Vision Values

Vision Values Holdings Limited

Stock Code: 862

Annual Report 2015

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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Non-executive Directors

Mr. 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

Public Bank (Hong Kong) Limited
Standard Chartered Bank

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 2015 (the "**Financial Year**").

Financial Results Summary

— Revenue for the Financial Year was HK$22.0 million (2014: HK$22.3 million).

— Loss attributable to owners of the Company was HK$45.2 million (2014: HK$14.1 million).

— Loss per share attributable to owners of the Company was HK cents 1.78 (2014: HK cents 0.61)

Management Discussion and Analysis

Business Review

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

The sales performance of NSPS for the Financial Year was on a par with last year. The total revenue amount achieved was HK$20.6 million (2014: HK$20.8 million) with gross profit of approximately HK$5.4 million (2014: HK$4.8 million).

NSPS earns its revenue through the sale of telecom solution, enterprise solution, system maintenance services and project services. The annual revenue breakdown is as follows: (i) revenue from telecom solution was HK$7.7 million (2014: HK$9.7 million); (ii) revenue from enterprise solution was HK$4.6 million (2014: HK$4.9 million); (iii) revenue from system maintenance services was HK$2.9 million (2014: HK$2.4 million); and (iv) revenue from project services was HK$5.4 million (2014: HK$3.8 million).

It was a challenging year for NSPS as many long term business partners were facing either industry consolidation or business downturn. One of our new vendors, Time & Frequency Solutions Ltd, was acquired by a US company in May 2015. Meru Networks was sold to Fortinet Inc. in July 2015. Motorola Solutions sold their WiFi & enterprise solution business to Zebra Technologies Corporation in 2014 and RAD Data Communications closed their Hong Kong office during the Financial Year. These changes in the business environment have negatively affected our sales activities in the Hong Kong market.

After Symmetricom was acquired by Microsemi, Microsemi has introduced another reseller partner in Hong Kong. The lost of sole distributorship right and existence of competition have driven down the revenue from projects involving products from Symmetricom. In order to avoid the over-reliance on Microsemi, NSPS has established new partnership with Time & Frequency Solutions and Oscilloquartz. These two companies can offer similar products that can substitute Microsemi's product line. Through the Financial Year, we sold two sets of system from these two companies. The successful introduction of their system to the Hong Kong market has showcased our strength to them and starting to build up mutual trust. In the meantime, we are starting the groundwork with existing customers by convincing them to adopt system from these two vendors for future replacement or system expansion. The recent change of management control of Time & Frequency Solutions distorts our game plan. We may need to access in the coming months on any potential impacts affecting our newly built partnership.

After RAD Data Communications ("**RAD**") closed their Hong Kong office in late 2014, we experienced lacking of pre-sales and after sales support from RAD locally. We need to spend additional time and resources before we can sell the system to our clients.

For the business of enterprise solution, the revenue was mainly generated from the sales of WiFi system. Since the enterprise business of Motorola was sold to Zebra, Zebra has recruited more resellers in Hong Kong causing the WiFi project competition becomes severe and operates on thinner profit margins. For the change of management control of Meru Networks, we will take a wait and see approach as we have no information on hand in respect of any sales strategy changes to be proposed by Fortinet in the coming months.

For the project services, the revenue was mainly generated from the structural cabling works for one of the telecommunication operators in Hong Kong. Besides civil and electrical works, the project service team is actively promoting its value added services. For example, the installation of a set of video wall at a university campus successfully during the Financial Year is a good job reference.

In last financial year, NSPS carried out certain project services in Hong Kong on behalf of a contractor and the amount overdue was approximately HK$2.4 million. The management of NSPS is closely monitoring the recovery of this amount and appropriate measures including but not limited to legal actions are being taken to facilitate subsequent settlement as soon as possible.

2. Property Investment

The rental income during the Financial Year was HK$1.4 million (2014: HK$1.5 million). The slight decrease in rental income was due to the fact that one of the Group's properties at Fanling, New Territories was re-possessed by the Group for godown purpose during the Financial Year. Besides, the downward adjustment of rental amount upon the renewal of the Beijing office in December 2014 also contributed to the dropped in revenue. All the Group's investment properties were fully rented out as at 30 June 2015.

3. Yacht Construction and Trading

The building of the first yacht was in smooth progress and adhered to the original construction time table. The estimated completion date is around first quarter of 2017.

4. Exploration and Evaluation of Mineral Resources

The initial exploration at license number 13598X area was completed during the Financial Year and the exploration results warranted a second phase exploration. The second phase exploration covering license numbers 13598X and 12999X started in March 2015 and will last until October 2015. The drilling plan for second phase exploration consisted of drilling up to a total depth of 14,000 meters. Once the second phase exploration is completed, the detailed analysis of the data from drilling works will be commenced immediately to access the development potential.

During the Financial Year, the Group had determined 4 exploration licenses were lacking development potential and they were returned to the Mongolian government. All the costs related to these licenses of HK$1.8 million (2014: Nil) were written off in the Financial Year.

Financial Review

1. Results Analysis

For the Financial Year, the Group's revenue dropped 1.2% to HK$22.0 million (2014: HK$22.3 million). Around 93.6% of the Group's total revenue was generated from the NSPS business segment (2014: 93.2%).

The deterioration of the residential property market in Beijing accounted for the overall loss in fair value of HK$2.9 million in the Financial Year (2014: fair value gain of HK$0.2 million). The fair value of investment properties were revalued on market basis by comparison approach and/or investment approach, where appropriate, as at 30 June 2015 by an independent professionally qualified valuer.

The surge in employee expenses was mainly due to (i) the recognition of share-based payments of HK$2.5 million over the vesting period in relation to share options granted to certain employees of the Group in June 2014; (ii) the Company granted a total of 20,000,000 share options to the directors and an employee of the Group and the related share-based payment were HK$7.6 million (2014: HK$7.8 million); and (iii) new employee expenses relating to the yacht building and minerals exploration businesses.

The sharp increase in other expenses was mainly due to (i) the Company granted a total of 48,000,000 share options to several consultants of the Group during the Financial Year and the related share-based payment were HK$16.8 million and (ii) the increase in administrative expenses such as rental expenses of HK$5.3 million (2014: HK$1.5 million) for shipyard as well as new office premises for yacht building and minerals exploration business.

2. Liquidity and Financial Resources

As at 30 June 2015, the capital and reserves attributable to the shareholders of the Company was HK$326.0 million (2014: HK$328.8 million).

The details of utilization of net proceeds from two fund raising exercises in 2013 were as follows:

(a) 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 2015, approximately HK$40.4 million was utilized for yacht construction and for contribution to the exploration and evaluation business in Mongolia; and

(b) The net proceeds from the placement of the Company's new shares made in December 2013 were approximately HK$102.8 million and were intended to be applied for acquisition of assets and/or businesses should suitable opportunities become available. As at 30 June 2015, the net proceed had not been utilized.

The Company has no present intention to change the intended use of these net proceeds.

As at 30 June 2015, the Group has no bank or other borrowings (2014: 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 2015 (2014: 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 2015, the Group did not have material contingent liabilities (2014: Nil).

Business Outlook and Development

By the end of the Financial Year, the orders on hand for NSPS were approximately HK$12.6 million. Among them, around 28% belongs to telecom and enterprise solutions, 16% belongs to maintenance contracts and 56% belongs to project services.

The market for WiFi system in Hong Kong for now is mature and saturated with severe competition, the traditional way of selling WiFi system earns very thin profit margin for NSPS. Our focus for the future will be offering value added solutions around wireless system which includes solutions for WiFi and Point to Point or Point to Multi-point wireless broadband system. For the WiFi system, we are studying and considering the mobile device management (MDM) solution as well as the mobile content management (MCM) solution as the value added solutions for our WiFi and Wireless Broadband system.

MDM is the administrative area dealing with deploying, securing, monitoring, integrating and managing mobile devices, such as smartphones, tablets and laptops, in the workplace or school campus. For the MCM, the objective is to ensure any users accessing the institution's computer server to have their data files being shared, edited or viewed are encrypted and will not be stored at any user's mobile device. We noted that the market for MDM and MCM is emerging and demands from large enterprise are kept on increasing. We shall pay more focus on promoting these two solutions in future.

In the near future, we shall include video surveillance system with our Point to Point and Point to Multipoint wireless broadband system as a total surveillance solution. There are many real-life business cases in other countries by employing wireless systems for surveillance purpose. We will try to replicate these successful cases locally.

NSPS entered a cellular site installation contract with a mobile telecom operator in March 2015. Since then, this mobile telecom operator has placed contract order of approximately HK$7.0 million to us. We foresee the revenue amount will be increased for project services. In order to diversify the revenue income of project services, we have employed a sales staff to explore more business opportunities in the areas relating to data center, computer server room, structural cabling etc. The objective is to make use of our skill set and expertise to expand the client base.

With the existing projects and maintenance contracts on hand together with several potential projects under discussion, we are cautiously optimistic on the business of NSPS.

On 11 August 2015, the Company entered into a subscription agreement (the "**P&P Subscription Agreement**") with (a) Philosophy Quantum Investment Co. Limited ("**PQ Investment**"); and (b) the People's Insurance Company (Group) of China Limited ("**PICC**") as subscribers of new shares of the Company to be issued and allotted; and (c) Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), an Executive Director and controlling shareholder of the Company, as indemnifier. PQ Investment is a company currently wholly-owned by Qifei International Development Co. Limited ("**Qifei**") which is a wholly-owned subsidiary of Qihoo 360 Technology Co. Limited whose American depository shares are listed in The New York Stock Exchange. PQ Investment, subject to obtaining requisite approvals in the PRC, will be owned as to 50% by PICC Property and Casualty Company Limited ("**PICC P&C**") and 50% by Qifei prior to completion of the P&P Subscription Agreement. PICC P&C and PICC are companies whose shares are listed on the main board of the Hong Kong Stock Exchange. PQ Investment and PICC are third parties independent of and not connected with the Company. Under the P&P Subscription Agreement, PQ Investment has conditionally agreed to subscribe an aggregate 5,795,000,000 new shares of the Company and PICC has conditionally agreed to subscribe an aggregate 855,000,000 new shares of the Company by way of two tranches, at the subscription price of HK$0.18 each. On the same day, the Company also entered into another subscription agreement (the "**PC Subscription Agreement**") with Pearl Charm Investments Limited ("**Pearl Charm**") (a company wholly-owned by Mr. Hui Yee Wilson, a third party independent of and not connected with the Company), pursuant to which Pearl Charm has conditionally agreed to subscribe 150,000,000 new shares of the Company at the subscription price of HK$0.18. As part of the subscription transactions, the Board proposes to distribute the Company's entire 51% interest in its non-wholly-owned subsidiary which indirectly holds several mineral exploration licenses in the southern and western parts of Mongolia, in specie to all the shareholders (the "**Distribution In Specie**").

The aggregate gross proceeds of the subscriptions pursuant to the P&P Subscription Agreement and the PC Subscription Agreement are approximately HK$1,224 million. The P&P Subscription Agreement, PC Subscription Agreement and Distribution In Specie are subject to fulfillments of certain conditions and therefore, have not been completed as at the date when these financial statements are approved for issue by the Directors.

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, 16 September 2015

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 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 2014 AGM. An Executive Director had chaired the 2014 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. The Chairman of the Audit and Remuneration Committees of the Company was also present and available to answer questions at the 2014 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 transaction by relevant employees of the Group who are likely to be in possession of unpublished inside information,

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	4/4	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 possessing appropriate professional qualifications, or accounting or related financial management expertise.

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, the Directors can seek independent professional advice at the Group's expense for 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 a connected transaction in relation to additional exploration commitment;

vi. reviewed and approved the adoption of Chinese name of the Company;

vii. reviewed and approved the price-sensitive transactions of the Company; and

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

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

(c) Accountability and Audit

The Directors are responsible for preparing the 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 26.

(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 recognised by registered professional bodies such as The Law Society of Hong Kong, the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries, etc., are recognised 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 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 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	1,300
Non-audit services	21

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 recognised 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 Registrar 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 Financial 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 59, joined the Company in March 2000, is the Chairman and Executive Director. Mr. Lo possesses 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 of Hong Kong Limited.

Mr. Ho Hau Chong, Norman

Mr. Ho, aged 60, 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 an Executive Director of Miramar Hotel and Investment Company, Limited, an Independent Non-executive Director of 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.

Independent Non-executive Director

Mr. Tsui Hing Chuen, William *JP*

Mr. Tsui, aged 64, 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 respectively, all of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. Lau Wai Piu

Mr. Lau, aged 51, 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 Mongolia Energy Corporation Limited, International Entertainment Corporation and Haitong International Securities Group Limited respectively, all of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. Lee Kee Wai, Frank

Mr. Lee, aged 56, 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 of Hong Kong Limited.

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 17 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 28.

No interim dividend was declared (2014: Nil) and the Directors do not recommend the payment of a final dividend for the Financial Year (2014: 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 25 to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the Financial Year are set out in Note 26 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 14 to the financial statements.

Group Financial Information

Five-year financial summary of the Group ended 30 June 2015 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	58%

Sales

the largest customer	15%
five largest customers in aggregate	47%

None of the Directors, their associates or any shareholders (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. Tsui Hing Chuen, William *JP* and Mr. Lau Wai Piu 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 2015, 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	32.08%
Mr. Ho Hau Chong, Norman	Beneficial owner	1,170,000	0.05%
Mr. Tsui Hing Chuen, William *JP*	Beneficial owner	2,500,000	0.10%
Mr. Lau Wai Piu	Beneficial owner	5,267,857	0.20%

Note: Among the total 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	13,800,000	0.53%
Mr. Ho Hau Chong, Norman	Personal	16,696,428	0.64%
Mr. Tsui Hing Chuen, William *JP*	Personal	5,767,857	0.22%
Mr. Lau Wai Piu	Personal	3,000,000	0.12%
Mr. Lee Kee Wai, Frank	Personal	8,267,857	0.32%

Save as disclosed above and the section headed "Share Option Schemes", as at 30 June 2015, 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 2015, 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	845,301,090	32.61%
Moral Glory(Note 2)	Beneficial owner	830,331,090	32.04%

Notes:

1. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 845,301,090 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

Apart from those disclosed in the section headed "CONNECTED TRANSACTIONS", the Company and its subsidiaries have no contracts of significance which a Director of the Company had a material interest, either directly or indirectly, subsisted at the end of the Financial 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 Schemes" 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 Schemes

Under the share option schemes 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 185,557,103 shares which represents 7.16% 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 respectively, during the year were as below:

Name of category of participants	Date of grant	Exercise price HK$	Exercise period	Vesting period	Number of shares subject to options: As at 1 July 2014	Granted during the Financial Year	Lapsed during the Financial Year	Exercised during the Financial Year	As at 30 June 2015
Mr. Lo	05/03/2014	0.730	05/03/2014 to 04/03/2019	N/A	6,800,000	–	–	–	6,800,000
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	7,000,000	–	–	7,000,000
Mr. Ho Hau Chong, Norman	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	13,696,428	–	–	–	13,696,428
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	3,000,000	–	–	3,000,000
Mr. Tsui Hing Chuen, William *JP*	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	5,267,857	–	–	2,500,000	2,767,857
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	3,000,000	–	–	3,000,000
Mr. Lau Wai Piu	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	5,267,857	–	–	5,267,857	–
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	3,000,000	–	–	3,000,000
Mr. Lee Kee Wai, Frank	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	5,267,857	–	–	–	5,267,857
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	3,000,000	–	–	3,000,000
Employees and others in aggregate (including directors of certain subsidiaries)	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	37,928,571	–	–	37,920,000	8,571
	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 31/5/2016	09/06/2014 to 08/03/2015	5,000,000	–	–	–	5,000,000
	09/06/2014	0.660	09/09/2015 to 31/5/2016	09/06/2014 to 08/09/2015	5,000,000	–	–	–	5,000,000
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	–	49,000,000	–	10,580,000	38,420,000
Total					**96,228,570**	**68,000,000**	**–**	**56,267,857**	**107,960,713**

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.

Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following connected transaction is required to disclose in the annual report of the Company:

On 11 July 2014, the Company agreed to increase its commitment to approximately HK$34.2 million on pro rata basis for exploration of mineral interests in Mongolia beneficially owned by Blue Stream Enterprises Limited ("**Blue Stream**"). Blue Steam is owned as to 51% by Creative Way Global Limited, a wholly owned subsidiary of the Company, and 49% by Mr. Lo. Mr. Lo is the Chairman and Executive Director of the Company, and a substantial shareholder holding 32.08% beneficial interest in the entire issued share capital of the Company, he is a connected person of the Company. Details can refer to an announcement of the Company dated 11 July 2014.

For the related party transactions disclosed in Note 30 to the financial statements, the operating lease entered by the Group with Island Oasis Shipbuilding Limited constitutes a continuing connected transaction but exempted under Rule 14A.76(1) of the Listing Rules. Accordingly, such transaction is exempt from the reporting, annual review, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules.

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 2015, the Group had employed a total of 29 full-time employees (2014: 22) in Hong Kong. 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.

Events after the Balance Sheet Date

Details of significant events occurring after the reporting period are set out in Note 31 to the financial statements.

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, 16 September 2015

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 28 to 82 which comprise the consolidated and company statements of financial position as at 30 June 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32), 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 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 30 June 2015 HK$'000	2014 HK$'000
Revenue	6	22,032	22,289
Bank interest income		1,104	1,030
Changes in inventories of finished goods and work in progress	19	(9,743)	(11,654)
Subcontracting fees for project services		(4,167)	(3,118)
Fair value (loss)/gain on investment properties	15	(2,925)	235
Employee benefit expenses	9	(20,572)	(15,699)
Depreciation	14	(971)	(458)
Other expenses	8	(31,372)	(6,809)
Loss before taxation		(46,614)	(14,184)
Income tax credit	11	456	27
Loss for the year		(46,158)	(14,157)
Loss attributable to:			
Owners of the Company		(45,189)	(14,080)
Non-controlling interest		(969)	(77)
		(46,158)	(14,157)
Loss per share attributable to owners of the Company for the year (HK cents)			
Basic and diluted loss per share	12	(1.78)	(0.61)

The Notes on pages 35 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 2015 HK$'000	2014 HK$'000
Loss for the year	**(46,158)**	(14,157)
Other comprehensive loss		
Items that may be reclassified to profit or loss:		
— Currency translation differences	**—**	(195)
Total comprehensive loss for the year	**(46,158)**	(14,352)
Attributable to:		
Owners of the Company	**(45,189)**	(14,275)
Non-controlling interest	**(969)**	(77)
Total comprehensive loss for the year	**(46,158)**	(14,352)

The Notes on pages 35 to 82 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**6,935**	2,192
Investment properties	15	**29,660**	37,635
Exploration and evaluation assets	16	**31,729**	9,001
Goodwill	18	**3,334**	3,334
		71,658	52,162
Current assets			
Inventories	19	**15,559**	7,375
Trade receivables	20	**5,447**	5,279
Prepayments, deposits and other receivables		**5,721**	4,354
Cash and bank balances	21	**260,293**	277,481
		287,020	294,489
Total assets		**358,678**	346,651
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	25	**259,184**	253,557
Other reserves	26(a)	**218,010**	181,209
Accumulated losses	26(a)	**(151,164)**	(105,975)
		326,030	328,791
Non-controlling interest	17	**17,917**	5,015
Total equity		**343,947**	333,806

	Notes	As at 30 June 2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	22	747	1,203
Current liabilities			
Trade payables	23	3,622	3,229
Accrued charges and other payables		10,362	8,413
		13,984	11,642
Total liabilities		14,731	12,845
Total equity and liabilities		358,678	346,651
Net current assets		273,036	282,847
Total assets less current liabilities		344,694	335,009

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 35 to 82 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	17	94,483	65,764
Current assets			
Prepayments, deposits and other receivables		1,157	151
Cash and bank balances	21	247,980	240,912
		249,137	241,063
Total assets		343,620	306,827
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	25	259,184	253,557
Other reserves	26(b)	212,327	175,526
Accumulated losses	26(b)	(158,877)	(127,150)
Total equity		312,634	301,933
LIABILITY			
Current liabilities			
Amounts due to subsidiaries	24	28,901	2,957
Accrued charges and other payables		2,085	1,937
Total liabilities		30,986	4,894
Total equity and liabilities		343,620	306,827
Net current assets		218,151	236,169
Total assets less current liabilities		312,634	301,933

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 35 to 82 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash used in operations	27	(22,372)	(17,383)
Income tax paid		(60)	(486)
Net cash used in operating activities		(22,432)	(17,869)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		—	70
Net cash inflow of acquisition of exploration rights through acquisition of subsidiaries		—	16
Purchase of property, plant and equipment	14	(664)	(1,883)
Additions to exploration and evaluation assets	16	(24,533)	(8,640)
Bank interest received		1,104	1,030
Net cash used in investing activities		(24,093)	(9,407)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares			
— Rights issue		—	67,586
— Placement of new shares		—	102,782
— Exercise of share options	25	15,466	—
Contribution from a non-controlling interest		13,871	5,415
Net cash generated from financing activities		29,337	175,783
Net (decrease)/increase in cash and cash equivalents		(17,188)	148,507
Cash and cash equivalents at the beginning of the year		277,481	128,982
Effect on foreign exchange rate changes		—	(8)
Cash and cash equivalents at end of the year		260,293	277,481

The Notes on pages 35 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 2013	141,038	115,715	(91,895)	164,858	—	164,858
Comprehensive loss:						
Loss for the year	—	—	(14,080)	(14,080)	(77)	(14,157)
Other comprehensive loss:						
Currency translation differences	—	(195)	—	(195)	—	(195)
Total comprehensive loss for the year	—	(195)	(14,080)	(14,275)	(77)	(14,352)
Issue of ordinary shares						
— Rights issue	70,519	(2,933)	—	67,586	—	67,586
— Placement of new shares	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
Comprehensive loss:						
Loss for the year	**—**	**—**	**(45,189)**	**(45,189)**	**(969)**	**(46,158)**
Total comprehensive loss for the year	**—**	**—**	**(45,189)**	**(45,189)**	**(969)**	**(46,158)**
Issue of ordinary shares — exercise of share options (Note 25)	**5,627**	**9,839**	**—**	**15,466**	**—**	**15,466**
Share-based payment	**—**	**26,962**	**—**	**26,962**	**—**	**26,962**
Total contributions by owners of the company recognised directly in equity	**5,627**	**36,801**	**—**	**42,428**	**—**	**42,428**
Contribution from a non-controlling interest	**—**	**—**	**—**	**—**	**13,871**	**13,871**
Total transactions with owners recognised directly in equity	**5,627**	**36,801**	**—**	**42,428**	**13,871**	**56,299**
At 30 June 2015	**259,184**	**218,010**	**(151,164)**	**326,030**	**17,917**	**343,947**

The Notes on pages 35 to 82 are an integral part of these consolidated 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, property investment, customised yacht building in Hong Kong and minerals 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 ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 September 2015.

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 consolidated financial statements are prepared in accordance with the applicable disclosure requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

3. Summary of Significant Accounting Policies

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

3. Summary of Significant Accounting Policies (Continued)

(a) In the 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 (Amendments)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HK(IFRIC)-Int 21	Levies

The application of the above new and revised HKFRSs has no material impact on the results, the financial position and disclosures of the consolidated financial statements of the Group.

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

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

3. Summary of Significant Accounting Policies (Continued)

(a) (Continued)

[1] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

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.

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

The Group has assessed the impact of the above new and revised HKFRSs 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.

3. Summary of Significant Accounting Policies (Continued)

(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.

(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.

Loan to subsidiaries as a long term source of addition capital is treated as part of the investment cost.

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.

3. Summary of Significant Accounting Policies (Continued)

(b) Group Accounting (Continued)

(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:

Leasehold land and building	Over the remaining term of lease or estimated remaining useful life
Computer equipment	20% – 33%
Furniture, fixtures and equipment	20% – 33%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%

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.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

3. Summary of Significant Accounting Policies (Continued)

(c) Property, Plant and Equipment (Continued)

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.

If a property, plant and equipment becomes to earn rentals and/or for capital appreciation, it is reclassified as investment property. The property is fair valued at the date of transfer and any revaluation gain or loss, being the difference between fair value and the previous carrying amount, is accounted for as a revaluation surplus or deficit in other comprehensive income.

(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.

(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. Such circumstances are as follows:

— 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;

3. Summary of Significant Accounting Policies (Continued)

(f) Impairment of Exploration and Evaluation Assets (Continued)

— 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.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(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.

(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.

3. Summary of Significant Accounting Policies (Continued)

(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.

(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.

3. Summary of Significant Accounting Policies (Continued)

(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.

(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).

3. Summary of Significant Accounting Policies (Continued)

(n) Employee Benefits (Continued)

(iv) Share-based Compensation (Continued)

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.

(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.

3. Summary of Significant Accounting Policies (Continued)

(o) Current and Deferred Income Tax (Continued)

(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 tax 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.

(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.

3. Summary of Significant Accounting Policies (Continued)

(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.

(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 a timely and effective manner.

(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$**"), Chinese 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 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 2015, 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$71,000 lower/higher (2014: HK$132,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances, trade and other receivables and trade and other payables.

At 30 June 2015, 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$63,000 lower/higher (2014: HK$31,000 lower/higher), 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 cash flows 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 94% (2014: 85%) of the total cash and bank balances were placed with a reputable bank.

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 33% (2014: 36%) of the total trade receivables, and top five customers constituted 71% of the Group's trade receivables as at 30 June 2015 (2014: 84%).

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 15 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.

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$583,588 (2014: increased/decreased by HK$100,158).

(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-down 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 15.

(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 18). 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 2015, 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 (2014: HK$3,334,000) was subject to an impairment test as at 30 June 2015. No impairment charge has been recognised in the consolidated statement of profit or loss for the year ended 30 June 2015 (2014: 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. Other than the write-off of exploration and evaluation assets amounting to HK$1,805,000 (details please refer to Note 16), no indicator of impairment was identified and no impairment loss was recognised in the consolidated statement of profit or loss for the year ended 30 June 2015 (2014: Nil).

6. Revenue

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

	2015 HK$'000	2014 HK$'000
Network solutions and project services fee	20,621	20,767
Rental income	1,411	1,522
	22,032	22,289

7. Segment Information

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

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

There are no sales or other transactions between business segments.

7. Segment Information (Continued)

The segment revenue and results for the year ended 30 June 2015

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Total HK$'000
Segment revenue	20,621	1,411	—	—	22,032
Segment results	5,431	1,117	—	—	6,548
Depreciation of property, plant and equipment	(34)	—	(57)	(360)	(451)
Fair value loss on investment properties	—	(2,925)	—	—	(2,925)
Write-off of exploration and evaluation assets (Note 16)	—	—	—	(1,805)	(1,805)
Unallocated expenses (Note a)					(49,085)
Interest income from bank deposits					1,104
Loss before taxation					(46,614)
Other segment information:					
Capital expenditure (Note b)	1	—	13	25,133	25,147
Unallocated capital expenditure					50
					25,197

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses and share-based payment incurred at corporate level.

(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 2014

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'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 incurred at corporate level.

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

7. Segment Information (Continued)

Segment Assets

For the year ended 30 June 2015

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Total HK$'000
Total segment assets	**8,387**	**30,075**	**16,156**	**32,734**	**87,352**
Unallocated:					
Cash and bank balances					**260,293**
Other unallocated assets					**11,033**
Consolidated total assets					**358,678**

For the year ended 30 June 2014

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'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

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	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Hong Kong	19,461	18,708	21,035	21,175
Mainland China	19,400	23,625	997	1,114
Mongolia	32,797	9,829	—	—
	71,658	52,162	22,032	22,289

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$2,974,000 (2014: HK$5,627,000) is derived from a single (2014: two) largest customer who accounted for 10% or more of the Group's revenue. The revenue is attributable to the segment of network solutions and project services in Hong Kong.

8. Other Expenses

	2015 HK$'000	2014 HK$'000
Auditor's remuneration	1,300	1,235
Direct operating expenses from investment properties that generate rental income	294	306
Exchange loss — net	(172)	(52)
Write-off of exploration and evaluation assets (Note 16)	1,805	—
Operating lease rentals for land and buildings	5,295	1,520
Share-based payment (excluding directors and employee) (Note 25)	16,817	—

9. Employee Benefit Expenses (Including Directors' Emoluments)

	2015 HK$'000	2014 HK$'000
Wages and salaries	10,178	7,588
Share-based payment (Note 25)	10,145	7,840
Pension costs — defined contribution plans	249	271
	20,572	15,699

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 2015, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2014: Nil).

10. 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:

	2015 HK$'000	2014 HK$'000
Fees	560	560
Other emoluments	7,288	2,768
	7,848	3,328

Neither the Chief Executive nor any of the Directors of the Company waived any emoluments during the year (2014: Nil).

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

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

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

	Year ended 30 June 2015				
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	–	2,684	–	2,784
Mr. Ho Hau Chong, Norman	100	–	1,151	–	1,251
Independent Non-executive Directors					
Mr. Lau Wai Piu	120	–	1,151	–	1,271
Mr. Tsui Hing Chuen, William JP	120	–	1,151	–	1,271
Mr. Lee Kee Wai, Frank	120	–	1,151	–	1,271
	560	–	7,288	–	7,848

	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	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

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.

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

(b) Five Highest Paid Individuals

Four of the Directors were included in the five highest paid individuals for the year ended 30 June 2015 (2014: one). The emoluments payable to the remaining one (2014: four) individual during the year were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and allowances	3,089	1,350
Share-based payment	1,253	4,885
Pension costs — defined contribution plans	—	31
	4,342	6,266

The emoluments fell within the following bands:

	Number of individuals	
Emolument bands	2015	2014
HK$500,001 to HK$1,000,000	—	2
HK$2,000,001 to HK$2,500,000	—	2
HK$4,000,001 to HK$4,500,000	1	—
	1	4

11. Income Tax Credit

No Hong Kong profits tax has been provided (2014: Nil) as the Group did not have assessable profit 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.

	2015 HK$'000	2014 HK$'000
Current tax		
— Hong Kong profits tax	—	—
— Over-provision in prior year	—	33
Deferred tax		
— Origination of temporary differences (Note 22)	456	(6)
Total income tax credit	456	27

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

	2015 HK$'000	2014 HK$'000
Loss before taxation	46,614	14,184
Calculated at a taxation rate of 16.5% (2014: 16.5%)	7,691	2,340
Effect of different taxation rates in other countries	(159)	(28)
Income not subject to tax	307	435
Expenses not deductible for taxation purposes	(4,867)	(1,419)
Tax losses not recognised	(2,557)	(1,334)
Unrecognised tax losses utilised in the current year	41	—
Over-provision in prior year	—	33
Income tax credit	456	27

12. Loss per share

The calculations of basic loss per share are based on the following information:

	2015 HK$'000	2014 HK$'000
Loss attributable to owners of the Company, as used in the calculation of basic loss per share	**(45,189)**	(14,080)

Number of shares

	'000	'000
Weighted average number of ordinary shares in issue for calculation of basic loss per share (Note)	**2,538,394**	2,301,777

Note: Diluted loss per share is the same as basic loss per share for the years ended 30 June 2014 and 2015 as the share options have no dilutive impact for both years.

13. 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$31,727,000 for the year ended 30 June 2015 (2014: HK$11,029,000).

14. Property, Plant and Equipment — Group

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 July 2013	—	50	5	1,446	299	1,800
Additions	—	290	91	451	1,051	1,883
Written off	—	—	—	(11)	(70)	(81)
Exchange difference	—	—	—	—	(1)	(1)
At 30 June 2014	—	340	96	1,886	1,279	3,601
Additions	**—**	**—**	**63**	**211**	**390**	**664**
Reclassified from investment properties (Note 15)	**5,050**	**—**	**—**	**—**	**—**	**5,050**
At 30 June 2015	**5,050**	**340**	**159**	**2,097**	**1,669**	**9,315**
Accumulated depreciation						
At 1 July 2013	—	50	5	890	85	1,030
Charge for the year	—	53	9	329	67	458
Written off	—	—	—	(8)	(70)	(78)
Exchange difference	—	—	—	—	(1)	(1)
At 30 June 2014	—	103	14	1,211	81	1,409
Charge for the year	**124**	**140**	**41**	**345**	**321**	**971**
At 30 June 2015	**124**	**243**	**55**	**1,556**	**402**	**2,380**
Net book value						
At 30 June 2014	—	237	82	675	1,198	2,192
At 30 June 2015	**4,926**	**97**	**104**	**541**	**1,267**	**6,935**

Leasehold land of HK$4,926,000 (2014: HK$Nil) is located in Hong Kong and held under medium-term leases of 10 to 50 years.

15. Investment Properties — Group

	2015 HK$'000	2014 HK$'000
At beginning of the year	37,635	37,586
Fair value (loss)/gain on investment properties	(2,925)	235
Reclassified to property, plant and equipment (Note 14)	(5,050)	—
Currency translation differences	—	(186)
At end of the year	29,660	37,635

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

	2015 HK$'000	2014 HK$'000
Rental income	1,411	1,522
Direct operating expenses from properties that generated rental income	(294)	(306)
	1,117	1,216

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.

15. Investment Properties — Group (Continued)

Fair value hierarchy (Continued)

Fair value hierarchy for recurring fair value measurements:

	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 30 June 2015				
Investment properties:				
— Residential properties— Beijing	—	10,000	—	10,000
— Office unit — Beijing	—	—	9,400	9,400
— Industrial properties — Hong Kong	—	4,040	5,760	9,800
— Carpark — Hong Kong	—	460	—	460
	—	14,500	15,160	29,660
At 30 June 2014				
Investment properties:				
— Residential properties — Beijing	—	14,375	—	14,375
— Office unit — Beijing	—	9,250	—	9,250
— Industrial properties — Hong Kong	—	13,590	—	13,590
— Carpark — Hong Kong	—	420	—	420
	—	37,635	—	37,635

15. Investment Properties — Group (Continued)

Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The transfer from level 2 to 3 in the current year is due to the lack of observable market data relating to the office unit in Beijing and industrial properties in Hong Kong, given the decrease in property market transactions.

The following table presents the changes in level 3 assets for the year ended 30 June 2015.

	2015		
	Office Unit — Beijing HK$'000	Industrial properties — Hong Kong HK$'000	Total HK$'000
At beginning of the year	—	—	—
Transfer from Level 2 fair value measurement	9,250	3,620	12,870
Fair value gains	150	2,140	2,290
At end of the year	9,400	5,760	15,160

Valuation processes of the Group

The Group's investment properties were valued at 30 June 2015 and 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method. However, given the lack of observable market data relating to the office and industrial properties, the investment approach has been adopted which usually requires significant unobservable inputs for the valuation of the investment properties.

15. Investment Properties — Group (Continued)

Fair value hierarchy (Continued)

Valuation techniques (Continued)

Fair value measurements using significant unobservable inputs (Continued)

The ranges of unobservable input are similar between the office unit and the industrial properties. These significant unobservable inputs include:

	Fair value at 30 June 2015 HK$'000	Valuation technique	Unobservable inputs	Range of significant unobservable inputs	Relationship of unobservable inputs to fair value
Office unit — Beijing	9,400	Investment approach	Rental value	RMB145.9 per month per square feet	The higher the rental value, the higher the value
			Discount rate	6.3%–6.8%	The higher the discount rate, the lower the value
			Terminal capitalisation rate	4.9%	The higher the capitalisation rate, the lower the value

	Fair value at 30 June 2015 HK$'000	Valuation technique	Unobservable inputs	Range of significant unobservable inputs	Relationship of unobservable inputs to fair value
Industrial properties —Hong Kong	5,760	Investment approach	Rental value	HK$15.32–HK$17.28 per month per square feet	The higher the rental value, the higher the value
			Discount rate	2.90%	The higher the discount rate, the lower the value
			Terminal capitalisation rate	3.10%	The higher the capitalisation rate, the lower the value

15. Investment Properties — Group (Continued)

Fair value hierarchy (Continued)

Valuation techniques (Continued)

The locations and lease terms of the investment properties are analysed as follows:

	2015 HK$'000	2014 HK$'000
In Hong Kong, held on medium-term leases	10,260	14,375
In Mainland China, held on medium-term leases	19,400	23,260
	29,660	37,635

16. Exploration and Evaluation Assets — Group

The Group 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.

	2015 HK$'000	2014 HK$'000
At beginning of the year	9,001	—
Acquisition of subsidiaries	—	361
Additions	24,533	8,640
Written off (Note)	(1,805)	—
At end of the year	31,729	9,001

Note: During the year ended 30 June 2015, the Group returned certain exploration licenses, which had no investment potential after due assessment by the Directors, to the Mongolian Government and wrote off the costs related to the respective licences.

17. Investments in Subsidiaries — Company

	2015 HK$'000	2014 HK$'000
Unlisted investments, at costs (Note a)	60,119	60,119
Amounts due from subsidiaries (Note b)	160,477	129,601
	220,596	189,720
Less: Provision for impairment (Note c)	(126,113)	(123,956)
	94,483	65,764

Notes:

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

Name	Place of incorporation	Particulars of issued share capital	Effective interest held 2015	Effective interest held 2014	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
Vision Values Group Management 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 HK$1	100%	100%	Yacht building in Hong Kong
FVSP LLC #	Mongolia	100,000 ordinary shares of US$1 each	51%	51%	Mineral exploration in Mongolia

Subsidiaries indirectly held by the Company

17. 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 made a further provision for impairment of investments in subsidiaries and amount due from subsidiaries of HK$2,157,000 (2014: HK$377,000) after taking into account the subsidiaries' business developments, financial positions and other factors.

Movements on the provision for impairment of investments in subsidiaries are as follows:

	2015 HK$'000	2014 HK$'000
At beginning of the year	123,956	123,579
Provision for impairment	2,157	377
At end of the year	126,113	123,956

(d) Material non-controlling interest

The non-controlling interest as at 30 June 2015 is HK$17,917,000 (2014: HK$5,015,000) which is solely for the Blue Stream Enterprises Limited and its subsidiaries including a major operating subsidiary FVSP LLC (collectives as the "Blue Stream Group").

Summarised statement of financial position of Blue Stream Group

	2015 HK$'000	2014 HK$'000
Current		
Assets	4,269	2,303
Liabilities	(39,375)	(1,271)
Total current net (liabilities)/assets	(35,106)	1,032
Non-current		
Assets	32,311	9,203
Net (liabilities)/assets	(2,795)	10,235

17. Investments in Subsidiaries — Company (Continued)

Notes: (Continued)

(d) Material non-controlling interest (Continued)

Summarised statement of profit or loss of Blue Stream Group

	2015 HK$'000	2014 HK$'000
Revenue	—	—
Loss before taxation	(1,978)	(157)
Income tax expense	—	—
Other comprehensive loss	—	—
Total comprehensive loss	(1,978)	(157)
Total comprehensive loss allocated to non-controlling interest	(969)	(77)

Summarised cash flows of Blue Stream Group

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Cash used in operations	(526)	(332)
Income tax paid	—	—
Net cash used in operating activities	(526)	(332)
Net cash used in investing activities	(25,125)	(9,213)
Net cash generated from financing activities	27,759	11,605
Net increase in cash and cash equivalents	2,108	2,060
Cash and cash equivalents at the beginning of the year	2,099	39
Cash and cash equivalents at end of the year	4,207	2,099

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

18. Goodwill — Group

	2015 HK$'000	2014 HK$'000
At beginning and end of the year	**3,334**	3,334

The recoverable amount was based on value-in-use exceeded carrying value as at 30 June 2015 and 2014.

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 (2014: 5 years). Cash flows beyond 2020 are extrapolated using the estimated growth rate stated below.

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

	2015 Network solutions and project services	2014 Network solutions and project services
Gross margin	**26%**	27%
Growth rate	**5%**	5%
Discount rate	**12%**	12%

19. Inventories — Group

	2015 HK$'000	2014 HK$'000
Raw materials	**3,399**	3,400
Work in progress	**11,748**	3,739
Finished goods	**412**	236
	15,559	7,375

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK$9,743,000 (2014: HK$11,654,000).

20. Trade Receivables — Group

	2015 HK$'000	2014 HK$'000
Trade receivables	**5,447**	5,279

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:

	2015 HK$'000	2014 HK$'000
1–30 days	**1,637**	2,197
31–60 days	**700**	149
61–90 days	**651**	144
Over 91 days	**2,459**	2,789
	5,447	5,279

As of 30 June 2015, trade receivables of HK$4,249,000 (2014: HK$3,446,000) 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:

	2015 HK$'000	2014 HK$'000
Past due 1–30 days	**1,837**	559
Past due 31–60 days	**379**	98
Past due 61–90 days	**239**	270
Past due 91–180 days	**1,794**	2,519
	4,249	3,446

20. Trade Receivables — Group (Continued)

None of the trade receivables were impaired as at 30 June 2015 (2014: Nil).

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

	2015 HK$'000	2014 HK$'000
HK$	5,088	4,563
US$	62	581
RMB	297	135
	5,447	5,279

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.

21. Cash and Bank Balances — Group and Company

	Group		Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Cash at bank and on hand	260,293	277,481	247,980	240,912

The cash and bank balances of certain subsidiaries of the Group as at 30 June 2015 included balances with banks in Mainland China totalling approximately HK$223,000 (2014: HK$390,000) which were denominated in RMB and US$. 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 0.31% (2014: 1.17%) per annum. The maturity days of the short-term bank deposit ranged was one week (2014: ranged from one week to three months).

22. Deferred Income Tax Liabilities — Group

	Accumulated depreciation HK$'000	Fair value gain on investment properties HK$'000	Total HK$'000
At 1 July 2013	70	1,127	1,197
(Credit)/charge to consolidated statement of profit or loss (Note 11)	(32)	38	6
At 30 June 2014	38	1,165	1,203
Credit to consolidated statement of profit or loss (Note 11)	**(34)**	**(422)**	**(456)**
At 30 June 2015	**4**	**743**	**747**

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$54,600,000 (2014: HK$42,681,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$4,440,639 (2014: HK$5,860,070) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

23. Trade Payables — Group

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

	2015 HK$'000	2014 HK$'000
0–30 days	2,462	1,744
31–60 days	456	574
61–90 days	73	1
91–180 days	631	910
	3,622	3,229

23. Trade Payables — Group (Continued)

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

	2015 HK$'000	2014 HK$'000
HK$	3,375	2,675
US$	239	547
RMB	8	7
	3,622	3,229

The carrying amounts of trade payables approximate their fair values.

24. Amounts due to subsidiaries — Company

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

25. Share Capital

	No. of shares	HK$'000
Authorised:		
At 1 July 2013, 30 June 2014 and 2015	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2013	1,410,380,690	141,038
Issue of ordinary shares:		
— Rights issue	705,190,345	70,519
— Placement of new shares	420,000,000	42,000
At 30 June 2014	2,535,571,035	253,557
Issue of ordinary shares:		
— Exercise of share options (Note)	**56,267,857**	**5,627**
At 30 June 2015	**2,591,838,892**	**259,184**

The total authorised number of ordinary shares is 20,000 million shares (2014: 20,000 million) with a par value of HK$0.10 per share (2014: HK$0.10 per share).

25. Share Capital (Continued)

Note: During the year, share options to subscribe for 56,267,857 shares (2014: Nil) were exercised, of which HK$5,627,000 (2014: Nil) was credited to share capital, the balance of approximately HK$17,429,000 (2014: Nil) was credited to the share premium account, including reversal of reserve credited to the consolidated statement of changes in equity approximately HK$7,590,000 (2014: Nil) and proceed of received from the exercise of the share options of HK$15,466,000 (2014: Nil). These new shares rank pari passu in all respect with existing shares.

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.

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

	2015		2014	
	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	0.339	96,228,570	0.190	64,000,000
Rights issue adjustment	—	—	(0.009)	3,428,570
Granted	0.680	68,000,000	0.710	28,800,000
Exercised	0.275	(56,267,857)	—	—
At end of the year	0.586	107,960,713	0.339	96,228,570

25. Share Capital (Continued)

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

Date of grant	Exercise price HK$	Exercise period	Number of shares subject to options 2015	2014
11–1–2013	0.181 (Note)	11–1–2013 to 10–1–2018	21,740,713	67,428,570 (Note)
05–3–2014	0.730	05–3–2014 to 04–3–2019	18,800,000	18,800,000
09–6–2014	0.660	09–3–2015 to 31–5–2016	5,000,000	5,000,000
09–6–2014	0.660	09–9–2015 to 31–5–2016	5,000,000	5,000,000
20–5–2015	0.680	20–5–2015 to 19–5–2020	57,420,000	—

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

The fair values of options granted were determined as follows:

	11 January 2013	5 March 2014	9 June 2014	9 June 2014	20 May 2015
Option value (at grant date)	HK$5,899,000	HK$7,654,000	HK$1,425,000	HK$1,494,000	HK$24,455,660
Fair value per option (at grant date)	HK$0.09	HK$0.41	HK$0.29	HK$0.30	HK$0.36
Significant inputs into the valuation model:					
Exercise price at grant date	HK$0.19	HK$0.73	HK$0.66	HK$0.66	HK$0.68
Share price at grant date	HK$0.19	HK$0.73	HK0.64	HK0.64	HK$0.68
Expected volatility	70.76%	84.27%	92.58%	92.58%	80.19%
Risk-free interest rate	0.424%	1.231%	0.363%	0.363%	1.155%
Life of options	5 years	5 years	1.98 years	1.98 years	5 years
Expected dividend yield	0%	0%	0%	0%	0%
Valuation model applied	Binomial	Binomial	Binomial	Binomial	Binomial

Note: The share options were granted to the Directors, employees and other eligible person. The Group recognised a total expense of HK$27.0 million for the year ended 30 June 2015 (2014: HK$7.8 million) in relation to share options granted by the Company in which HK$10.2 million was granted to the Directors and employees and HK$16.8 million was granted to other eligible person.

26. 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 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
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(45,189)**	**(45,189)**
Exercise of share options (Note 25)	**17,429**	**–**	**(7,590)**	**–**	**9,839**	**–**	**9,839**
Share-based payment (Note 25)	**–**	**–**	**26,962**	**–**	**26,962**	**–**	**26,962**
At 30 June 2015	**179,216**	**2,366**	**33,111**	**3,317**	**218,010**	**(151,164)**	**66,846**

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 land and 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.

(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 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 25)	(2,933)	–	(2,933)	–	(2,933)
Placement of new shares (Note 25)	60,782	–	60,782	–	60,782
At 30 June 2014	161,787	13,739	175,526	(127,150)	48,376
Loss for the year	**–**	**–**	**–**	**(31,727)**	**(31,727)**
Exercise of share options (Note 25)	**17,429**	**(7,590)**	**9,839**	**–**	**9,839**
Share-based payment (Note 25)	**–**	**26,962**	**26,962**	**–**	**26,962**
At 30 June 2015	**179,216**	**33,111**	**212,327**	**(158,877)**	**53,450**

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.

27. Note to Consolidated Statement of Cash Flows

Reconciliation of loss before taxation to cash used in operations:

	2015 HK$'000	2014 HK$'000
Loss before taxation	(46,614)	(14,184)
Depreciation of property, plant and equipment	971	458
Write-off of property, plant and equipment	—	3
Write-off of exploration and evaluation assets	1,805	—
Fair value loss/(gain) on investment properties	2,925	(235)
Bank interest income	(1,104)	(1,030)
Bad debts	—	21
Share-based payment	26,962	7,840
Write-off of inventories	10	7
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	(168)	1,139
— prepayments, deposits and other receivables	(1,397)	(3,306)
— inventories	(8,194)	(5,230)
— trade payables	393	(2,151)
— accrued charges and other payables	2,039	(715)
Cash used in operations	(22,372)	(17,383)

28. Operating Lease Commitments

At 30 June 2015, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015 HK$'000	2014 HK$'000
No later than 1 year	916	622
Later than 1 year and no later than 5 years	—	274
	916	896

At the financial year ended 30 June 2015 and 2014, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

28. Operating Lease Commitments (Continued)

During the year ended 30 June 2015, all of the investment properties (2014: All) are leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of the investment properties are as follows:

	2015 HK$'000	2014 HK$'000
No later than 1 year	1,382	821
Later than 1 year and no later than 5 years	1,182	—
	2,564	821

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

29. Capital Commitments

The Group's 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 2015 amounts to HK$52,413,000 (2014: HK$15,612,000). Such capital expenditure of exploration activities is contributed by the Group on a pro-rata basis and the related amount authorised but not contracted for as at 30 June 2015 totalled HK$26,731,000 (2014: HK$7,962,000).

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

	Group	
	2015 HK$'000	2014 HK$'000
Exploration drilling	11,631	4,297
Yacht building	6,819	3,879
	18,450	8,176

The Company did not have any capital expenditure contracted for at the end of the year but not yet incurred (2014: Nil).

30. 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 32.08% of the Company's shares. The remaining 67.92% of the shares are widely held.

(a) Other than transactions disclosed in elsewhere in the financial statement, 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:

	2015 HK$'000	2014 HK$'000
Operating lease rental income from Mongolia Energy Corporation (Greater China) Limited ("**MEC Greater China**") (Note 1)	385	300
Operating lease rental expenses to Island Oasis Shipbuilding Limited ("**Island Oasis**") (Note 2)	1,116	432
Operating lease rental expenses to Mongolia Energy Corporation (HK) Limited (Note 1)	2,844	—

Notes:

(1) Mr. Lo is the Director.

(2) Mr. Lo is the Director and beneficial owner.

(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:

	2015 HK$'000	2014 HK$'000
Amount due to MEC Greater China	(70)	(50)
Amount due to Swift Fortunes Mongolia LLC	(751)	(212)
Amount due from Island Oasis	65	23

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

30. Related Party Transactions (Continued)

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

	2015 HK$'000	2014 HK$'000
Salaries and other employee benefits	7,848	3,328

31. Events after the Balance Sheet Date

On 11 August 2015, the Company entered into a subscription agreement (the "**P&P Subscription Agreement**") with (a) Philosophy Quantum Investment Co. Limited ("**PQ Investment**"), (b) the People's Insurance Company (Group) of China Limited ("**PICC**") (together with PQ Investment, as subscribers), and (c) Mr. Lo (as indemnifier), pursuant to which the Company has conditionally agreed to allot and issue and PQ Investment and PICC have conditionally agreed to subscribe in aggregate 5,795,000,000 and 855,000,000 new shares of the Company respectively, at the subscription price of HK$0.18 each upon the terms and conditions therein contained.

In addition, on 11 August 2015, the Company entered into another subscription agreement (the "**PC Subscription Agreement**") with Pearl Charm Investments Limited ("**Pearl Charm**"), pursuant to which the Company has conditionally agreed to allot and issue and Pearl Charm has conditionally agreed to subscribe 150,000,000 new shares of the Company, at the subscription price of HK$0.18 each upon the terms and conditions therein contained.

These new shares to be issued under the P&P Subscription Agreement and the PC Subscription Agreement (collectively, the "**Subscriptions**") rank pari passu in all respect with existing shares. The aggregate gross proceeds of the subscription pursuant to the Subscriptions are approximately HK$1,224 million, before issuing expenses. The Subscriptions are subject to the fulfilment of certain conditions and shareholders' approval. At the date of the approval of these financial statements, no conditions and/or shareholders' approval has been fulfilled or obtained.

FIVE-YEAR FINANCIAL SUMMARY

The historical figures represent financial information of the Group for the years from 2011 to 2015.

Consolidated Statement of Profit or Loss

	For the year ended 30 June				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Revenue					
Continuing operations	30,470	35,557	37,284	22,289	**22,032**
Discontinued operations	—	936	—	—	**—**
	30,470	36,493	37,284	22,289	**22,032**
Profit/(loss) attributable to owners of the Company	(19,485)	(2,044)	7,557	(14,080)	**(45,189)**
	(Restated)	(Restated)	(Restated)		
Basic earnings/(loss) per share (Note) (HK cents)	(1.32)	(0.14)	0.51	(0.61)	**(1.78)**

Consolidated Statement of Financial Position

	As at 30 June				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Non-current assets					
Property, plant and equipment	68,968	661	770	2,192	**6,935**
Investment properties	19,584	21,279	37,586	37,635	**29,660**
Exploration and evaluation assets	—	—	—	9,001	**31,729**
Goodwill	3,334	3,334	3,334	3,334	**3,334**
Total non-current assets	91,886	25,274	41,690	52,162	**71,658**
Net current assets	62,041	128,457	124,365	282,847	**273,036**
Total assets less current liabilities	153,927	153,731	166,055	335,009	**344,694**
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	141,038	141,038	141,038	253,557	**259,184**
Other reserves	119,583	121,247	115,715	181,209	**218,010**
Accumulated losses	(107,563)	(109,607)	(91,895)	(105,975)	**(151,164)**
	153,058	152,678	164,858	328,791	**326,030**
Non-controlling interest	—	—	—	5,015	**17,917**
Total equity	—	—	—	333,806	**343,947**
Non-current liabilities					
Deferred income tax liabilities	869	1,053	1,197	1,203	**747**
	153,927	153,731	166,055	335,009	**344,694**

Note: As a result of the rights issue completed in the year of 2014, figures for the years from 2011 to 2013 have been restated for comparative purpose.

SCHEDULE OF INVESTMENT PROPERTIES

Investment Properties as at 30 June 2015

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 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