2014
Annual Report

Vision Values

Vision Values Holdings Limited

Stock Code: 862

Contents

Corporate Information

Board of Directors

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

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
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 (collectively the "**Group**") for the year ended 30 June 2014 (the "**Financial Year**").

Financial Results Summary

— Revenue for the Financial Year dropped to HK$22.3 million (2013: HK$37.3 million).

— Loss attributable to owners of the Company was HK$14.1 million (2013: Profit attributable to owners of the Company of HK$7.6 million).

— Loss per share attributable to owners of the Company was HK cents 0.61 (2013: Profit per share attributable to owners of the Company was HK cents 0.51).

Management Discussion and Analysis

Business Review

1. Network Solutions and Project Services ("NSPS")

   It was a difficult year for NSPS. The achieved revenue for the Financial Year was unsatisfactory and recorded a drop of 42.3% to HK$20.8 million when compared to last year (2013: HK$36.0 million). The gross profit for the Financial Year was HK$4.8 million (2013: HK$8.4 million).

   Among the NSPS, the revenue from telecom solution was HK$9.7 million and HK$2.4 million was generated from system maintenance services.

   For the business of telecom solution, the sales cycle for the mobile and fix network operators took a longer lead time and some potential clients were lost to competitors at negotiation stage. In addition, we observed in this Financial Year that the telecom operators preferred to deal directly with vendors as they expected vendors were far more capable to offer them a comprehensive solution together with a competitive price. Such trend had affected our business and in turn we needed to lower our product margin in order to gain new orders. This was one of the reasons led to the drop of telecom solution sales revenue.

   Mergers and acquisitions happened in the sector of telecom vendors involving our long term business partners giving rise to profound effect on our business. "Symetricom" was being acquired by "Microsemi" in November 2013 and thereafter Microsemi has introduced new partners in Hong Kong which lead to our direct competition with these new partners. Both of our selling price and profit margin were inevitably eroded due to fierce competition. Motorola Solutions also announced early this year that their enterprise solutions covering WiFi systems, barcode scanners, RFID equipment and mobile computers were sold to Zebra (an enterprise label printing company). Currently, we do not expect any immediate negative impact to our sales of Motorola's WiFi solutions. However, we believe Zebra will adopt some sales strategy changes on the WiFi solutions that may affect us once the acquisition is completed by around end of 2014.

Our data communication partner "RAD Data Communications" who has established their regional office in Hong Kong for almost 20 years serving the Southern China and South East Asia markets is going to close their Hong Kong office by the end of 2014. Their move signifies the prospect of telecommunications businesses in these regions will be tough and difficult.

The revenue from the sale of enterprise solution was HK$4.9 million representing a marginal increase from last year. The business from enterprise solution remained stable due to the improvement in relationship building with existing clients by offering our best value added technical services. Our good working relationship as well as good technical support to clients has gained their confidence and trust.

Other than the above, the network solution sales for the Financial Year were also negatively affected by the following factors:

a) Inadequate sales support from our main WiFi system vendor "Motorola" hampered our ability to win new orders. Though we have signed up a new WiFi vendor "Meru Networks", we need time to increase market awareness of this new WiFi system;

b) Increased market competition and a high degree of market transparency forcing us to lower pricing and profit margin in order to secure new orders from clients; and

c) The product range for both the enterprise and telecom solutions were not adequate and the recruitment of qualified sales representatives in Hong Kong was difficult which also accounted for the poor sales performance in the Financial Year.

Looking forward, we shall change our sales strategy in order to overcome the above mentioned difficulties.

The Project Service team achieved revenue of HK$3.8 million which was significantly lower than last year. It was due to the cellular base station installation works for mobile operators were completed last year. In addition, the costs of engineering service were inflated due to increase in material and labour costs but no corresponding increase of service income from operators. The profit margin for project service was becoming slim.

2. Property Investment

The rental income during the Financial Year was HK$1.5 million (2013: HK$1.3 million). All the Group's investment properties were fully rented out as at 30 June 2014.

3. Yacht Construction and Trading

A wholly owned subsidiary was established during the Financial Year to carry on customized yacht construction and trading. The first model under construction in a shipyard rented by the Group in Aberdeen, Hong Kong is a luxury yacht with length overall of approximately 41 meters. The business model for the yacht construction and trading is aiming at the upscale market. During the Financial Year, high quality timber sourced from Myanmar was sawn to different shapes for yacht building purpose. Under current work plan, the construction of this first model will last for thirty months since July 2014.

4. Exploration and Evaluation of Mineral Resources

During the Financial Year, the Group invested in a joint venture (the "**JV**") with mineral exploration licenses in Mongolia. The Group owns 51% equity interest of the JV. The purpose of the JV is to discover if there is any existence of mineral resources and development potential on the mineral interests owned by the JV. Since April 2014, the JV implementing initial exploration at license number 13598X area and targeted to complete in July 2014. However, the initial exploration drilling is delayed and still underway to complete a total of 8,500 meters drilling in September 2014. The delay in initial exploration is caused by mechanical failure, geological complexity of the targeted area and also manpower constraint. Based on the recent report from our chief geologist, there was indication of potential gold and copper ore bodies in the target area under the initial exploration currently undertaking. As a result, our chief geologist advised second phase drilling was required in order to obtain more detailed and concrete results on the existence of these minerals for resources estimation and preliminary economic assessment. Accordingly, in July 2014, the JV parties agreed to increase the exploration commitment from HK$23.4 million to HK$69 million.

Financial Review

1. *Results Analysis*

For the Financial Year, the Group's revenue dropped 40.2% to HK$22.3 million (2013: HK$37.3 million). Around 93.2% of the Group's total revenue was generated from the NSPS business segment (2013: 96.5%).

Due to the shrinkage of business volume in respect of NSPS, the subcontracting fees for project services were also reduced substantially to HK$3.1 million (2013: HK$13.7 million).

During the Financial Year, the Company granted a total of 28,800,000 share options to an executive director and employees of the Group. The related share based payment expenses of HK$7.8 million (2013: HK$3.2 million) accounted for the increase in employee benefit expenses.

In the financial year ended 30 June 2013, the Group disposed of several investment properties and recorded a one-off gain of HK$10.1 million.

The property market in Hong Kong and Beijing, PRC remained fairly stable during the Financial Year therefore a slight increase in fair value of HK$0.2 million (2013: HK$4.0 million) was recognized.

2. *Liquidity and Financial Resources*

As at 30 June 2014, the capital and reserves attributable to the shareholders of the Company was HK$328.8 million (2013: HK$164.9 million). The sharp increase in capital and reserves was due to two fund raising exercises made by the Company during the Financial Year with details as follows:

(a) On 23 July 2013, the Company completed a rights issue of 705,190,345 ordinary shares of HK$0.1 each at a subscription price of HK$0.1 per share. The net proceeds from the rights issue were approximately HK$67.6 million and intended to be applied for acquisition of assets and/or businesses should suitable opportunities become available. As at 30 June 2014, approximately HK$14.4 million was utilized for yacht construction and trading business and for contribution to the new JV which is engaged in exploration of mineral resources in Mongolia; and

(b) On 18 December 2013, the Company completed a placing of 420,000,000 new ordinary shares of HK$0.1 each at a placing price of HK$0.25 per share. The net proceeds from the placing were approximately HK$102.8 million and are intended to be applied for acquisition of assets and/or businesses should suitable opportunities become available. As at 30 June 2014, the net proceeds had not been utilized.

The Company had no present intention to change the intended use of these net proceeds as set out in the announcements of the Company dated 13 June 2013 and 3 December 2013, respectively.

As at 30 June 2014, the Group has no bank or other borrowings (2013: Nil). The Group has sufficient liquidity and financial resources to meet its daily operational requirements.

3. Gearing

The Group had no gearing as at 30 June 2014 (2013: Nil).

4. Foreign Exchange

The key operations of the Group are located in Hong Kong, the People's Republic of China and Mongolia. The Group's assets and liabilities are mainly denominated Hong Kong dollars, United States dollars 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 arise.

5. Contingent liabilities

As at 30 June 2014, the Group did not have material contingent liabilities (2013: Nil).

Business Outlook and Development

As at 30 June 2014, the total orders on hand for NPSP were around HK$6.2 million. Among the orders on hand, approximately HK$3.2 million belongs to telecom and enterprise solutions, HK$1.6 million belongs to system maintenance services and HK$1.4 million belongs to project service.

As mentioned previously, Symmetricom was acquired by Microsemi. We expect sooner or later, most of the synchronization systems currently supplied by Symmetricom will be obsolete since Microsemi is a component selling company instead of a system selling company. As a backup plan, we have approached two vendors namely OscilloQuartz and Time & Frequency Solutions for partnership co-operation. They offer similar products compatible to the systems which are currently provided by Symmetricom. We shall start promoting the products from these two new vendors in parallel with our current products to our clients in the coming financial year to expand our product range. Apart from the backup plan, we are also preparing to source more new vendors to complement or as replacement products for RAD.

In the new financial year, we will focus on the sales of wireless solutions for both telecom and enterprise solution in particular on WiFi system, point to point and point to multipoint wireless broadband solution.

For the project service division, the main revenue income mainly comes from the cabling work with telecom operators in Hong Kong. In the past year, the division did try to change their focus in other areas but the course of change was slow and unsatisfactory. We note that the telecom operators in Hong Kong are going to introduce new projects such as implementation of gigabit-capable passive optical network and 4G network upgrade program etc. We will strive to win new orders from them.

In view of the persistent inflation and keen competition in Hong Kong, we do not expect a strong recovery of business for the NPSP in the near future. In light of the uncertain market situations, the Group will adopt a cautious approach to manage the business of NPSP.

The newly established yacht construction business is in the development stage. The first yacht model will only be released in 2017 according to the current work plan. Accordingly, revenue contribution from this business segment will not be foreseen until our first model is launched to the market. For the exploration and evaluation business in Mongolia, the JV has identified a target area for detailed evaluation. Based on the advice from our chief geologist, the exploration will be divided into two phases. The development prospect of this project will only be confirmed until all necessary exploration works are completed and samples are properly analysis by an accredited laboratory. In the interim, we expect operating losses from these two new businesses since they are only at the development stage. We also expect increase in Group administrative expenses such as increase in staff and rental for new office space etc.

Apart from the investments in two new businesses during the Financial Year, the Group will use best endeavours to identify and consider new investment opportunities from time to time.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

Lo Lin Shing, Simon
Chairman

Hong Kong, 22 September 2014

Corporate Governance Report

The Board recognises the importance of maintaining a high standard of corporate governance practices to protect and enhance the benefits of the shareholders. The Board and the management of the Company have collective responsibility to maintain the interest of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of shareholders and investors.

During the Financial Year, the Company had applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), save for the following deviations:

i. Code provision A.2.1 of the CG Code 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 and subject to re-election.

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

iii. Code provisions A.5.1 to A.5.4 of the CG Code require a nomination committee to be set up, chaired by the chairman of the board or an independent non-executive director to review the structure, size and composition of the board at least annually to complement the issuer's corporate strategy.

   The Company has not set up a nomination committee as required. The Board considers that it should be the responsibility of the full Board to review these matters and make decisions from time to time. The Board has already set out the criteria for selection of a director under its internal policy. According to Articles of the Company, any newly appointed Directors are required to offer themselves for re-election at the next general meeting. Furthermore, the Director re-election process participating by the shareholders in the annual general meeting (the "**AGM**") and the rights of shareholders to nominate a Director both ensure a right candidate to be selected to serve the Board effectively.

iv. Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM of the Company.

   Due to another business engagement, the chairman of the Board did not attend the 2013 AGM. An executive Director had chaired the 2013 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. Chairman of the Audit and Remuneration committees of the Company was also present and available to answer questions at the 2013 AGM.

Compliance with Model Code for Securities Transactions

The Company has adopted its own Code for Securities Transactions by the Directors (the "**Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "**Model Code**"). The Company has also established Written Guidelines for Securities Transactions by Employees of the Group (the "**Employees' Guidelines**") on terms no less exacting than the Model Code for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company.

During the period of sixty days immediately preceding and including the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to and including the publication date of the annual results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

During the period of thirty days immediately preceding and including the publication date of the half year results or, if shorter, the period from the end of the relevant financial quarterly or half year period up to and including the publication date of the half year results, all Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

The Company Secretary will send reminders prior to the commencement of such period to all Directors and relevant employees.

Having made specific enquiry by the Company, all Directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Year.

Attendance Records of Board, Board Committees and General Meeting

The followings were attendance records of the Board meetings, Board Committees meetings and general meeting held during the Financial Year:

	Number of Board Meetings Attended/Held	Number of Audit Committee Meetings Attended/Held	Number of Remuneration Committee Meeting Attended/Held	Number of General Meeting Attended/Held
Directors				
Executive Directors				
Mr. Lo Lin Shing, Simon	3/4	N/A	N/A	0/1
Mr. Ho Hau Chong, Norman	4/4	N/A	N/A	1/1
Independent Non-executive Directors and members of Audit and Remuneration Committees				
Mr. Tsui Hing Chuen, William *JP*	4/4	2/2	1/1	1/1
Mr. Lau Wai Piu	4/4	2/2	1/1	1/1
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1	0/1

The 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 during the Financial Year and up to the date of this Report are:

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

Independent Non-executive Directors
Mr. Tsui Hing Chuen, William *JP*
Mr. Lau Wai Piu
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 three Independent Non-executive Directors, representing at least one-third of the Board, and at least one Independent Non-executive Director have appropriate accounting qualifications.

The Company has adopted an internal policy (the "**Policy**") setting out an approach to achieve diversity of the Board in 2012. The Policy provides that the Company should ensure its Board members have the appropriate balance of skills, experience and diversity of perspectives that are appropriate for the running of the Company's business.

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 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) *Role 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.

The Board is also responsible for performing the following corporate governance functions:

i. to develop and review the Company's policies on corporate governance and make recommendations;

ii. to review and monitor the training and continuous professional development of the Directors and management;

iii. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. to develop, review, and monitor the code of conduct of employees and Directors; and

v. to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the Financial Year, the Board had:

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 connected transaction of the Company;

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

vii. reviewed and approved the rights issue of the Company; and

viii. reviewed and approved the placement of new shares of the Company.

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 financial statements 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 flow 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 page 25.

(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 Financial 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.

(e) *Directors' Trainings*

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills in their roles as directors pursuant to code provision A.6.5 of the CG Code. Attendance to any professional courses recognized by registered professional bodies such as The Law Society, Hong Kong Institute of Certified Public Accountants, and The Hong Kong Institute of Chartered Secretaries, etc., are recognized by the Company for this purpose. The Directors will also be provided with materials from time to time to keep afresh of the latest legal and regulatory changes to enable them to discharge their duties.

During the Financial Year, all the Directors, namely Messrs. Lo Lin Shing, Simon, Ho Hau Chong, Norman, Tsui Hing Chuen, William *JP*, Lau Wai Piu and Lee Kee Wai, Frank, had participated in appropriate continuous professional development activities by ways of attending trainings and/or reading materials relevant to the Company's businesses or to the Directors' duties and responsibilities.

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 members of each committee will be reviewed from time to time.

The terms of references of the Audit Committee and the Remuneration Committee of the Company are published on the websites of the Stock Exchange and the Company respectively.

Audit Committee

The Audit Committee currently comprises three Independent non-Executive Directors. Mr. Lau Wai Piu is appointed as the chairman of the Audit Committee. He has appropriate professional qualifications, accounting and related financial management expertise.

(a) Composition of the Audit Committee

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

(b) Role and Function

The main responsibilities of the Audit Committee include, but are not limited to, reviewing the Company's current financial standing, considering the nature and scope of audit reports, and ensuring internal control and risk management systems operate in accordance with applicable standards and conventions.

The terms of reference of the Audit Committee which was revised and adopted in March 2012 are in line with the requirements of the Listing Rules. Details of the terms of reference of the Audit Committee can be viewed on both the websites of the Stock Exchange and the Company.

Remuneration Committee

The Remuneration Committee currently consists of three Independent Non-executive Directors.

(a) Composition of the Remuneration Committee

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

(b) Role and Function

The main responsibilities of the Remuneration Committee include, but are not limited to, making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management, reviewing and approving the special remuneration packages of all Executive Directors with reference to corporate goals and objectives resolved by the Board from time to time, and determining, with delegated responsibility, the remuneration packages of individual Executive Directors.

The terms of reference of the Remuneration Committee which was revised and adopted in March 2012 are in line with the requirements of the Listing Rules. Details of the terms of reference of the Remuneration Committee can be viewed on both the websites of the Stock Exchange and the Company.

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 shareholders of 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.

During the Financial Year, PricewaterhouseCoopers provided the following services to the Group:

	HK$'000
Audit services	1,235
Non-audit services	20

Shareholders' Rights

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of our shareholders are set out in, amongst other things, the Articles of the Company and the Companies Law of the Cayman Islands.

Rights and Procedures for Shareholders to Convene a General Meeting

Pursuant to Article 72 of the Articles, general meetings shall be convened on the written requisition of any two or more shareholders of the Company or on the written requisition of any one shareholder which is a recognized clearing house, deposited at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meetings of the Company.

If the Board does not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene a general meeting in the same manner, as nearly as possible, as that in which meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board to convene the meeting shall be reimbursed to them by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to Article 120 of the Articles, if a shareholder of the Company who is duly qualified to attend and vote at the general meetings of the Company wishes to propose a person other than the Directors for election as a director of the Company at any general meetings, he/she shall deposit a written notice to that effect at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. To enable the Company to inform shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director of the Company, include that person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder(s) concerned and that person indicating his/her willingness to be elected. The period for lodgment of such a written notice will commence no earlier than the day after the despatch of the notice and end no later than seven days prior to the date of such general meeting.

The written request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution or business to be transacted in the agenda for the general meeting.

Right to Put Enquiries to the Board

The shareholders of the Company have a right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong as set out in the section headed "**Corporate Information**" for the attention of the Company Secretary or by e-mail to us at "Contact Us" of our website (www.visionvalues.com.hk).

Procedures for Putting Forward Proposals at General Meeting

Shareholders who wish to put forward a proposal for consideration at general meetings should convene an extraordinary general meeting by following the procedures set out in *"Rights and Procedures for Shareholders to Convene a General Meeting"* above.

Investor Relations

There is no significant change in the Company's constitutional documents during the Finance Year.

Responsibilities in Respect of the Financial Statements

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

Directors' Profile

Executive Director

Mr. Lo Lin Shing, Simon

Mr. Lo, aged 58, joined the Company in March 2000 and is currently an Executive Director. Mr. Lo possess over 30 years of experience in the financial, securities and futures industries, including many trans-border transactions. He has been a member of Chicago Mercantile Exchange and International Monetary Market (Division of Chicago Mercantile) since 1986. Mr. Lo is also the chairman and executive director of Mongolia Energy Corporation Limited, the deputy chairman and executive director of International Entertainment Corporation, both of which are listed on the Stock Exchange.

Mr. Ho Hau Chong, Norman

Mr. Ho, aged 59, was appointed as a Non-executive Director in November 2000 and re-designated as Executive Director in January 2007. Mr. Ho has over 26 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 Miramar Hotel and Investment Company, Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited respectively, all of which are listed on The Stock Exchange of Hong Kong Limited. Mr. Ho previously served as an independent non-executive director of Starlight International Holdings Limited until his retirement on 26 August 2013.

Independent Non-Executive Director

Mr. Tsui Hing Chuen, William JP

Mr. Tsui, aged 63, has been an Independent Non-executive Director since September 2006. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries, which was established in 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 in 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 was admitted to the Roll of Honour of the Law Society of Hong Kong in 2013. He is also an independent non-executive director of Mongolia Energy Corporation Limited, International Entertainment Corporation and Haitong International Securities Group Limited, all of which are listed on the Stock Exchange.

Mr. Lau Wai Piu

Mr. Lau, aged 50, has been an Independent Non-executive Director since March 2007. He has over 20 years of extensive experience in accounting and financial management. Mr. Lau 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 International Entertainment Corporation, Haitong International Securities Group Limited and Mongolia Energy Corporation Limited, all of which are listed on the Stock Exchange.

Mr. Lee Kee Wai, Frank

Mr. Lee, aged 55, 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 Group for the Financial Year.

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 19 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group for the Financial Year is set out in Note 7 to the financial statements.

Results and appropriations

The results of the Group for the Financial Year are set out in the Consolidated Statement of Profit or Loss on page 27.

No interim dividend was declared (2013: Nil) and the Directors do not recommend the payment of a final dividend for the Financial Year (2013: Nil).

Share capital and share options

Details of movements in the share capital and the share options of the Company during the Financial Year are set out in Note 27 to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the Financial Year are set out in Note 28 to the financial statements.

Property, plant and equipment

Movements in property, plant and equipment of the Group during the Financial Year are set out in Note 16 to the financial statements.

Group financial information

Five-year financial summary of the Group ended 30 June 2014 is set out on page 83.

Major suppliers and customers

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

Purchases	
the largest supplier	16%
five largest suppliers in aggregate	57%
Sales	
the largest customer	14%
five largest customers in aggregate	47%

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 during the Financial Year and up to the date of this Report are as follows:

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

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

In accordance with article 116 of the Articles of the Company, Mr. Lo Lin Shing, Simon and Mr. Lee Kee Wai, Frank will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

The Directors, including the Independent Non-executive Directors are subject to retirement by rotation and re-election at the AGM in accordance with the provisions of the Articles of the Company.

Biographical details of the Directors are set out on page 16.

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 8 to 15.

Directors' Interests and Short Positions

As at 30 June 2014, the interests or short positions of the Directors 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 (the "**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 were as follows:

(a) Long positions in the shares

Name of Directors	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo	Beneficial owner/Interest of a controlled corporation(Note)	831,501,090	32.79%
Mr. Ho Hau Chong, Norman	Beneficial owner	1,170,000	0.05%

Note: Among the 831,501,090 shares, 1,170,000 shares represent interest of Mr. Lo on an individual basis; while 830,331,090 shares represent interest of Moral Glory International Limited ("**Moral Glory**"), a company wholly-owned by Mr. Lo.

(b) Long positions in the underlying shares

Name of Directors	Capacity	Number of underlying shares interested	Percentage of shareholding
Mr. Lo	Personal	6,800,000	0.27%
Mr. Ho Hau Chong, Norman	Personal	13,696,428	0.54%
Mr. Tsui Hing Chuen, William *JP*	Personal	5,267,857	0.21%
Mr. Lau Wai Piu	Personal	5,267,857	0.21%
Mr. Lee Kee Wai, Frank	Personal	5,267,857	0.21%

Save as disclosed above and the section headed "Share Option Scheme", as at 30 June 2014, 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 2014, 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	Number of shares	Percentage of nominal value of issued share capital
Ms. Ku Ming Mei, Rouisa(Note 1)	Interest of spouse	838,301,090	33.06%
Moral Glory(Note 2)	Beneficial owner	830,331,090	32.75%

Notes:

1. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 838,301,090 shares under the SFO.

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

Directors' Interests in Competing Businesses

During the Financial 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 this Report, no contracts of significance to which the Company or any of its subsidiaries was a part in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Financial Year.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming AGM 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 Financial Year.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the section headed "Share Option Scheme" below, at no time during the Financial 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.

Share Option Scheme

Under the share option scheme adopted by the Company on 23 November 2011 (the "**2011 Option Scheme**"), options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK$0.10 each in the capital of the Company.

The following is a summary of the terms of the 2011 Option Scheme:

1. *Purpose*
   The purpose of the 2011 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 2011 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 2011 Option Scheme is 115,328,533 shares which represents 4.55% 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 2011 Option Scheme at any time during the period as the Board in its absolute discretion determines 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 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 five business day immediately preceding the date of grant; and (iii) the nominal value of a share.

9. *Life of the 2011 Option Scheme*

   The 2011 Option Scheme is valid and effective for a term of ten years commencing from 23 November 2011.

Details of the movement in outstanding share options, which have been granted under the 2011 Option Scheme, during the Financial Year were as below:

					Number of shares subject to options					
Name of category of participants	Date of grant	Exercise price HK$	Exercise period	Vesting period	As at 1 July 2013	Granted during the Financial Year	Lapsed during the Financial Year	Exercised during the Financial Year	Adjusted during the Financial Year (Note)	As at 30 June 2014
Mr. Lo	05/03/2014	0.730	05/03/2014 to 04/03/2019	N/A	–	6,800,000	–	–	–	6,800,000
Mr. Ho Hau Chong, Norman	11/01/2013	0.181 (Note)	11/01/2013 to 10/01/2018	N/A	13,000,000	–	–	–	696,428	13,696,428
Mr. Tsui Hing Chuen, William *JP*	11/01/2013	0.181 (Note)	11/01/2013 to 10/01/2018	N/A	5,000,000	–	–	–	267,857	5,267,857
Mr. Lau Wai Piu	11/01/2013	0.181 (Note)	11/01/2013 to 10/01/2018	N/A	5,000,000	–	–	–	267,857	5,267,857
Mr. Lee Kee Wai, Frank	11/01/2013	0.181 (Note)	11/01/2013 to 10/01/2018	N/A	5,000,000	–	–	–	267,857	5,267,857
Employees and others in aggregate (including a director of certain subsidiaries)	11/01/2013	0.181 (Note)	11/01/2013 to 10/01/2018	N/A	36,000,000	–	–	–	1,928,571	37,928,571
	05/03/2014	0.730	05/03/2014 to 04/03/2019	N/A	–	12,000,000	–	–	–	12,000,000
	09/06/2014	0.660	09/03/2015 to 31/05/2016	09/06/2014 to 08/03/2015	–	5,000,000	–	–	–	5,000,000
	09/06/2014	0.660	09/09/2015 to 31/05/2016	09/06/2014 to 08/09/2015	–	5,000,000	–	–	–	5,000,000
Total					64,000,000	28,800,000	–	–	3,428,570	96,228,570

Note: The exercise price and number of share options were adjusted pursuant to the rights issue of the Company completed on 23 July 2013.

Save as disclosed above, at no time during the Financial 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 Financial Year, the Company has not redeemed and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of the Company 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 currently comprises three Independent Non-executive Directors namely Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank 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 Financial Year have been reviewed by the Audit Committee.

Human Resources

As at 30 June 2014, the Group had employed a total of 22 full-time employees (2013: 20) in Hong Kong and Mongolia. 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 a 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 Financial Year.

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, 22 September 2014

Independent Auditor's Report

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF VISION VALUES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 27 to 82, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 2014, 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, 22 September 2014

Consolidated Statement of Profit or Loss

	Notes	2014 HK$'000	2013 HK$'000
		Year ended 30 June	
Revenue	6	**22,289**	37,284
Other income	8	**1,030**	480
Changes in inventories of finished goods and work in progress		**(11,654)**	(12,692)
Subcontracting fees for project services		**(3,118)**	(13,747)
Gain on disposal of investment properties		**—**	10,094
Fair value gain on investment properties		**235**	4,018
Other gains	9	**—**	2,275
Employee benefit expenses	11	**(15,699)**	(11,017)
Depreciation	16	**(458)**	(326)
Other expenses	10	**(6,809)**	(8,306)
(Loss)/profit before taxation		**(14,184)**	8,063
Income tax credit/(expense)	13	**27**	(506)
(Loss)/profit for the year		**(14,157)**	7,557
(Loss)/profit attributable to:			
Owners of the company		**(14,080)**	7,557
Non-controlling interest		**(77)**	—
		(14,157)	7,557
(Loss)/profit per share attributable to owners of the Company for the year (HK cents)			
			(Restated)
Basic and diluted (loss)/earning per share	14	**(0.61)**	0.51

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Year ended 30 June	
	2014	2013
	HK$'000	HK$'000
(Loss)/profit for the year	**(14,157)**	7,557
Other comprehensive (expense)/income:		
Items that have been or may be subsequently reclassified to profit or loss:		
— Currency translation differences	**(195)**	536
— Reclassification adjustment of exchange differences on deregistration of subsidiaries	**–**	(1,812)
Other comprehensive expense for the year, net of tax	**(195)**	(1,276)
Total comprehensive (expense)/income for the year	**(14,352)**	6,281
Attributable to:		
— Owners of the company	**(14,275)**	6,281
— Non-controlling interest	**(77)**	—
Total comprehensive (expense)/income for the year	**(14,352)**	6,281

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	As at 30 June 2014 HK$'000	 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**2,192**	770
Investment properties	17	**37,635**	37,586
Exploration and evaluation assets	18	**9,001**	—
Goodwill	20	**3,334**	3,334
		52,162	41,690
Current assets			
Inventories	21	**7,375**	2,152
Trade receivables	22	**5,279**	6,439
Prepayments, deposits and other receivables		**4,354**	804
Cash and bank balances	23	**277,481**	128,982
		294,489	138,377
Total assets		**346,651**	180,067
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	27	**253,557**	141,038
Other reserves	28	**181,209**	115,715
Accumulated losses	28	**(105,975)**	(91,895)
		328,791	164,858
Non-controlling interest		**5,015**	—
Total equity		**333,806**	164,858

	Notes	As at 30 June 2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	**1,203**	1,197
Current liabilities			
Trade payables	25	**3,229**	5,380
Accrued charges and other payables		**8,413**	8,632
		11,642	14,012
Total liabilities		**12,845**	15,209
Total equity and liabilities		**346,651**	180,067
Net current assets		**282,847**	124,365
Total assets less current liabilities		**335,009**	166,055

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Statement of Financial Position

	Notes	2014 HK$'000	2013 HK$'000
		As at 30 June	
ASSETS			
Non-current assets			
Investments in subsidiaries	19	**65,764**	75,021
Current assets			
Prepayments, deposits and other receivables		**151**	322
Cash and bank balances	23	**240,912**	91,649
		241,063	91,971
Total assets		**306,827**	166,992
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	27	**253,557**	141,038
Other reserves	28	**175,526**	109,837
Accumulated losses	28	**(127,150)**	(116,121)
Total equity		**301,933**	134,754
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	26	**2,957**	30,625
Accrued charges and other payables		**1,937**	1,613
Total liabilities		**4,894**	32,238
Total equity and liabilities		**306,827**	166,992
Net current assets		**236,169**	59,733
Total assets less current liabilities		**301,933**	134,754

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Year ended 30 June	
	Notes	**2014** **HK$'000**	2013 HK$'000
Cash flows from operating activities			
Cash used in operations	29	**(17,383)**	(3,232)
Income tax paid		**(486)**	(185)
Net cash used in operating activities		**(17,869)**	(3,417)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**70**	(27,139)
Net cash inflow of acquisition of exploration rights through acquisition of subsidiaries	18	**16**	—
Purchase of property, plant and equipment	16	**(1,883)**	(435)
Additions to exploration and evaluation assets	18	**(8,640)**	—
Proceeds from disposal of investment properties		**—**	26,350
Proceeds from disposal of property, plant and equipment	29	**—**	40
Interest received		**1,030**	476
Net cash used in investing activities		**(9,407)**	(708)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares			
— Rights issue	27	**67,586**	—
— Placement of new shares	27	**102,782**	—
Contribution from a non-controlling interest		**5,415**	—
Net cash generated from financing activities		**175,783**	—
Net increase/(decrease) in cash and cash equivalents		**148,507**	(4,125)
Cash and cash equivalents at the beginning of the year		**128,982**	133,090
Effect on foreign exchange rate changes		**(8)**	17
Cash and cash equivalents at the end of the year		**277,481**	128,982

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 July 2012	141,038	121,247	(109,607)	152,678	–	152,678
Comprehensive expense:						
Profit for the year	–	–	7,557	7,557	–	7,557
Other comprehensive income/(expense):						
Currency translation differences	–	536	–	536	–	536
Reclassification adjustment of exchange differences on deregistration of a subsidiary	–	(1,812)	–	(1,812)	–	(1,812)
Total comprehensive income/(expense) for the year	–	(1,276)	7,557	6,281	–	6,281
Share-based payment	–	5,899	–	5,899	–	5,899
Share options lapsed at expiry date	–	(10,155)	10,155	–	–	–
At 30 June 2013	141,038	115,715	(91,895)	164,858	–	164,858
Comprehensive expense:						
Loss for the year	**–**	**–**	**(14,080)**	**(14,080)**	**(77)**	**(14,157)**
Other comprehensive expense:						
Currency translation differences	**–**	**(195)**	**–**	**(195)**	**–**	**(195)**
Total comprehensive expense for the year	**–**	**(195)**	**(14,080)**	**(14,275)**	**(77)**	**(14,352)**
Issue of ordinary shares						
— Rights issue (Note 27)	**70,519**	**(2,933)**	**–**	**67,586**	**–**	**67,586**
— Placement of new shares (Note 27)	**42,000**	**60,782**	**–**	**102,782**	**–**	**102,782**
Share-based payment	**–**	**7,840**	**–**	**7,840**	**–**	**7,840**
Total contributions by owners of the company recognised directly in equity	**112,519**	**65,689**	**–**	**178,208**	**–**	**178,208**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**(323)**	**(323)**
Contribution from a non-controlling interest	**–**	**–**	**–**	**–**	**5,415**	**5,415**
Total transactions with owners recognised directly in equity	**112,519**	**65,689**	**–**	**178,208**	**5,092**	**183,300**
At 30 June 2014	**253,557**	**181,209**	**(105,975)**	**328,791**	**5,015**	**333,806**

The Notes on pages 34 to 82 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. General Information

Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in the provision of network solutions and project services and property investment business.

During the year, the Company has commenced two new businesses in order to expand its business portfolio including customised yacht building in Hong Kong and mineral exploration in Mongolia.

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 Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 September 2014.

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 which is stated 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 judgement 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.

(a) In the current financial year, the Group has adopted the following relevant new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the HKICPA:

HKAS 19 (As revised in 2011)	Employee Benefits
HKAS 27 (As revised in 2011)	Separate Financial Statements
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and amended standards adopted by and relevant to the Group

HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standards have no material impact on the Group's consolidated financial statements.

HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities and other off balance sheet vehicles. The new standard results only in additional disclosures.

HKFRS 13 "Fair value measurement", which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The new standard results only in additional disclosures.

The application of the above new standards have no material impact on the amounts reported in the consolidated financial statements but will result in more disclosures in the consolidated financial statements.

3. Summary of Significant Accounting Policies (Continued)

(a) *(Continued)*

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 to the Group:

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[4]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[5]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[5]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective date of HKFRS 9 and Transitional Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[6]
HKFRS 15	Revenue from Contracts with Customers[7]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014 with limited exception
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014
6 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
7 Effective for annual periods beginning on or after 1 January 2017

New and revised standards on HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control.

HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

3. Summary of Significant Accounting Policies (Continued)

(a) (Continued)

New and revised standards on HKFRS 15 "Revenue from Contracts with Customers" (Continued)

HKFRS 15 replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related Interpretations on revenue recognition: HK(IFRIC) 13 "Customer Loyalty Programmes", HK(IFRIC) 15 "Agreements for the Construction of Real Estate", HK(IFRIC) 18 "Transfers of Assets from Customers" and SIC-31 "Revenue — Barter Transactions Involving Advertising Services".

The Group has assessed the impact of the above new/revised standards, amendments and interpretations and other than disclosed above, anticipated that the application of the new/revised standards, amendments and interpretations would have no significant impact to its results of operations and financial position.

(b) Group Accounting

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3. Summary of Significant Accounting Policies (Continued)

(b) Group Accounting (Continued)

(ii) Separate financial statements

Investments in subsidiaries are stated at cost less provision for impairment losses. Cost, includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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.

(iii) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(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% — 33%
Furniture, fixtures and equipment	20% — 33%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%

3. Summary of Significant Accounting Policies (Continued)

(c) *Property, Plant and Equipment (Continued)*

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 statement of profit or loss during the financial period in which they are incurred.

The assets' 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 gains/(losses) — net in the consolidated statement of profit or loss.

(d) *Impairment of Non-Financial Assets (excluding Exploration and Evaluation Assets)*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) *Exploration and Evaluation Assets*

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant and equipment. These assets are assessed for impairment annually and before reclassification.

3. Summary of Significant Accounting Policies (Continued)

(f) Impairment of Exploration and Evaluation Assets

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with the policy as set out in note 2(d), as well as for circumstances below:

— the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

— substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

— exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

— sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(g) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of the investment property are included in the consolidated statement of profit or loss for the period in which they arise.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("**FIFO**") method, except for the cost of the yacht, which is determined using specific identification 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.

3. Summary of Significant Accounting Policies (Continued)

(i) 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.

(j) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash in hands, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3. Summary of Significant Accounting Policies (Continued)

(l) 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.

(m) 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.

(n) 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 consolidated statement of profit or loss 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.

The employees of the Group's subsidiaries which operate in Mongolia are required to participate in the social insurance scheme operated by the local government. According to the "Social Insurance Law of Mongolia", these subsidiaries have a duty to withhold 10% from employees' salary or similar income and 13% as employers' contribution. Employers' contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the social insurance scheme.

3. Summary of Significant Accounting Policies (Continued)

(n) Employee Benefits (Continued)

(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 a 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 is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance 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 vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares, 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)

(o) Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, 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.

(i) Current Income Tax

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.

(ii) Deferred Income Tax

Inside basis differences

Deferred income tax is recognised, 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 substantively enacted by the balance sheet date 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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

(iii) Offsetting

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.

3. Summary of Significant Accounting Policies (Continued)

(p) *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.

(q) *Revenue Recognition*

Revenue is measured at 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.

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 the stage of completion method, measured by reference to the agreed milestones of work performed.

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

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

(r) *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 statement of profit or loss on a straight-line basis over the period of the lease.

(s) *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.

3. Summary of Significant Accounting Policies (Continued)

(t) 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 the Group's 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 or valuation where items are re-measured. 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 statement of profit or loss.

(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 statement of profit or loss 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 rate on the dates of the transactions); and

(c) All resulting exchange differences are recognised in other comprehensive income.

(u) 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 for final dividend and Board of Directors for interim dividend.

4. Financial Risk Management

4a. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate 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. 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, Mainland China and Mongolia and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("**US$**"), Renminbi ("**RMB**") and Mongolian Tugrik ("**MNT**"). 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 Hong Kong Dollars ("**HK$**"), US$, RMB and MNT to the extent possible. The Group manages its exposure through constant monitoring to minimize the amount of its foreign currencies exposures.

The Group is mainly exposed to the currencies of RMB and MNT against HK$, the functional currency of relevant group entities.

The foreign exchange risk on US$ is insignificant as the HK$ is pegged with the US$.

At 30 June 2014, if the HK$ had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax loss for the year would have been approximately HK$132,000 (2013: post-tax profit of approximately HK$122,000) lower/higher (2013: higher/lower), 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.

At 30 June 2014, if the HK$ had weakened/strengthened by 5% against the MNT with all other variables held constant, post-tax loss for the year would have been approximately HK$31,000 (2013: Nil) lower/higher (2013: Nil), mainly as a result of foreign exchange gains/losses on translation of MNT-denominated cash and bank balances, other receivables and other payables.

4. Financial Risk Management (Continued)

4a. Financial Risk Factors (Continued)

(a) Market Risk (Continued)

(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 selecting for the terms that are most favourable to the Group.

The Group is not significantly exposed to cash flow and 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.

At the balance sheet date, the Group has certain concentration of credit risk as 85% (2013: 66%) of the total cash and bank balances were placed with a bank having good credit rating.

In order to minimise the credit risk, 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.

The Group has concentration of credit risk. Trade receivables from the largest customer account for 36% (2013: 34%) of the total trade receivables, and top five customers constituted 84% of the Group's trade receivables as at 30 June 2014 (2013: 81%).

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.

4. Financial Risk Management (Continued)

4a. Financial Risk Factors (Continued)

(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.

4b. 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 balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Group comprising share capital and reserves.

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.

4c. Fair Value Estimation

The carrying values of trade receivables, net of impairment provision, and payables are reasonable approximations of their fair values.

See Note 17 for disclosures of the investment properties that are measured at fair value.

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.

5. Critical Accounting Estimates and Assumptions (Continued)

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 to account for its fixed-price contracts to deliver project services. The 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. Were the proportion of services performed to total services to be performed to differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased/decreased by HK$100,158 (2013: HK$71,250).

(b) Allowance for Obsolete Inventories

Management reviews the inventory 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 have diminution in net realisable value. In addition, management carries out an inventory review on a product-by-product basis at the end of the reporting period and makes the necessary write-down for obsolete items.

(c) Write-downs of Inventories to Net Realisable Value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(d) 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)

(e) *Fair Value of Investment Properties*

Investment properties are carried in the statement of financial position at fair value as determined based on 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 statement of profit or loss.

Details of the judgement and assumptions have been disclosed in Note 17.

(f) *Provision of 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.

(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 20). 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 of network solutions and project services had been 5% lower than management's estimates at 30 June 2014, 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 before impairment amounting to a total of approximately HK$3,334,000 (2013: HK$3,334,000) was subjected to an impairment test as at 30 June 2014. No impairment charge has been recognised in the consolidated statement of profit or loss for the year ended 30 June 2014 (2013: Nil).

5. Critical Accounting Estimates and Assumptions (Continued)

(h) *Impairment of exploration and evaluation assets*

An entity shall assess at each reporting date whether there is an indication, based on either internal or external sources of information, that the carrying value of exploration and evaluation assets acquired may be impaired. If an indication is identified, the Group shall undertake an impairment assessment. This assessment will determine whether the exploration and evaluation assets are impaired which requires an estimation of the recoverable amount of the cash-generating unit to which the exploration and evaluation assets have been allocated, by value in use and fair value less costs to sell approaches. The assessment will estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No indicator of impairment was identified and no impairment loss was recognised for the year ended 30 June 2014 (2013: Nil).

6. Revenue

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

	2014 HK$'000	2013 HK$'000
Network solutions and project services fee	**20,767**	35,995
Rental income	**1,522**	1,289
	22,289	37,284

7. Segment Information

The Group's reportable operating segments are: (i) network solutions and project services; (ii) property investment; (iii) yacht building; and (iv) mineral exploration.

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.

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 consolidated financial statements.

7. Segment Information (Continued)

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

There are no sales or other transactions between business segments.

The segment revenue and results for the year ended 30 June 2014

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Mineral exploration HK$'000	Total HK$'000
Segment revenue	20,767	1,522	–	–	22,289
Segment results	4,841	1,216	–	–	6,057
Depreciation of property, plant and equipment	(54)	–	(13)	(68)	(135)
Fair value gain on investment properties	–	235	–	–	235
Unallocated expenses (Note a)					(21,371)
Interest income from bank deposits					1,030
Loss before taxation					(14,184)
Other segment information					
Capital expenditure (Note b)	24	–	227	9,897	10,148
Unallocated capital expenditure					736
					10,884

Notes:

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

(b) This relates to additions to property, plant and equipment and exploration and evaluation assets.

7. Segment Information (Continued)

The segment revenue and results for the year ended 30 June 2013

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	35,995	1,289	37,284
Segment results	8,401	1,001	9,402
Depreciation of property, plant and equipment	(69)	—	(69)
Gain on disposal of investment properties	—	10,094	10,094
Fair value gain on investment properties	—	4,018	4,018
Other gains (Note 9)			2,275
Unallocated expenses (Note a)			(18,133)
Interest income from bank deposits			476
Profit before taxation			8,063
Other segment information			
Capital expenditure (Note b)	206	27,690	27,896
Unallocated capital expenditure			229
			28,125

Notes:

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

(b) This relates to additions to property, plant and equipment and investment properties.

7. Segment Information (Continued)

Segment Assets

For the year ended 30 June 2014

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Mineral exploration HK$'000	Total HK$'000
Total segment assets	6,575	37,826	9,330	9,767	63,498
Unallocated:					
Cash and bank balances					277,481
Other unallocated assets					5,672
Consolidated total assets					346,651

For the year ended 30 June 2013

	Network solutions and project services HK$'000	Property investment HK$'000	Total HK$'000
Total segment assets	8,745	37,665	46,410
Unallocated:			
Cash and bank balances			128,982
Other unallocated assets			4,675
Consolidated total assets			180,067

7. Segment Information (Continued)

Segment Assets (Continued)

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

Hong Kong	:	Network solutions and project services, property investment and yacht building
Mainland China	:	Property investment
Mongolia	:	Mineral exploration

There are neither sales nor other transactions between the geographical areas.

	Non-current assets		Revenue	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Hong Kong	**18,708**	18,253	**21,175**	36,645
Mainland China	**23,625**	23,437	**1,114**	639
Mongolia	**9,829**	—	**—**	—
	52,162	41,690	**22,289**	37,284

The Group's revenue by geographical location is determined by the places/countries in which the customers are located. The Group's non-current assets by geographical location are determined by the places/countries in which the assets are located.

Revenue of approximately HK$5,627,000 (2013: HK$13,019,000) is derived from two (2013: three) largest customers and each such customer amounted to 10% or more of the revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

8. Other Income

	2014 HK$'000	2013 HK$'000
Bank interest income	**1,030**	476
Sundry income	**—**	4
	1,030	480

9. Other Gains

	2014 HK$'000	2013 HK$'000
Gain on bargain purchases	–	423
Gain on disposal of property, plant and equipment	–	40
Gain on exchange differences on deregistration of subsidiaries	–	1,812
	–	2,275

10. Other Expenses

	2014 HK$'000	2013 HK$'000
Auditor's remuneration	1,235	900
Exchange (loss)/gain — net	(52)	82
Operating lease rentals for land and buildings	1,520	684

11. Employee Benefit Expenses (Including Directors' Emoluments)

	2014 HK$'000	2013 HK$'000
Wages and salaries	7,588	7,500
Share-based payment	7,840	3,174
Pension costs — defined contribution plans	271	343
	15,699	11,017

The retirement benefit costs under MPF Scheme charged to the consolidated statement of profit or loss represent the net contribution after netting off with forfeited contributions. There were no forfeited contributions for both years. At 30 June 2014, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2013: Nil).

12. Directors', Chief Executive's and Senior Management's Emoluments

(a) Directors' and Chief Executive's Emoluments

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

	2014 HK$'000	2013 HK$'000
Fees	560	560
Other emoluments	2,768	2,734
	3,328	3,294

Neither the Chief Executive nor any of the Directors of the Company waived any emoluments during the year (2013: Nil).

Details of the emoluments paid and payable to the Directors and the Chief Executive of the Company are as follows:

	Year ended 30 June 2014				
Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Share-based payment HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo Lin Shing, Simon ("**Mr. Lo**")	100	–	2,768	–	2,868
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	–	2,768	–	3,328

12. Directors', Chief Executive's and Senior Management's Emoluments (Continued)

(a) *Directors' and Chief Executive's Emoluments (Continued)*

Year ended 30 June 2013

Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Share-based payment HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo	100	—	—	—	100
Mr. Ho Hau Chong, Norman	100	—	1,270	—	1,370
Independent Non-executive Directors					
Mr. Lau Wai Piu	120	—	488	—	608
Mr. Tsui Hing Chuen, William *JP*	120	—	488	—	608
Mr. Lee Kee Wai, Frank	120	—	488	—	608
	560	—	2,734	—	3,294

Mr. Lo is also the Chief Executive of the Company and his emoluments disclosed above include those for the services rendered by him as the Chief Executive.

(b) *Five Highest Paid Individuals*

One of the Directors was included in the five highest paid individuals for the year ended 30 June 2014 (2013: Three). The emoluments payable to the four (2013: two) individuals during the year were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and allowances	**1,350**	1,420
Share-based payment	**4,885**	—
Pension costs — defined contribution plans	**31**	30
	6,266	1,450

12. Directors', Chief Executive's and Senior Management's Emoluments (Continued)

(b) *Five Highest Paid Individuals (Continued)*

The emoluments fell within the following bands:

	Number of individuals	
Emolument bands	2014	2013
HK$500,001 to HK$1,000,000	2	2
HK$2,000,001 to HK$2,500,000	2	—
	4	2

13. Income Tax (Credit)/Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2014 HK$'000	2013 HK$'000
Current tax		
— Hong Kong profits tax	—	396
— Over-provision in prior year	(33)	(34)
Deferred tax		
— Origination of temporary differences (Note 24)	6	144
Total income tax (credit)/expense	(27)	506

13. Income Tax (Credit)/Expense (Continued)

The tax on the Group's operating (loss)/profit differs from the theoretical amount that would arise using the Hong Kong taxation rate, as follows:

	2014 HK$'000	2013 HK$'000
(Loss)/profit before taxation	(14,184)	8,063
Calculated at a taxation rate of 16.5% (2013: 16.5%)	(2,340)	1,330
Effect of different taxation rates in other countries	28	(75)
Income not subject to tax	(435)	(2,434)
Expenses not deductible for taxation purposes	1,419	1,160
Tax losses not recognised	1,334	559
Over-provision in prior year	(33)	(34)
Income tax (credit)/expense	(27)	506

14. (Loss)/Earning per Share

The calculations of basic and diluted (loss)/earning per share are based on the following information:

	2014 HK$'000	2013 HK$'000
(Loss)/earning attributable to owners of the Company, as used in the calculation of basic and diluted (loss)/earning per share	(14,080)	7,557
Number of shares		
	'000	'000 (Restated)
Weighted average number of ordinary shares in issue for calculating of basic and diluted (loss)/earning per share (Note)	2,301,777	1,482,167

Note: Diluted (loss)/earning per share is the same as basic (loss)/earning per share for the years ended 30 June 2013 and 2014 as the share options have no dilutive impact for both years. The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 30 June 2013 has been adjusted for the bonus element of the rights issue completed on 23 July 2013.

15. Loss Attributable to Shareholders of the Company

The loss attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$11,029,000 for the year ended 30 June 2014 (2013: HK$8,920,000).

16. Property, Plant and Equipment — Group

	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 July 2012	5	1,249	50	371	1,675
Additions	—	206	—	229	435
Disposals	—	—	—	(303)	(303)
Written off	—	(9)	—	—	(9)
Exchange difference	—	—	—	2	2
At 30 June 2013	5	1,446	50	299	1,800
Additions	**91**	**451**	**290**	**1,051**	**1,883**
Written off	**—**	**(11)**	**—**	**(70)**	**(81)**
Exchange difference	**—**	**—**	**—**	**(1)**	**(1)**
At 30 June 2014	**96**	**1,886**	**340**	**1,279**	**3,601**

16. Property, Plant and Equipment — Group (Continued)

	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation					
At 1 July 2012	3	590	50	371	1,014
Charge for the year	2	309	—	15	326
Disposals	—	—	—	(303)	(303)
Written off	—	(9)	—	—	(9)
Exchange difference	—	—	—	2	2
At 30 June 2013	5	890	50	85	1,030
Charge for the year	**9**	**329**	**53**	**67**	**458**
Written off	**—**	**(8)**	**—**	**(70)**	**(78)**
Exchange difference	**—**	**—**	**—**	**(1)**	**(1)**
At 30 June 2014	**14**	**1,211**	**103**	**81**	**1,409**
Net book value					
At 30 June 2013	—	556	—	214	770
At 30 June 2014	**82**	**675**	**237**	**1,198**	**2,192**

17. Investment Properties — Group

	2014 HK$'000	2013 HK$'000
At beginning of the year	37,586	21,279
Acquisition of subsidiaries	—	27,690
Fair value gain on investment properties	235	4,018
Disposals	—	(15,920)
Currency translation differences	(186)	519
At end of the year	37,635	37,586

(a) Amounts recognised in profit and loss for investment properties

	2014 HK$'000	2013 HK$'000
Rental income	1,522	1,289
Direct operating expenses from properties that generated rental income	(306)	(288)
Direct operating expenses from a property that did not generate rental income	—	(94)
	1,216	907

Fair value hierarchy

Under HKFRS 13 "Fair Value Measurement", the fair value measurement should be illustrated based on the three-level fair value hierarchy and the classification is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

17. Investment Properties — Group (Continued)

(a) *Amounts recognised in profit and loss for investment properties (Continued)*

Fair value hierarchy (Continued)

There has been no change from the valuation technique used in the prior year and it is classified as Level 2 hierarchy. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of investment properties were revalued on an open market value basis at 30 June 2014 by Cushman & Wakefield Valuation Advisory Services (HK) Ltd, an independent professionally qualified valuer. The 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 locations and lease terms of the investment properties are analysed as follows:

	2014 **HK$'000**	2013 HK$'000
In Hong Kong, held on medium-term leases	**14,375**	14,150
In Mainland China, held on medium-term leases	**23,260**	23,436
	37,635	37,586

18. Exploration and Evaluation Assets — Group

During the year, the Group acquired 51% equity interest of a group of companies which owns mineral exploration licenses in southern and western parts of Mongolia. The additions to the exploration and evaluation assets subsequent to the acquisition represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

	2014 HK$'000
Acquisition of subsidiaries (Note)	361
Additions	8,640
At end of the year	9,001

Note: On 2 January 2014, Creative Way Global Limited, a wholly owned subsidiary of the Company, entered into an acquisition agreement with Mr. Lo for the acquisition of 51% equity interest in Blue Stream Enterprises Limited (the "**Blue Stream**") and its subsidiaries (collectively referred to as the "**Blue Stream Group**") which owns several mineral exploration licenses in southern and western parts of Mongolia. The consideration was US$1 (approximately HK$8) in cash. The acquisition was completed on 20 January 2014.

At the acquisition date, the Blue Stream Group has net liabilities of HK$660,000, which included cash of HK$39,000. The acquisition was considered as an asset acquisition and the Group identified and recognized the individual identifiable assets and liabilities acquired and allocated the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their fair values at the date of completion. In this regard, the initial cost of the exploration and evaluation assets amount included (i) the consideration paid, (ii) direct costs incurred directly attributable for the acquisition, and (iii) fair value of cash and bank balances and net liabilities of the Blue Stream Group acquired/assumed at the completion date. The net cash inflow of the acquisition was approximately HK$16,000.

19. Investments in Subsidiaries — Company

	2014 HK$'000	2013 HK$'000
Unlisted investments, at costs (Note a)	**60,119**	86,719
Amounts due from subsidiaries (Note b)	**129,601**	111,881
	189,720	198,600
Less: Provision for impairment (Note c)	**(123,956)**	(123,579)
	65,764	75,021

Notes:

(a) Particulars of the principal subsidiaries of the Company at 30 June 2013 and 2014 are as follows:

Name	Place of incorporation	Particulars of issued share capital	Effective interest held 2014	Effective interest held 2013	Principal activities and place of operation
Cyber On-Air (Asia) Limited #	Hong Kong	100 ordinary shares of total HK$100 and 100,000 non-voting deferred shares of total HK$100,000	**100%**	100%	Provision of network solutions and project services in Hong Kong
Jetco Technologies Limited #	Hong Kong	1,250,000 ordinary shares of total HK$1,250,000	**100%**	100%	Property investment in Mainland China
Lipro Prosper Limited #	Hong Kong	2 ordinary shares of total HK$2	**100%**	100%	Property investment in Mainland China
Greenham Development Limited #	Hong Kong	2 ordinary shares of total HK$2	**100%**	100%	Property investment in Hong Kong
Asia Logistics Management Services Limited	Hong Kong	2 ordinary shares of total HK$2	**100%**	100%	Provision of management services in Hong Kong
Silver Value Global Limited ^	Hong Kong	1 ordinary share of total HK$1	**100%**	—	Yacht building in Hong Kong
FVSP LLC # *	Mongolia	100,000 ordinary shares of US$1 each	**51%**	—	Mineral exploration in Mongolia

Subsidiaries indirectly held by the Company
^ Subsidiary incorporated during the financial year
* Subsidiaries acquired during the financial year

19. Investments in Subsidiaries — Company (Continued)

Notes (continued):

(b) The amounts due from subsidiaries are unsecured, interest-free and not repayable within 12 months from the balance sheet date. The balances represent quasi-equity funding by the Company to the respective subsidiaries.

(c) The Group has made a further provision for impairment of investment in subsidiaries and amount due from subsidiaries of HK$377,000 (2013: reversal of provision HK$19,851,000) after taking into account the subsidiaries' business developments, financial positions and other factors.

(d) Material non-controlling interest

The total non-controlling interest as at 30 June 2014 is HK$5,015,000 which is solely for the Blue Stream Group (defined in Note 18).

Summarised statement of financial position of Blue Stream Group

	2014 HK$'000
Current	
Assets	2,303
Liabilities	(1,271)
Total current net assets	1,032
Non-current	
Assets	9,203
Net assets	10,235

Summarised statement of profit or loss of Blue Stream Group

	2014 HK$'000
Revenue	—
Loss before taxation	(157)
Income tax expense	—
Other comprehensive expense	—
Total comprehensive expense	(157)
Total comprehensive expense allocated to non-controlling interest	(77)

Summarised cash flows of Blue Stream Group

	2014 HK$'000
Cash flows from operating activities	
Cash generated from operations	(332)
Income tax paid	—
Net cash generated from operating activities	(332)
Net cash used in investing activities	(9,213)
Net cash generated from financing activities	11,605
	2,060
Cash and cash equivalents at the beginning of the year	39
Cash and cash equivalents at end of year	2,099

The information above is the amount before inter-company eliminations.

20. Goodwill — Group

	2014 HK$'000	2013 HK$'000
At beginning and end of the year	3,334	3,334

Impairment tests for goodwill

The Group completed its annual impairment test for goodwill allocated to the Group's CGUs as disclosed below 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 5 years (2013: 5 years). Cash flows beyond 2018 are extrapolated using the estimated growth rate stated below.

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

	2014 Network solutions and project services	2013 Network solutions and project services
Gross margin	27%	25%
Growth rate	5%	5%
Discount rate	12%	12%

	HK$'000	HK$'000
Carrying amount of goodwill	3,334	3,334

The recoverable amount was calculated based on value-in-use exceeded carrying value as at 30 June 2014.

21. Inventories — Group

	2014 HK$'000	2013 HK$'000
Raw materials	**3,400**	4
Work in progress	**3,739**	1,592
Finished goods	**236**	556
	7,375	2,152

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK$11,654,000 (2013: HK$12,692,000).

22. Trade Receivables — Group

	2014 HK$'000	2013 HK$'000
Trade receivables	**5,279**	6,439

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

	2014 HK$'000	2013 HK$'000
1–30 days	**2,197**	1,282
31–60 days	**149**	736
61–90 days	**144**	280
Over 91 days	**2,789**	4,141
	5,279	6,439

22. Trade Receivables — Group (Continued)

As of 30 June 2014, trade receivables of HK$3,446,000 (2013: HK$5,163,000) 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:

	2014 HK$'000	2013 HK$'000
Past due 1–30 days	559	663
Past due 31–60 days	98	245
Past due 61–90 days	270	2,135
Past due 91–180 days	2,519	2,120
	3,446	5,163

None of the trade receivables were impaired as at 30 June 2014 (2013: Nil).

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

	2014 HK$'000	2013 HK$'000
HK$	4,563	5,910
US$	581	529
RMB	135	—
	5,279	6,439

The carrying amounts of trade receivables approximate their fair values.

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. Cash and Bank Balances — Group and Company

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**277,481**	128,982	**240,912**	91,649

The cash and bank balances of certain subsidiaries of the Group as at 30 June 2014 included balances with Mainland China totalling approximately HK$390,000 (2013: HK$218,200) which were denominated in RMB and US$. 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 1.17% (2013: 1.13%) per annum. The maturity days of the short-term bank deposit ranged from one week to three months.

24. Deferred Income Tax Liabilities — Group

	Accumulated depreciation HK$'000	Fair value gain on investment properties HK$'000	Total HK$'000
At 1 July 2012	90	963	1,053
Charge to consolidated statement of profit or loss (Note 13)	(20)	164	144
At 30 June 2013	70	1,127	1,197
(Credit)/charge to consolidated statement of profit and loss (Note 13)	**(32)**	**38**	**6**
At 30 June 2014	**38**	**1,165**	**1,203**

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$42,681,000 (2013: HK$114,202,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$5,860,070 (2013: HK$8,758,000) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

25. Trade Payables — Group

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

	2014 HK$'000	2013 HK$'000
0–30 days	1,744	2,857
31–60 days	574	140
61–90 days	1	16
91–180 days	910	2,367
	3,229	5,380

The carrying amounts of trade payables approximate their fair values.

26. Amounts due to subsidiaries — Company

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

27. Share Capital

	No. of shares	HK$'000
Authorised:		
At 1 July 2012, 30 June 2013 and 2014	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2012 and 30 June 2013	1,410,380,690	141,038
Issue of ordinary shares:		
— Rights issue (Note a)	705,190,345	70,519
— Placement of new shares (Note b)	420,000,000	42,000
At 30 June 2014	2,535,571,035	253,557

The total authorised number of ordinary shares is 20,000 million shares (2013: 20,000 million) with a par value of HK$0.10 per share (2013: HK$0.10 per share).

27. Share Capital (Continued)

Notes:

(a) On 23 July 2013, the Company completed a rights issue of 705,190,345 ordinary shares of HK$0.10 each at a subscription price of HK$0.10 per share (the "**2013 Rights Issue**"). These new shares rank pari passu in all respect with the existing shares. The net proceeds from the 2013 Rights Issue amounted to approximately HK$67.6 million. The difference between the net proceeds and the nominal value of HK$2,933,000 is charged to share premium.

(b) On 18 December 2013, the Company completed a placing of 420,000,000 shares at a subscription price of HK$0.25 per share. These new shares rank pari passu in all respect with the existing shares. Net proceeds of the placement amounted to approximately HK$102.8 million. The difference between the net proceeds and the nominal value of HK$60,782,000 is recognised as share premium.

Share option scheme

The share option scheme for the Group is valid and effective for a period of 10 years commencing on 23 November 2011 (the "**2011 Share Option Scheme**"). 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.

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.

27. Share Capital (Continued)

Share option scheme (Continued)

Movements in the number of share options outstanding under share option scheme and their related weighted average exercise prices are as follows:

	2014		2013	
	Weighted average exercise price per share HK$	Number of share options	Weighted average exercise price per share HK$	Number of share options
At beginning of the year	0.190	64,000,000	0.400	62,000,000
Rights issue adjustment	(0.009)	3,428,570	—	—
Granted	0.710	28,800,000	0.190	64,000,000
Lapsed	—	—	0.400	(62,000,000)
At end of the year	0.339	96,228,570	0.190	64,000,000

Share options outstanding under the 2011 Share Option Scheme at the end of the year have the following exercise periods and exercise prices:

			Number of shares subject to options	
Date of grant	Exercise price HK$	Exercise period	2014	2013
11-1-2013	0.181 (Note)	11-1-2013 to 10-1-2018	67,428,570 (Note)	64,000,000
05-3-2014	0.730	05-3-2014 to 04-3-2019	18,800,000	—
09-6-2014	0.660	09-3-2015 to 31-5-2016	5,000,000	—
09-6-2014	0.660	09-9-2015 to 31-5-2016	5,000,000	—

Note: The exercise price and number of share options were adjusted pursuant to the rights issue of the Company completed on 23 July 2013.

27. Share Capital (Continued)

Share option scheme (Continued)

The fair values of options granted were determined as follow:

	11 January 2013	5 March 2014	9 June 2014	9 June 2014
Option value (at grant date)	HK$5,899,000	HK$7,654,000	HK$1,425,000	HK$1,494,000
Fair value per option (at grant date)	HK$0.09	HK$0.41	HK$0.29	HK$0.30
Significant inputs into the valuation model:				
Exercise price at grant date	HK$0.19	HK$0.73	HK$0.66	HK$0.66
Share price at grant date	HK$0.19	HK$0.73	HK0.64	HK0.64
Expected volatility	70.76%	84.27%	92.58%	92.58%
Risk-free interest rate	0.424%	1.231%	0.363%	0.363%
Life of options	5 years	5 years	1.98 years	1.98 years
Expected dividend yield	0%	0%	0%	0%
Valuation model applied	Binomial	Binomial	Binomial	Binomial

Note: The share options were granted to the Directors, employees and other eligible person.

28. Reserves

(a) Group

	Share premium HK$'000	Revaluation reserve (Note) HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Sub-total HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2012	103,938	2,366	10,155	4,788	121,247	(109,607)	11,640
Profit for the year	–	–	–	–	–	7,557	7,557
Currency translation differences	–	–	–	536	536	–	536
Reclassified to profit or loss on deregistration of subsidiaries	–	–	–	(1,812)	(1,812)	–	(1,812)
Share-based payment	–	–	5,899	–	5,899	–	5,899
Share options lapsed at expiry date and credited to accumulated losses	–	–	(10,155)	–	(10,155)	10,155	–
At 30 June 2013	103,938	2,366	5,899	3,512	115,715	(91,895)	23,820
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(14,080)**	**(14,080)**
Currency translation differences	**–**	**–**	**–**	**(195)**	**(195)**	**–**	**(195)**
Rights issue	**(2,933)**	**–**	**–**	**–**	**(2,933)**	**–**	**(2,933)**
Placement of new shares	**60,782**	**–**	**–**	**–**	**60,782**	**–**	**60,782**
Share-based payment	**–**	**–**	**7,840**	**–**	**7,840**	**–**	**7,840**
At 30 June 2014	**161,787**	**2,366**	**13,739**	**3,317**	**181,209**	**(105,975)**	**75,234**

Note: During the financial year ended 30 June 2009, the Group's leasehold building was redesignated as investment property. The difference of net book value and fair value upon transfer from leasehold building to investment property was recognised in revaluation reserve, while subsequent changes in fair values have been recorded in the consolidated statement of profit or loss.

28. Reserves (Continued)

(b) Company

	Share Premium (Note) HK$'000	Share option reserve HK$'000	Sub-total HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2012	103,938	10,155	114,093	(117,356)	(3,263)
Loss for the year	—	—	—	(8,920)	(8,920)
Share-based payment	—	5,899	5,899	—	5,899
Share options lapsed at expiry date and credit to accumulated losses	—	(10,155)	(10,155)	10,155	—
At 30 June 2013	103,938	5,899	109,837	(116,121)	(6,284)
Loss for the year	**—**	**—**	**—**	**(11,029)**	**(11,029)**
Share-based payment	**—**	**7,840**	**7,840**	**—**	**7,840**
Rights issue (Note 27)	**(2,933)**	**—**	**(2,933)**	**—**	**(2,933)**
Placement of new shares (Note 27)	**60,782**	**—**	**60,782**	**—**	**60,782**
At 30 June 2014	**161,787**	**13,739**	**175,526**	**(127,150)**	**48,376**

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.

29. Note to Consolidated Statement of Cash Flows

Reconciliation of loss before taxation to cash used in operations:

	2014 HK$'000	2013 HK$'000
(Loss)/profit before taxation	(14,184)	8,063
Depreciation of property, plant and equipment	458	326
Gain on disposal of investment properties	—	(10,094)
Gain on disposal of property, plant and equipment	—	(40)
Loss on written off of property, plant and equipment	3	—
Fair value gain on investment properties	(235)	(4,018)
Gain on exchange differences on deregistration of the subsidiaries	—	(1,812)
Interest income	(1,030)	(476)
Bad debts	21	—
Share-based payment	7,840	5,899
Gains on bargain purchases	—	(423)
Write off of inventories	7	22
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	1,139	(868)
— prepayments, deposits and other receivables	(3,306)	3,255
— inventories	(5,230)	2,848
— trade payables	(2,151)	(2,762)
— accrued charges and other payables	(715)	(3,152)
Cash used in operations	(17,383)	(3,232)

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

	2014 HK$'000	2013 HK$'000
Net book amount	—	—
Gain on disposal of property, plant and equipment	—	40
Proceeds from disposal of property, plant and equipment	—	40

30. Acquisition of Subsidiaries

On 20 December 2013, Creative Way Global Limited, a wholly owned subsidiary of the Company, entered into conditional sale and purchase agreements to acquire 100% equity interest in Future Vantage (Singapore) Private Group (the "**Future Vantage Group**") from Blue Stream at cash consideration of SGD1 (equivalent to HK$6). Blue Stream is beneficially owned by Mr. Lo who is also the chairman and executive director of the Company. Future Vantage Group has a subsidiary in Mongolia with no active operation at the time of acquisition. The acquisition of Future Vantage Group was completed on 9 January 2014.

Acquisition-related costs of HK$24,000 in aggregate have been charged to other expenses in the consolidated statement of profit or loss for the year ended 30 June 2014.

Future Vantage Group contributed loss before taxation of HK$625,000 to the Group for the period from 9 January 2014, being the date of acquisition, to 30 June 2014. If the acquisition had occurred on 1 July 2013, the Group's loss before taxation would have been HK$14,183,000.

The fair values of the assets and liabilities of the Future Vantage Group at the completion date of acquisition were as follows:

Consideration:	HK$
Cash consideration paid	6

Recognised amounts of identifiable assets acquired and liabilities assumed	HK$
Deposits and prepayments	164,701
Cash and bank balances	70,006
Accruals and other payable	(234,701)
Total identifiable net assets	6

Net cash inflow arising on acquisitions:	HK$'000
Cash and bank balances acquired	70
Less: Cash consideration paid	—
	70

On 2 January 2014, the Group acquired Blue Stream Group and details are set out in Note 18.

31. Operating Lease Commitments

At 30 June 2014, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2014 HK$'000	2013 HK$'000
No later than 1 year	622	517
Later than 1 year and no later than 5 years	274	—
	896	517

At 30 June 2014 and 30 June 2013, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

All of the investment properties (2013: All) are leased to tenants under operating leases with rentals payable monthly or quarterly. Minimum lease payments receivables on leases of the investment properties are as follows:

	2014 HK$'000	2013 HK$'000
No later than 1 year	821	1,530
Later than 1 year and no later than 5 years	—	826
	821	2,356

There are no contingent rents receivable from the leasing of investment properties.

32. Capital Commitments

The total capital expenditure of exploration activities in Mongolia which is authorised by the Company's board of directors but not contracted for as at 30 June 2014 amounts to HK$15,612,000 (2013: Nil). Such capital expenditure of exploration activities is contributed by equity holders on a pro-rata basis which is authorised but has not been contracted for as at 30 June 2014 amounts to HK$7,962,000 (2013: Nil).

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2014 HK$'000	2013 HK$'000
Exploration drilling	4,297	—
Yacht building	3,879	—
	8,176	—

33. Related Party Transactions

The Group is controlled by Moral Glory International Limited ("**Moral Glory**") (incorporated in the British Virgin Islands) whereas the ultimate controlling party of Moral Glory is Mr. Lo. Moral Glory and Mr. Lo collectively owns 32.79% of the Company's shares. The remaining 67.21% of the shares are widely held.

(a) Other than transactions disclosed in Notes 18 and 30, 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:

	2014 HK$'000	2013 HK$'000
Operating lease rental income from Mongolia Energy Corporation (Greater China) Limited ("**MEC Greater China**") (Note (1))	**300**	215
Operating lease rental expenses to Island Oasis Shipbuilding Limited ("**Island Oasis**") (Note (2))	**432**	—

Notes:

(1) Mr. Lo is the director of MEC Greater China.

(2) Mr. Lo is the director and beneficial owner of Island Oasis.

(b) Year end balance arising from the related party transactions as included in prepayments, deposits and other receivables and accrued charges and other payables is as follows:

	2014 HK$'000	2013 HK$'000
Amount due to MEC Greater China	**(50)**	(50)
Amount due to Swift Fortunes Mongolia LLC	**(212)**	—
Amount due from Island Oasis	**23**	—

The amounts due (to)/from related companies were unsecured and interest-free, and had no fixed terms of repayment.

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

	2014 HK$'000	2013 HK$'000
Salaries and other employee benefits	**3,328**	3,294

Five-Year Financial Summary

The historical figures represent financial information of the Group for the years from 2010 to 2014.

Consolidated Statement of Profit or Loss

	For the year ended 30 June				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Revenue					
Continuing operations	30,528	30,470	35,557	37,284	**22,289**
Discontinued operations	—	—	936	—	**—**
	30,528	30,470	36,493	37,284	**22,289**
Profit/(loss) attributable to owners of the Company	(17,063)	(19,485)	(2,044)	7,557	**(14,080)**
	(Restated)	(Restated)	(Restated)	(Restated)	
Basic earnings/(loss) per share (Note) (HK cents)	(1.41)	(1.32)	(0.14)	0.51	**(0.61)**

Consolidated Statement of Financial Position

	As at 30 June				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Non-current assets					
Property, plant and equipment	89,819	68,968	661	770	**2,192**
Investment properties	17,214	19,584	21,279	37,586	**37,635**
Exploration and evaluation assets	—	—	—	—	**9,001**
Goodwill	3,628	3,334	3,334	3,334	**3,334**
Total non-current assets	110,661	91,886	25,274	41,690	**52,162**
Net current assets	61,373	62,041	128,457	124,365	**282,847**
Total assets less current liabilities	172,034	153,927	153,731	166,055	**335,009**
Representing:					
Share capital	140,960	141,038	141,038	141,038	**253,557**
Other reserves	118,511	119,583	121,247	115,715	**181,209**
Accumulated losses	(88,078)	(107,563)	(109,607)	(91,895)	**(105,975)**
Total equity	171,393	153,058	152,678	164,858	**328,791**
Non-controlling interest	—	—	—	—	**5,015**
Non-current liabilities					
Deferred income tax liabilities	641	869	1,053	1,197	**1,203**
	172,034	153,927	153,731	166,055	**335,009**

Note: As a result of the rights issue completed in the year of 2014, figures for the years from 2010 to 2013 have been restated for comparative purpose.

Schedule of Investment Properties

Investment Properties as at 30 June 2014

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
Unit 2, G/F., Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, N.T.	Commercial	Medium term	100
Unit 3, G/F., Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, N.T.	Commercial	Medium term	100
Unit 13, 2/F., Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, N.T.	Commercial	Medium term	100
Car park space P4 on 1/F, Fanling Industrial Centre, 21 On Kui Street, On Lok Tsuen, Fanling, N.T.	Commercial	Medium term	100