per share	**115,323,844**	97,892,069
Effect of dilutive potential ordinary shares (Note): Share options	**—**	—
Weighted average number of ordinary shares for diluted loss per share (Note)	**115,323,844**	97,892,069

Note:

The diluted loss per share is the same as basic loss per share presented as there was no dilutive effect from the exercise of share options on the loss attributable to shareholders.

17. Loss Attributable to Shareholders

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$18,100,000 for the year ended 30 June 2010 (2009: HK$6,286,000).

18. Property, Plant and Equipment — Group

	Leasehold building HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Aircraft and engines HK$'000	Total HK$'000
Cost							
At 1 July 2008	3,900	19	399	50	606	—	4,974
Additions	—	—	247	82	—	—	329
Disposals	—	—	—	—	(262)	—	(262)
Transfer to investment properties	(3,900)	—	—	—	—	—	(3,900)
Exchange differences	—	1	—	—	23	—	24
At 30 June 2009 and 1 July 2009	—	20	646	132	367	—	1,165
Additions	**—**	**—**	**61**	**—**	**—**	**—**	**61**
Acquisition of a subsidiary	**—**	**—**	**—**	**—**	**—**	**92,040**	**92,040**
Disposals	**—**	**(20)**	**(11)**	**(82)**	**—**	**—**	**(113)**
At 30 June 2010	**—**	**—**	**696**	**50**	**367**	**92,040**	**93,153**
Accumulated depreciation							
At 1 July 2008	228	15	27	9	94	—	373
Charge for the year	51	1	190	52	118	—	412
Disposals	—	—	—	—	(36)	—	(36)
Transfer to investment properties	(279)	—	—	—	—	—	(279)
Exchange differences	—	1	—	—	13	—	14
At 30 June 2009 and 1 July 2009	—	17	217	61	189	—	484
Charge for the year	**—**	**—**	**202**	**11**	**76**	**2,610**	**2,899**
Disposals	**—**	**(17)**	**(10)**	**(22)**	**—**	**—**	**(49)**
At 30 June 2010	**—**	**—**	**409**	**50**	**265**	**2,610**	**3,334**
Net book value							
At 30 June 2009	—	3	429	71	178	—	681
At 30 June 2010	**—**	**—**	**287**	**—**	**102**	**89,430**	**89,819**

19. Investment Properties — Group

	2010 HK$'000	2009 HK$'000
At beginning of the year	**13,850**	7,370
Additions	**69**	—
Transfer from leasehold building (Note 18)	**—**	3,621
Fair value gain on investment properties	**3,295**	2,859
At end of the year	**17,214**	13,850

The Group's investment properties were revalued on an open market value basis at 30 June 2010 by RHL Appraisal Limited, an independent professionally qualified valuer. Valuation was based on current prices in an active market, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The difference of net book value and fair value upon transfer from leasehold building is recognised in revaluation reserve, while subsequent changes in fair values are recorded in the consolidated income statement.

The investment properties are located in Mainland China and are held on medium term leases.

20. Investments in Subsidiaries — Company

	2010 HK$'000	2009 HK$'000
Unlisted investments, at costs (Note a)	**122,659**	31,741
Amounts due from subsidiaries (Note b)	**142,240**	137,751
	264,899	169,492
Less: Provision for impairment	**(153,874)**	(153,812)
	111,025	15,680

20. Investments in Subsidiaries — Company *(continued)*

Notes:

(a) Particulars of the principal subsidiaries of the Company at 30 June 2010 are as follows:

Name	Place of incorporation	Particulars of issued share capital	Interest held by the Company	Interest held by the Group	Principal activities and place of operation
Cyber On-Air (Asia) Limited	Hong Kong	100 ordinary shares of HK$1 each and 100,000 non-voting deferred shares of HK$1 each	—	100%	Provision of network solutions and project services in Hong Kong
Glory Key Investments Ltd.	The British Virgin Islands	1 ordinary share of US$1 each	100%	100%	Aircraft leasing
Jetco Technologies Limited	Hong Kong	1,250,000 ordinary shares of HK$1 each	—	100%	Property investment in Mainland China
Lipro Prosper Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Property investment in Mainland China

(b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

21. Goodwill — Group

	2010 **HK$'000**	2009 HK$'000
At beginning of the year	**3,592**	3,592
Acquisition of a subsidiary	**294**	—
Impairment loss	**(258)**	—
At end of the year	**3,628**	3,592

21. Goodwill — Group *(continued)*

Impairment Tests for Goodwill

The Group completed its annual impairment test for goodwill allocated to the Group's cash generating units ("CGU") by comparing the recoverable amount to the carrying amount at the end of the reporting period. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations are cash flow projections based on financial budgets approved by management covering 3 years. Cash flows beyond 2013 are extrapolated using the estimated growth rate stated below:

The key assumptions used for value-in-use calculations are as follows:

	2010			2009	
	Network solutions and project services	**Aircraft leasing**	**Property investment**	Network solutions and project services	Property investment
Gross margin	**24%**	**N/A**	**N/A**	28%	N/A
Growth rate	**5%**	**0%**	**0%**	5%	0%
Discount rate	**5%**	**8.46%**	**5%**	5%	5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000
Carrying amount of goodwill	**3,334**	**294**	**—**	3,334	258

The Directors are of the opinion that impairment of goodwill was approximately HK$258,000 as at 30 June 2010 (2009: Nil). The goodwill in respect of property investment is impaired as future rental receipt is uncertain, and hence negative cash flow is expected in value-in use calculation.

22. Trade Receivables — Group

	2010 HK$'000	2009 HK$'000
Trade receivables	**8,988**	5,333
Less: provision for impairment of trade receivables	**—**	(29)
Trade receivables — net	**8,988**	5,304

22. Trade Receivables — Group *(continued)*

The Group allows an average credit period of 30 to 60 days to its customers. The ageing analysis by invoice date of net trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
1–30 days	**1,625**	2,702
31–60 days	**1,305**	631
61–90 days	**1,315**	486
91–180 days	**186**	674
Over 180 days	**4,557**	811
	8,988	5,304

As of 30 June 2010, net trade receivables of HK$6,459,000 (2009: HK$2,592,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis by due date of these trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
Past due 1–30 days	**587**	385
Past due 31–60 days	**1,315**	576
Past due 61–90 days	**—**	403
Past due 91–180 days	**392**	636
Past due over 180 days	**4,165**	592
	6,459	2,592

As of 30 June 2010, trade receivables of HK$209,000 (2009: Nil) were past due and written off. Provision for trade receivables of HK$180,000 was made for the year ended 30 June 2010 (2009: HK$29,000). The individually impaired receivables mainly relate to several customers, which were in unexpected difficult economic situations, and the ageing of these trade receivables was over 90 days.

22. Trade Receivables — Group *(continued)*

The carrying amounts of the Group's net trade receivables are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
HKD	7,583	5,266
USD	1,405	38
	8,988	5,304

The carrying amounts of trade receivables approximate their fair values.

Movements on the provision for impairment of trade receivables are as follows:

	2010 HK$'000	2009 HK$'000
At the beginning of the year	29	32
Provision for receivables impairment	180	29
Write off during the year as uncollectible	(209)	(32)
At the end of the year	—	29

The creation and release of provision for impaired receivables have been included in the consolidated income statement.

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables mentioned above. The Group does not hold any collateral as security.

23. Inventories — Group

	2010 HK$'000	2009 HK$'000
Raw materials	41	33
Work in progress	1,664	1,088
Finished goods	152	553
	1,857	1,674

The cost of inventories recognised as an expense in the consolidated income statement amounted to approximately HK$11,807,000 (2009: HK$9,773,000).

24. Cash and Bank Balances — Group and Company

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**61,378**	27,888	**57,090**	25,221

The cash and bank balances of the Group as at 30 June 2010 included balances with Mainland China banks totalling approximately HK$370,000 (2009: HK$240,000) which were denominated in RMB and USD. The remittance of these balances outside Mainland China is subject to foreign exchange control rules and regulations of Mainland China.

The weighted average effective interest rate on short-term bank deposits was 0.78% (2009: 0.42%) per annum. The maturity days of the short-term bank deposit ranged from one week to one month.

25. Deferred Income Tax Liabilities — Group

	Accumulated depreciation	Fair value gain of investment properties	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2008	—	—	—
Charge to consolidated income statement (Note 14)	—	23	23
Charge directly to equity (Note 30)	—	263	263
At 30 June 2009 and 1 July 2009	—	286	286
Charge to consolidated income statement (Note 14)	**26**	**329**	**355**
At 30 June 2010	**26**	**615**	**641**

The Group has no deferred tax asset recognised for the year (2009: Nil). Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. In this regard, the Group has estimated tax losses of approximately HK$139,239,000 (2009: HK$156,575,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$32,979,000 (2009: HK$47,216,000) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

26. Trade Payables — Group

The ageing analysis of the trade payables by due date is as follows:

	2010 HK$'000	2009 HK$'000
Past due 1–30 days	**4,114**	4,431
Past due 31–60 days	**100**	408
Past due 61–90 days	**153**	76
Past due 91–180 days	**2,434**	133
Past due over 180 days	**—**	136
	6,801	5,184

The carrying amounts of trade payables approximate their fair value.

27. Loan Note Payable

On 1 March 2010, the Group completed an acquisition of the entire equity interest in a subsidiary (Note 32). The consideration of this acquisition is satisfied as to HK$50 million in cash, subject to adjustment, and as to the remaining balance of HK$46 million through the issuance of a loan note (the "Loan Note").

The Loan Note was issued on 1 March 2010 with a principal amount of HK$46,000,000, which was unsecured, interest bearing at 4% per annum and had a 2-year maturity period from the issue date. However, it can be redeemed from time to time before maturity at the discretion of the Company at the principal amount of HK$46,000,000 and accrued interest up to the redemption date. Interest on the Loan Note was payable on the maturity on 28 February 2012 or upon repayment, whichever is earlier.

The Loan Note was fair valued at initial recognition by an independent valuer with an effective interest rate of 8.46% per annum. The fair value of the Loan Note based on the valuation as at 1 March 2010 was HK$42,234,000.

As a result of the placement of 23,490,000 ordinary shares on 22 April 2010 with net proceeds received of approximately HK$76.6 million (Note 29), the Company early redeemed the Loan Note on 27 April 2010 at a tatal amount of HK$46,287,000 for better cash flow management. A loss on early redemption of the Loan Note of approximately HK$3,495,000 was charged to the consolidated income statement for the year ended 30 June 2010. As a result, the Group has no loan note payable as at 30 June 2010.

28. Amounts due from/(to) a Related Company — Group and Company

The amounts due from/(to) a related company are unsecured, interest-free and repayable on demand.

29. Share Capital — Group and Company

	No. of shares	HK$'000
Authorised:		
At 1 July 2008 and 30 June 2009		
Ordinary shares of HK$1.00 each	2,000,000,000	2,000,000
Share subdivision (Note a)	18,000,000,000	—
Ordinary shares of HK$0.1 each at 30 June 2010	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2008 and 30 June 2009	97,892,069	97,892
Issue of shares — Placement of new shares (Note b and c)	43,068,000	43,068
Share subdivision (Note a)	1,268,640,621	—
At 30 June 2010	1,409,600,690	140,960

Note:

(a) On 27 May 2010, the resolution for subdivision of the Company's share of HK$1.00 each be subdivided into ten subdivided shares of HK$0.10 each was duly passed at an extraordinary general meeting of the Company.

(b) On 2 November 2009, the Company entered into (i) a subscription agreement with Moral Glory International Limited. ("Moral Glory"), a company beneficially wholly-owned by Mr Lo Lin Shing, Simon ("Mr Lo") (the executive director and Chairman of the Company), for the subscription of 19,578,000 new shares of the Company at the price of HK$3 per share (the "Subscription"), and (ii) a placing agreement with Moral Glory and Taifook Securities Company Limited (the "Placing Agent") pursuant to which Moral Glory agreed to sell and the Placing Agent agreed to procure the sale of 19,578,000 existing shares of the Company at a price of HK$3 per share. Completion of the Subscription took place on 13 November 2009 and the net proceeds of the Subscription amounted to approximately HK$57.9 million. These new shares rank pari passu in all respect with the existing shares.

(c) On 22 April 2010, the Company completed a placing of 23,490,000 shares at a subscription price of HK$3.30 per share. Net proceeds of the placement is approximately HK$76.6 million. These new shares rank pari passu in all respect with the existing shares.

Share Option Scheme

The share option scheme for the Group is valid and effective for a period of 10 years commencing on 28 May 2002. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time unless separately approved by the shareholders in general meeting.

An option may be exercised in accordance with the terms of the scheme at any time during the period as the board of directors at their absolute discretion determine and in any event such period shall not be more than 10 years from the date upon which the offer of the option is made to the grantee. The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

29. Share Capital — Group and Company *(continued)*

Share Option Scheme *(continued)*

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant. The subscription price of a share in respect of any option granted shall be determined by the board of directors at their absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2010 Weighted average exercise price per share	**2010** Number of Share Option	2009 Weighted average exercise price per share	2009 Number of Share Option
Exercisable at beginning of the year	**1.26**	**78,000**	1.26	78,000
Granted	**4.00**	**6,200,000**	—	—
Share subdivision	**—**	**56,502,000**	—	—
Exercisable at end of the year	**0.4**	**62,780,000**	1.26	78,000

Share options outstanding at the end of the year have the following exercise period and exercise price:

Date of grant	**Exercise price** **Before share subdivision** HK$	**Exercise price** **After share subdivision (Note)** HK$	**Exercise Period**	**Number of shares subject to options** **2010**	**Number of shares subject to options** 2009
28-1-2005	1.26	0.126	28-1-2005 to 31-12-2010	**780,000 (Note)**	78,000
13-4-2010	4.00	0.40	13-4-2010 to 12-4-2013	**62,000,000 (Note)**	—

Note: The exercise price and number of shares subject to share options were adjusted pursuant to the share subdivision of the Company's shares became effective on 28 May 2010.

On 13 April 2010, 6,200,000 share options were granted to directors and employees with an exercise price set at the market share prices on that date of HK$4 per share. The exercise price and number of these share options were further adjusted by share subdivision which became effective on 28 May 2010 to HK$0.4 and 62,000,000 respectively.

The weighted average fair value of options granted during the period determined using the Trinomial valuation model was HK$1.64 per option. The significant inputs into the model were weighted average share price of HK$4 at the grant date, exercise price shown above, volatility of 88.48%, dividend yield of 0%, an expected option life of three years, and an annual risk-free interest rate of 1.24%. The volatility is based on 156 weekly historical volatility of the Company. Total share based payment recognised in the consolidated income statement was approximately HK$10,155,000 for the year ended 30 June 2010.

30. Other Reserves

(a) Group

	Share premium HK$'000	Revaluation reserve HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Total HK$'000
At 1 July 2008	12,350	—	—	390	12,740
Currency translation differences	—	—	—	1,705	1,705
Revaluation gain on investment property	—	2,629	—	—	2,629
Deferred income tax liabilities	—	(263)	—	—	(263)
At 30 June 2009 and 1July 2009	12,350	2,366	—	2,095	16,811
Issue of shares — Placement of new shares	**91,570**	**—**	**—**	**—**	**91,570**
Currency translation differences	**—**	**—**	**—**	**(25)**	**(25)**
Equity settled share-based payments	**—**	**—**	**10,155**	**—**	**10,155**
At 30 June 2010	**103,920**	**2,366**	**10,155**	**2,070**	**118,511**

(b) Company

	Share premium HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Total HK$'000
At 1 July 2008	12,350	—	1,893	14,243
Currency translation differences	—	—	(1,893)	(1,893)
At 30 June 2009 and 1 July 2009	12,350	—	—	12,350
Issue of shares — Placement of new shares	**91,570**	**—**	**—**	**91,570**
Equity settled share-based payments	**—**	**10,155**	**—**	**10,155**
At 30 June 2010	**103,920**	**10,155**	**—**	**114,075**

Note: The share premium is to be distributed when the directors of the Company consider appropriate, subject to the compliance with the laws of the Cayman Islands.

31. Note to Consolidated Statement of Cash Flows

Reconciliation of loss before taxation to net cash used in operations:

	2010 HK$'000	2009 HK$'000
Loss before taxation	(16,448)	(4,436)
Depreciation of property, plant and equipment	2,899	412
Gain on disposal of property, plant and equipment	(19)	(47)
Fair value gain on investment properties	(3,295)	(230)
Write off of property, plant and equipment	62	—
Loss on disposals and deregistration of the subsidiaries	—	1,038
Interest income	(84)	(201)
Provision for impairment of trade receivables	180	29
Write back of long outstanding other payables	(22)	—
Reversal of over-provision of inventories	(41)	—
Finance costs	558	—
Impairment loss on goodwill	258	—
Share based payments	10,155	—
Loss on early redemption of loan note payable	3,495	—
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	(3,091)	(2,286)
— prepayments, deposits and other receivables	(408)	469
— inventories	(142)	(443)
— trade payables	(1,343)	598
— amount due to a related company	—	(3)
— accrued charges, other payables, deposits received and deferred revenue	1,168	(3,719)
— restricted bank balances	—	1,000
Net cash used in operations	(6,118)	(7,819)

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2010 HK$'000	2009 HK$'000
Net book amount	64	226
Gain on disposal and write-off of property, plant and equipment	(43)	47
Proceeds from disposal of property, plant and equipment	21	273

32. Acquisition of a Subsidiary

On 1 March 2010, the Group acquired 100% of the share capital of Glory Key, an indirect wholly owned subsidiary of Mongolia Energy Corporation Limited ("MEC"), for approximately HK$94,694,000. Mr. Lo, the director and controlling shareholder of the Company, is also a director of MEC. At that date, the fair value of the net assets and liabilities in Glory Key was approximately HK$90,633,000 and this gave rise to a goodwill amounted to approximately HK$294,000. The consideration were satisfied by (i) cash of approximately HK$48.7 million and (ii) Loan Note with face value of HK$46.0 million issued by the Company at 4% interest per annum. Glory Key contributed revenue of HK$1,248,000 and net loss of HK$1,512,000 to the Group for the period from 1 March 2010 to 30 June 2010.

If the acquisition had occurred on 1 July 2009, the Group's revenue would have been approximately HK$32,920,000 for the year; loss before taxation would have been approximately HK$35,361,000.

Details of the purchase consideration are as follows:

Purchase consideration:

	HK$'000
— Cash paid	48,693
— Fair value of Loan Note issued	42,234
Total purchase consideration	90,927

The goodwill is attributable to broaden the revenue base of the Group from combining the operations of the Group and Glory Key.

The fair value of the Loan Note issued was based on the appraised value by an independent valuer, Jones Lang LaSalle Sallmanns Limited, in the valuation report as at 1 March 2010.

Acquisition-related costs amounting to HK$1,433,000 have been recognised as an expense in the consolidated income statement for the year ended 30 June 2010.

32. Acquisition of a Subsidiary *(continued)*

The assets and liabilities as of 1 March 2010 arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	HK$'000	HK$'000
Property, plant and equipment (Note 18)	92,040	92,189
Trade and other receivables	1,553	1,675
Trade and other payables	(2,960)	(2,981)
Fair value of net assets	90,633	90,883
Goodwill (Note 21)	294	
Total purchase consideration	90,927	
Purchase consideration settled in cash		48,693
Cash and cash equivalents in a subsidiary acquired		—
Cash outflows for acquisition of a subsidiary		48,693

There was no acquisition during the year ended 30 June 2009.

33. Disposals and Deregistration of the Subsidiaries

The Group disposed and deregistered certain subsidiaries during the year ended 30 June 2009. Details of net assets disposed of and loss on the disposals were as follows:

	2009 HK$'000
Net book value of net assets disposed of	
Cash and bank balances	(1)
Prepayments, deposits and other receivables	(12)
Accrued charges, other payables and deposit received	107
Reserve	(1,132)
Loss on disposals and deregistration of the subsidiaries	(1,038)
Satisfied by:	
Consideration settled in cash	—
Net cash outflows on disposals of the subsidiaries	(1)

34. Operating Lease Commitments

At 30 June 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2010 **HK$'000**	2009 HK$'000
No later than 1 year	**77**	423
Later than 1 year	**—**	23
	77	446

34. Operating Lease Commitments *(continued)*

The aircraft and one of the investment properties are leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of the aircraft and investment property are as follows:

	2010 HK$'000	2009 HK$'000
No later than 1 year	2,210	—
Later than 1 year	141	—
	2,351	—

35. Related Party Transactions

The Group is controlled by Moral Glory (incorporated in the British Virgin Islands), which owns 39.27% of the Company's shares. The remaining 60.73% of the shares are widely held.

(a) Significant related party transactions, which were carried out in the normal course of the Group's business and at terms negotiated between the Group and the respective parties, were as follows:

	2010 HK$'000	2009 HK$'000
Aircraft leasing income from 亞聯公務機有限公司 ("亞聯公務機")	1,248	—

亞聯公務機 is an associate of MEC during the year ended 30 June 2010. Mr. Lo, a Director and the controlling shareholder of the Company, is a Director of MEC.

(b) The year end balance with a related party is as follows:

	2010 HK$'000	2009 HK$'000
Payable to a related company — Mongolia Energy Corporation (Greater China) Limited	443	443

A Director and a substantial shareholder of the Company is also the common director of a related company.

The balances are unsecured, interest free and repayable on demand.

35. Related Party Transactions

(c) *Key management compensation of the Group for the year is as follows:*

	2010 HK$'000	2009 HK$'000
Salaries and other employee benefits	**6,403**	2,087

(d) *Acquisition of a Subsidiary*

On 1 March 2010, the Group acquired the entire equity interest in Glory Key from MEC, for approximately HK$94,694,000. Mr. Lo, a director and controlling shareholder of the Company, is also a director of MEC. Details of the transaction are disclosed in Note 32.

Five-Year Financial Summary

The historical figures represent financial information of the Group for the period from 2006 to 2010.

CONSOLIDATED INCOME STATEMENT

	For the year ended 30 June				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Revenue					
Continuing operations	16,515	14,155	2,903	25,148	**30,528**
Discontinued operations	1,402,827	—	535	19	**—**
	1,419,342	14,155	3,438	25,167	**30,528**
Profit/(loss) attributable to shareholders	911,642	293,053	(11,649)	(4,459)	**(17,063)**
Basic earnings/(loss) per share	HK$10.08	HK$3.03	(HK$0.12)	(HK$0.05)	**(HK$0.15)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Non-current assets					
Property, plant and equipment	6,183	5,383	4,601	681	**89,819**
Investment properties	—		7,370	13,850	**17,214**
Investments in associated companies	2,142,737	—	—	—	**—**
Goodwill	—	—	3,592	3,592	**3,628**
Total non-current assets	2,148,920	5,383	15,563	18,123	**110,661**
Net current assets	124,833	50,303	28,513	25,851	**61,373**
Total assets less current liabilities	2,273,753	55,686	44,076	43,974	**172,034**
Representing:					
Share capital	16,154	97,692	97,892	97,892	**140,960**
Other reserves	(82,905)	12,901	12,740	16,811	**118,511**
Accumulated losses	(30,538)	(54,907)	(66,556)	(71,015)	**(88,078)**
(Total equity holders' deficit)/ total equity	(97,289)	55,686	44,076	43,688	**171,393**
Non-current liabilities					
Loans from a fellow subsidiary	278,024	—	—	—	**—**
Promissory note issued to a fellow subsidiary	886,749	—		—	**—**
Convertible bond	28,261	—	—	—	**—**
Subscription note	1,178,008	—	—	—	**—**
Deferred income tax liabilites	—	—	—	286	**641**
	2,273,753	55,686	44,076	43,974	**172,034**

Schedule of Investment Properties

INVESTMENT PROPERTIES

Location	Usage	Term of lease	Group Interest %
House No. 2B of Beijing Riviera 1 Xiang Jiang North Road Chaoyang District, Beijing, the PRC.	Residential	Medium term	100
Office Unit 1002 on 10th Floor Jinyun Building No. 43 Xizhimen North Avenue Jia Haidian District Beijing, the PRC.	Commercial	Medium term	100