Vision Values

Vision Values Holdings Limited

Stock Code: 862

2016

Annual Report

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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 10008, Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 902–03, 9/F
Shui Hing Centre
13 Sheung Yuet Road, Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House
Cricket Square
Grand Cayman KY1-1001
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 2016 (the "**Financial Year**").

FINANCIAL RESULTS SUMMARY

- Revenue for the Financial Year was HK$26.4 million (2015: HK$22.0 million).
- Loss attributable to owners of the Company was HK$26.8 million (2015: HK$45.2 million).
- Loss per share attributable to owners of the Company was HK cents 1.03 (2015: HK cents 1.78).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The business environment for NSPS during the Financial Year was tough and challenging. The total revenue achieved during the Financial Year was HK$25.0 million (2015: HK$20.6 million). Despite the revenue amount achieved a growth of around 21.4% year-over-year, segment results remained flat at HK$5.7 million (2015: HK$5.4 million).

NSPS earns its revenue through the sale of telecom solutions, enterprise solutions, system maintenance and project services. The annual revenue breakdown was as follows: (i) revenue from telecom solutions was approximately HK$4.2 million (2015: HK$7.7 million); (ii) revenue from enterprise solutions was HK$4.2 million (2015: HK$4.6 million); (iii) revenue from system maintenance was HK$2.8 million (2015: HK$2.9 million); and (iv) revenue from project services was HK$13.8 million (2015: HK$5.4 million).

Hong Kong's economic growth slowed further during the Financial Year. The domestic economy lost growth momentum because of the weak global outlook with rising downside risks hurt the local economic sentiment. The continued slowdown in inbound tourism also posed a severe threat on retail sales in Hong Kong with noticeable closure of many retail outlets. Apart from the poor economic climate, various technical partners of NSPS have introduced more Hong Kong resellers in recent year. Accordingly, NSPS faces intense competition in a crowded market.

By reviewing the revenue earned during the Financial Year in detail, a worrying trend of diminishing in both contractual amount and profit margin for each sales order was identified. The revenue from project services recorded a twofold increase but its profit margin was significantly lower than the other types of revenue income. The low profit margin was due to the low contracting fee offered by the cellular operators and fix network operators in respect of the cellular site installation and structural cabling works. Furthermore, severe competition among contractors also squeezed the profit margin. For the sale of telecom solutions, it earned the highest profit margin. Unfortunately, there was a 45.5% drop in revenue when compared to last year. The drop was due to Hong Kong telecom operators became more conservative in making capital investments in their network in view of the subdued economic environment. For the revenue from the sale of enterprise solutions, it also recognised a drop in the profit margin. It was because the pricing of infrastructure hardware and equipment for enterprise solutions became more transparent in digital age. All listed prices could be easily identified over the internet. Besides, NSPS was forced to lower quoted price as well as suppressing gross profit margin in order to secure purchase orders from clients in response to keen market competition. Though the gross profit of maintenance works was the highest, the revenue from the maintenance contracts dropped after our supply agreement with Microsemi was terminated during the Financial Year. Apart from losing maintenance contracts to Microsemi's new service partner in Hong Kong, some clients did not renew their maintenance contracts to save costs.

In previous financial years, we carried out certain project services in Hong Kong on behalf of a contractor and the related contract sum together with other variation orders of HK$2.4 million was in dispute. NSPS had commenced two legal actions respectively against this contractor. During the Financial Year, one of these litigations was ruled by the Hong Kong court in our favour and NSPS recovered an amount of approximately HK$0.3 million. The court hearing for the remaining legal case is pending and therefore no progress has been reached at the date of this annual report.

2. Property Investment

All the Group's investment properties were fully rented out during the Financial Year.

3. Yacht Construction and Trading

During the Financial Year, the building of the keel and installation of main engines were finished. The yacht building team was working on the hull planking, engine shaft and steering alignment. Other major components of the yacht such as deck crane, generator and chiller systems were ordered and arrived at the shipyard for future installation.

4. Exploration and Evaluation of Mineral Resources

Our joint venture currently owns four mineral exploration licences (licence numbers XV-12999, XV-13593, XV-13595 and XV-13598) in Khovd and Gobi-Altay of Mongolia. The potential mineralization in these licensed areas is gold, copper, molybdenum and silver. The 2015 exploration program was completed during the Financial Year and the exploration results were reviewed thoroughly by our in-house geologist. Based on the geological data on hand, our geologist concluded that all our previous works on these licences were still in the mineral prospecting and exploration stage. A new exploration plan for 2016 was formulated by our geologist. For licence number XV-13598, the key exploration activities would cover core drilling of total depth of 2,000 meters in four target areas. For licence number XV-12999, the key exploration activities would cover target mapping, geophysical survey and core drilling of total depth of 3,000 meters. For licence number XV-13593, the key exploration activities would cover target mapping and geophysical survey. For licence number XV-13595, the key exploration activities would be geophysical survey.

FINANCIAL REVIEW

1. Results Analysis

For the Financial Year, the Group's revenue increased 19.6% to HK$26.4 million (2015: HK$22.0 million). Around 95.0% of the Group's revenue was generated from the NSPS business segment (2015: 93.6%).

The investment properties of the Group were revalued on an open market basis by an independent qualified valuer. The carrying value of the investment properties as at 30 June 2016 decreased by approximately HK$0.2 million to HK$ 29.4 million (2015: HK$29.6 million). The net decrease in carrying values consisted of (i) fair value gain of HK$1.0 million and (ii) loss on currency translation of HK$1.2 million due to the weakening of Renminbi during the Financial Year in respect of our investment properties in the People's Republic of China (the "**PRC**" or "**China**").

The sharp drops in both of the employee benefit expenses and other expenses were mainly due to the absence of grant of share options during the Financial Year. In the last financial year, a total of 68,000,000 share options were granted to the Directors and other eligible participants. Corresponding share based payment expenses of HK$10.1 million and HK$16.8 million were recorded in employee benefit expenses and other expenses respectively.

2. Liquidity and Financial Resources

As at 30 June 2016, the capital and reserves attributable to the shareholders of the Company was HK$298.2 million (2015: HK$326.0 million).

During the Financial Year, the Company had invested a total of HK$48.3 million in two corporate bonds with good credit rating in order to enjoy a better and stable return on cash for the Group. For details, please refer to the Company's announcements dated 4 and 24 May 2016 respectively.

In 2013, the Company placed its new shares under general mandate and raised approximately HK$102.8 million. The net placing proceeds were intended to be applied for acquisition of assets and/or businesses. As at 30 June 2016, the net proceeds had not been utilized. The Company has no present intention to change the intended use of these net proceeds.

During the Financial Year, the Company entered into conditional subscription agreements with independent subscribers to subscribe for 6,800,000,000 new shares of the Company in aggregate at a subscription price of HK$0.18 each. The aggregate gross proceeds from the subscriptions of new shares of the Company would be approximately HK$1,224 million. The net proceeds from the subscriptions were intended to apply towards technology integration and an extension of the existing information technology business of the Group. Completion of the subscriptions was subject to certain conditions precedent. In view of some of the conditions precedent to completion could not be fulfilled, the Company entered into termination agreements with the subscribers to terminate the subscriptions. The Directors are of the view that such termination of subscriptions would have no material adverse impact on the financial position and the existing operations of the Group.

As at 30 June 2016, the Group had no bank or other borrowings (2015: 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 2016 (2015: nil).

4. Foreign Exchange

The key operations of the Group are located in Hong Kong, China and Mongolia. The Group's assets and liabilities are mainly denominated in 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 2016, the Group did not have material contingent liabilities (2015: nil).

BUSINESS OUTLOOK & DEVELOPMENT

From the statistics released by the Hong Kong government, the Hong Kong economy regains some growth momentum in second quarter of 2016. The global economy outlook remains subdue. The unexpected UK referendum voted in favour of leaving the European Union casts further uncertainty to the global business environment.

Against this backdrop, the NSPS is going to face another rough ride in the year ahead. By the end of June 2016, the total contract sum on hand for NSPS was approximately HK$11.6 million, of which HK$3.6 million was belonged to network solutions services and maintenance works, whilst the remaining HK$8.0 million was belonged to the project services and the orders were mainly coming from a single mobile telecom operator in Hong Kong.

Through our job experience in telecommunication sector, we have identified business potential in other business segments that needs to resolve communication problems in large open area. For example, construction sites in which voice, video or data communications are required but having difficulty in laying cables in traditional ways due to geographical reason. We hope that our wireless broadband solutions can explore this market.

In order to enhance our technical capabilities as a solution provider, NSPS has continued to enlist more reliable technical partners. For example, NSPS has partnered with AOpen (a Taiwan corporation) recently to promote its digital signage solutions to our potential clients. AOpen has the competitive edge of having a broad product portfolio which is capable to meet the needs of a diversified client base. The digital signage solutions from AOpen will be promoted by our enterprise solutions team in the coming financial year.

The surge of project services revenue during the Financial Year was due to the reason that NSPS entered into a cellar site installation contract with a Hong Kong mobile telecom operator in March 2015. This cellar installation contract was expired in August 2016 and we have submitted a tender to renew the cellular site installation contract for another two years. Based on the current available information, we have a high chance to win the tender. In order to diversify the revenue bases of project services, we are taking a proactive approach to identify new sources of income based on our expertise. For example, we have registered with different governmental departments to be their qualified minor works contractor and installation supplier.

In order to enhance shareholder value, the Group will continue to seek new investment opportunities in Hong Kong and Mainland China from time to time.

APPRECIATION

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

Lo Lin Shing, Simon
Chairman

Hong Kong, 19 September 2016

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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 interests of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of shareholders and investors.

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

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

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

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

   None of the existing Non-executive Directors, including the Independent 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 the Articles, 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 was unable to attend the 2015 AGM. An Executive Director had chaired the 2015 AGM and answered questions raised by the shareholders. The AGM 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 to answer shareholders' questions at the 2015 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.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Good corporate governance and enterprise-wide risk management are essential for every business. The Company is convinced that corporate governance and Directors and Officers Liability Insurance (the "**D&O Insurance**") complement each other. The Company has arranged appropriate D&O Insurance for the Directors and officers of the Group for indemnifying their liabilities arising from corporate activities. The D&O Insurance coverage is reviewed on an annual basis.

BOARD OF DIRECTORS

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 annual report are:

Executive Directors

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

Independent Non-executive Directors

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

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

The Company is in full compliance with the relevant Listing Rules relating to the appointment of at least three Independent Non-executive Directors, representing at least one-third of the Board, and at least one Independent Non-executive Director have appropriate accounting qualifications.

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

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

RESPONSIBILITIES AND FUNCTIONS OF THE BOARD

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

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

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

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:

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

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

iii. reviewed the internal control of the Group;

iv. reviewed the corporate governance procedures;

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

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

vii. reviewed and approved the independent auditor's remuneration and recommended the re-appointment of Messrs. 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.

The Directors are aware of their commitments to the Company for contributing sufficient time and attentions to the management of the Company.

ACCOUNTABILITY AND AUDIT

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 25.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group so as to maintain sound and effective risk management and internal control 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 risk management and internal control systems of the Group in response to the changing business environment and regulatory requirements.

The Board also conducts reviews of the risk management and internal control 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 the risk management and internal control reviews of the Group and reported directly 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 risk management and internal control systems which covers all material control, including financial, operational and compliance control and risk management functions.

DIRECTORS' TRAININGS AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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. The Company Secretary updates and provides written materials on the latest developments of applicable laws, rules and regulations to the Directors from time to time.

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

CHAIRMAN AND CHIEF EXECUTIVE

The Chairman leads the Board in the determination of strategies and in the achievement of objectives and ensures that all directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information. The Chief Executive is delegated with the authority and responsible for running the Company's business, implementing the Company's strategies in achieving business objectives. Both the Chairman and the Chief Executive positions are currently held by Mr. Lo, an Executive Director. The Board believes that the current governance structure, with a combined Chairman and Chief Executive and a majority of non-executive directors, provides an effective balance of power and authority for the management of the Company in the best interest of the Company at the present stage.

INDEPENDENT NON-EXECUTIVE DIRECTORS

None of the existing Independent Non-executive Directors is appointed for a specific term.

BOARD COMMITTEES

The Board has established the Remuneration Committee and the Audit Committee, with specific terms of reference relating to their authorities and duties, which strengthen the Board's functions and enhance its expertise.

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

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Mr. Lau Wai Piu with Mr. Tsui Hing Chuen, William *JP*, and Mr. Lee Kee Wai, Frank as members.

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 the 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 the individual Executive Directors.

The terms of reference of the Remuneration Committee which were 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.

During the Financial year, the Remuneration Committee:

(i) reviewed and made recommendations on the remuneration policies; and

(ii) reviewed the remuneration packages of the Directors and the senior management.

AUDIT COMMITTEE

The members of the Audit Committee are Mr. Lau Wai Piu (Chairman of the Audit Committee), Mr. Tsui Hing Chuen, William *JP* and Mr. Lee Kee Wai, Frank. All members are Independent Non-executive Directors. The Chairman of the Audit Committee has the appropriate professional qualification, accounting and related financial management expertise as required by the Listing Rules.

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 were 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.

During the Financial Year, the Audit Committee:

(i) reviewed the financial statements for the year ended 30 June 2015 and for the six months ended 31 December 2015;

(ii) reviewed the effectiveness of the internal control and risk management systems; and

(iii) reviewed the independent auditor's report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director and Board Committee meetings and the general meetings of the Company during the Financial Year is set out below:

	Number of Meetings Attended/Held			
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Annual General Meeting**
Mr. Lo	5/5	N/A	N/A	0/1
Mr. Ho Hau Chong, Norman	5/5	N/A	N/A	1/1
Mr. Tsui Hing Chuen, William *JP*	5/5	2/2	1/1	1/1
Mr. Lau Wai Piu	5/5	2/2	1/1	1/1
Mr. Lee Kee Wai, Frank	5/5	2/2	1/1	0/1

For every Board and Board Committee meeting, each Director is required to declare whether he has any conflict of interests in the matters to be considered. If a substantial shareholder or a Director has a conflict of interests which is considered by the Board as material, the matters should be dealt with by a physical Board meeting rather than a written resolution.

Apart from the regular Board meetings, the Chairman had held a meeting with the Independent Non-Executive Directors without the presence of another Executive Director.

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	1,360
Non-audit services	22

INVESTOR RELATIONS

There is no significant change in the Company's constitutional documents during the Finance Year. The latest version of the Articles is available on both the Company's and the Exchange's websites.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Tang Chi Kei. For the year under review, Mr. Tang has taken no less than fifteen hours of relevant professional training under Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Group is committed to maintaining an ongoing communication with the shareholders and providing timely disclosure of information concerning the Group's material developments to the shareholders and investors.

Updated information about the announcements of the Group and the Company is posted on our website in a timely manner. The shareholders can communicate with the Company or the Board through the contact information provided on the website and in the general meetings of the Company.

The Company has complied with the Listing Rules regarding the requirements about voting by poll and keeping the shareholders informed of the procedures for voting by poll through notices of general meetings in circulars of the Company. Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong.

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and entitlement to any dividend declared. The rights of our shareholders are set out in, among others, the Articles and the Companies Law (as revised) of the Cayman Islands.

CONVENING 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.

PROPOSING FOR ELECTION AS A DIRECTOR

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, he/she can deposit a written notice to that effect at the principal place of business of the Company for the attention of the Company Secretary.

In order for the Company to inform its shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder 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 any general meeting.

PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders may send written enquiries together with their detailed contact information, by post to the Company's principal place of business in Hong Kong or by e-mail to us at "Contact Us" of our website (www.visionvalues.com.hk) for the attention of the Company Secretary.

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 "Convening a General Meeting" above.

Directors' Profile

EXECUTIVE DIRECTORS

MR. LO LIN SHING, SIMON

Mr. Lo, aged 60, joined the Company in March 2000 and is currently the chairman of the Board and an Executive Director. He possesses over 30 years of experience in the financial, securities and futures industries, including many trans-border transactions. Mr. Lo has been a member of Chicago Mercantile Exchange and International Monetary Market (Division of Chicago Mercantile) since 1986. He is also the chairman and executive director of Mongolia Energy Corporation Limited, the deputy chairman and executive director of International Entertainment Corporation, both of which are listed on the Stock Exchange.

MR. HO HAU CHONG, NORMAN

Mr. Ho, aged 61, was appointed as a Non-executive Director in November 2000 and re-designated as Executive Director in January 2007. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited and has over 30 years of experience in management and property development. Mr. Ho is also an executive director of Miramar Hotel and Investment Company Limited and 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. Mr. Ho 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. TSUI HING CHUEN, WILLIAM *JP*

Mr. Tsui, aged 65, has been an Independent Non-executive Director since September 2006. He is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries, which was established in 1980. Mr. Tsui 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. Mr. Tsui 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.

MR. LAU WAI PIU

Mr. Lau, aged 52, 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.

MR. LEE KEE WAI, FRANK

Mr. Lee, aged 57, has been an Independent Non-executive Director since April 2007 and is the Senior Partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. He holds a Bachelor of Laws from the London School of Economics & Political Science and a Master of Law from University of Cambridge. 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 also a non-executive director of Pico Far East Holdings Limited which is listed on the Stock Exchange.

Directors' Report

The Directors present their report together with the audited consolidated financial statements of the Group for the Financial Year.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company acts as an investment holding Company and the principal activities of its subsidiaries are set out in Note 17 to the consolidated financial statements. There were no significant changes in the nature of the Company's and the Group's principal activities during the year.

Analyses of the principal activities and geographical locations of the operations of the Group for the Financial Year are set out in Note 7 to the consolidated financial statements.

BUSINESS REVIEW

Reviews of the business of the Group during the Financial Year and discussions of the Group's future business development are set out in the Management Discussion and Analysis on pages 3 to 4 and Business Outlook & Development on page 6.

POSSIBLE RISKS AND UNCERTAINTIES

Descriptions of the possible risks and uncertainties facing the Group can be found throughout this annual report, in particular, the Management Discussion and Analysis on pages 3 to 6 and Notes 4 to 5 to the consolidated financial statements. The financial risk management objectives and policies of the Group can be found in Note 4a to the consolidated financial statements.

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is committed to contributing to the sustainability of the environment. The Group has implemented internal recycling program on a continuous basis. Recycled papers have also been used as printing materials.

During the Financial Year, the Board is of the opinion that the Group has complied with the relevant laws and regulations relating to environmental protection that have a significant impact on the Group in all material respects. The Group endeavours to refine the approach to addressing its environmental, social and ethical responsibilities along with improving our corporate governance and should generate greater value for all of our stakeholders including our shareholders, employees, customers, and suppliers as well as the communities.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group provides a harmonious and professional working environment to employees and ensures they are remunerated with reasonable salaries. The Company regularly reviews and updates its policies on remuneration and benefits, training, occupational health and safety.

The Group is committing to maintaining good relationship with business partners to achieve its long-term goals. During the Financial Year, there was no material and significant dispute between the Group and its business partners except for a dispute with a contractor. The details of this dispute are set out in the Management Discussion and Analysis on page 4.

RESULTS AND APPROPRIATIONS

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

No interim dividend was declared (2015: nil) and the Directors do not recommend the payment of a final dividend for the Financial Year (2015: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 81.

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 consolidated 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 consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 30 June 2016, calculated under the Companies Law (as revised) of the Cayman Islands, are set out in Note 30 to the consolidated financial statements.

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	34%
five largest suppliers in aggregate	63%

SALES

the largest customer	46%
five largest customers in aggregate	64%

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

DIRECTORS

During the Financial Year and up to the date of this Report, the board composition and biographical details of the Directors of the Group are set out on page 8, and page 15 respectively.

In accordance with Article 116 of the Articles, Mr. Ho Hau Chong, Norman and Mr. Lee Kee Wai, Frank will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2016, 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:

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.

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 Scheme", as at 30 June 2016, 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 2016, 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 was deemed to be interested in 845,301,090 shares under the SFO.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

PERMITTED INDEMNITY PROVISIONS

During the Financial Year and up to the date of this annual report, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors (including former Directors) of the Company or its associated companies. The permitted indemnity provisions are provided for in the Articles and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against such Directors.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company which is not determinable 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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement which may result in the Company issuing shares was entered into or existed during the Financial Year, save for the share option scheme of the Company as disclosed on pages 20 to 21 and any outstanding options granted thereunder.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" below, at no time during the Financial Year was the Company or any of its subsidiaries a party to any other arrangements to enable the Directors or chief executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

SHARE OPTION SCHEME

Under the share option scheme adopted by the Company on 23 November 2011 (the "**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 Option Scheme:

1. PURPOSE

The purpose of the 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 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 Option Scheme is 47,328,533 shares which represents 1.83% of the issued share capital of the Company as at the date of this annual 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 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 OPTION SCHEME

The 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 Option Scheme 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 2015	Granted during the Financial Year	Lapsed during the Financial Year	Exercised during the Financial Year	Adjusted during the Financial Year	As at 30 June 2016
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	2,767,857	–	–	–	–	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	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 a director of certain subsidiaries)	11/01/2013	0.181	11/01/2013 to 10/01/2018	N/A	8,571	–	–	–	–	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 31/05/2016	09/06/2014 to 08/03/2015	5,000,000	–	5,000,000	–	–	–
	09/06/2014	0.660	09/09/2015 to 31/05/2016	09/06/2014 to 08/09/2015	5,000,000	–	5,000,000	–	–	–
	20/05/2015	0.680	20/05/2015 to 19/05/2020	N/A	38,420,000	–	–	–	–	38,420,000
Total					**107,960,713**	**–**	**10,000,000**	**–**	**–**	**97,960,713**

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.

CONNECTED TRANSACTIONS

During the Financial Year, there were no connected transactions and continuing connected transactions which were required to be disclosed in accordance with the requirements of the Listing Rules.

Save for the operating lease rental expenses to related companies, none of the related party transactions as set out in Note 29(a) to the consolidated financial statements constituted a connected transaction under Chapter 14A of the Listing Rules. The operating lease rental expenses to related companies constitute fully exempt connected transactions of the Company of which all the applicable requirements under the Listing Rules had been duly complied with.

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.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles 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.

EMOLUMENT POLICY

As at 30 June 2016, the Group had employed a total of 30 full-time employees (2015: 29) in Hong Kong. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed and determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates involved in deciding his own remuneration.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, and details of the scheme are set out in Note 25 to the consolidated financial statement and the Share Option Scheme on pages 20 to 22.

RETIREMENT SCHEME

Details of the retirement scheme operated by the Group are set out in Note 3(o)(i) to the financial statements.

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.

EVENT AFTER THE REPORTING PERIOD

Detailed of significant event occurring after the reporting period is set out in Note 31 to the consolidated 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, 19 September 2016

Independent Auditor's Report

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 set out on pages 27 to 80, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 September 2016

Consolidated Statement of Profit or Loss

	Notes	Year ended 30 June 2016 HK$'000	2015 HK$'000
Revenue	6	**26,351**	22,032
Other income	8	**843**	1,104
Changes in inventories of finished goods and work in progress	20	**(6,575)**	(9,743)
Subcontracting fees for project services		**(11,557)**	(4,167)
Fair value gain/(loss) on investment properties	15	**1,008**	(2,925)
Employee benefit expenses	10	**(13,748)**	(20,572)
Depreciation	14	**(866)**	(971)
Other expenses	9	**(24,473)**	(31,372)
Loss before taxation		**(29,017)**	(46,614)
Income tax (expense)/credit	12	**(151)**	456
Loss for the year		**(29,168)**	(46,158)
Loss attributable to:			
Owners of the Company		**(26,803)**	(45,189)
Non-controlling interest		**(2,365)**	(969)
		(29,168)	(46,158)
Loss per share attributable to owners of the Company for the year (HK cents)			
Basic and diluted loss per share	13	**(1.03)**	(1.78)

The Notes on pages 33 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2016 HK$'000	2015 HK$'000
Loss for the year	**(29,168)**	(46,158)
Other comprehensive loss		
Item that may be reclassified to profit or loss:		
Currency translation differences	**(1,258)**	—
Total comprehensive loss for the year	**(30,426)**	(46,158)
Attributable to:		
Owners of the Company	**(28,061)**	(45,189)
Non-controlling interest	**(2,365)**	(969)
Total comprehensive loss for the year	**(30,426)**	(46,158)

The Notes on pages 33 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	As at 30 June 2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**6,353**	6,935
Investment properties	15	**29,426**	29,660
Exploration and evaluation assets	16	**50,048**	31,729
Goodwill	18	**3,334**	3,334
Held-to-maturity financial assets	19	**48,452**	—
		137,613	71,658
Current assets			
Inventories	20	**28,517**	15,559
Trade receivables	21	**8,625**	5,447
Prepayments, deposits and other receivables		**6,562**	5,721
Cash and bank balances	22	**157,565**	260,293
		201,269	287,020
Total assets		**338,882**	358,678
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	25	**259,184**	259,184
Other reserves		**214,059**	218,010
Accumulated losses		**(175,048)**	(151,164)
		298,195	326,030
Non-controlling interest	17	**25,726**	17,917
Total equity		**323,921**	343,947

Consolidated Statement of Financial Position (Continued)

	Notes	As at 30 June 2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	23	**898**	747
Current liabilities			
Trade payables	24	**5,700**	3,622
Accrued charges and other payables		**8,363**	10,362
		14,063	13,984
Total liabilities		**14,961**	14,731
Total equity and liabilities		**338,882**	358,678
Net current assets		**187,206**	273,036

The financial statements on pages 27 to 80 were approved by the Board of Directors on 19 September 2016 and were signed on its behalf.

Lo Lin Shing, Simon	**Ho Hau Chong, Norman**
Director	*Director*

The Notes on pages 33 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 30 June 2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash used in operations	26	**(46,166)**	(22,372)
Income tax paid		**—**	(60)
Net cash used in operating activities		**(46,166)**	(22,432)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(284)**	(664)
Purchase of held-to-maturity financial assets		**(48,941)**	—
Additions to exploration and evaluation assets	16	**(18,826)**	(24,533)
Interest received		**1,331**	1,104
Net cash used in investing activities		**(66,720)**	(24,093)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares			
—Exercise of share options	25	**—**	15,466
Contribution from a non-controlling interest		**10,174**	13,871
Net cash generated from financing activities		**10,174**	29,337
Net decrease in cash and cash equivalents		**(102,712)**	(17,188)
Cash and cash equivalents at the beginning of year		**260,293**	277,481
Effect on foreign exchange rate changes		**(16)**	—
Cash and cash equivalents at end of year	22	**157,565**	260,293

The Notes on pages 33 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

	Attributable to owners of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Revaluation reserve** HK$'000	**Share option reserve** HK$'000	**Currency translation reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total equity** HK$'000
At 1 July 2014	253,557	161,787	2,366	13,739	3,317	(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	5,627	17,429	—	(7,590)	—	—	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	17,429	—	19,372	—	—	42,428	—	42,428
Contribution from a non-controlling interest	—	—	—	—	—	—	—	13,871	13,871
Total transactions with owners recognised directly in equity	5,627	17,429	—	19,372	—	—	42,428	13,871	56,299
At 30 June 2015	259,184	179,216	2,366	33,111	3,317	(151,164)	326,030	17,917	343,947
At 1 July 2015	**259,184**	**179,216**	**2,366**	**33,111**	**3,317**	**(151,164)**	**326,030**	**17,917**	**343,947**
Comprehensive loss:									
—Loss for the year	**—**	**—**	**—**	**—**	**—**	**(26,803)**	**(26,803)**	**(2,365)**	**(29,168)**
Other comprehensive loss:									
—Currency translation differences	**—**	**—**	**—**	**—**	**(1,258)**	**—**	**(1,258)**	**—**	**(1,258)**
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(1,258)**	**(26,803)**	**(28,061)**	**(2,365)**	**(30,426)**
Share-based payment	**—**	**—**	**—**	**226**	**—**	**—**	**226**	**—**	**226**
Share option lapsed	**—**	**—**	**—**	**(2,919)**	**—**	**2,919**	**—**	**—**	**—**
Total contributions by owners of the Company recognised directly in equity	**—**	**—**	**—**	**(2,693)**	**—**	**2,919**	**226**	**—**	**226**
Contribution from a non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**10,174**	**10,174**
Total transactions with owners recognised directly in equity	**—**	**—**	**—**	**(2,693)**	**—**	**2,919**	**226**	**10,174**	**10,400**
At 30 June 2016	**259,184**	**179,216**	**2,366**	**30,418**	**2,059**	**(175,048)**	**298,195**	**25,726**	**323,921**

The Notes on pages 33 to 80 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in the provision of network solutions and project services, property investment, 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 902–03, 9/F Shui Hing Centre, 13 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 dollar ("**HK$**"), unless otherwise stated.

2. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of 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) CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(i) Adoption of new/amended accounting standards for the year ended 30 June 2016

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

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

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted

The following new and amended standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted by the Group:

HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted (Continued)

New 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".

New standards on HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17, which does not require the recognition of a right-of-use asset or lease liability for lessees of operating leases, but for which disclosures are made in relation to lease commitment as in Note 27.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Except as described above, the Directors of the Company anticipate that the application of the other above new and amended HKFRS will have no material impact on the results and the consolidated financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(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 to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) GROUP ACCOUNTING (Continued)

(ii) Separate financial statements

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

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 income/(expense) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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;

— 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'deposit and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position.

(b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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.

(j) 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.

(k) 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.

(l) CASH AND CASH EQUIVALENTS

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) 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.

(o) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) EMPLOYEE BENEFITS (Continued)

(iv) Share-based Compensation

The Group operates a share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

When the options are exercised, the Company issues new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(p) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) CURRENT AND DEFERRED INCOME TAX (Continued)

(ii) Deferred Income tax (Continued)

Outside basis differences

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

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income 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.

(q) 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.

(r) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) 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.

(u) 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.

(v) 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 2016, 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$70,000 lower/higher (2015: HK$71,000 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 2016, 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$21,000 lower/higher (2015: HK$63,000 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.

(ii) Price Risk

The Group is not exposed to significant price risk.

4. FINANCIAL RISK MANAGEMENT (Continued)

4a. FINANCIAL RISK FACTORS (Continued)

(a) Market Risk (Continued)

(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 92% (2015: 94%) 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 63% (2015: 33%) of the total trade receivables, and top five customers constituted 89% of the Group's trade receivables as at 30 June 2016 (2015: 71%).

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

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

(c) Liquidity Risk

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

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

4. FINANCIAL RISK MANAGEMENT (Continued)

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 held-to-maturity financial assets, trade receivables, net of impairment provision, deposits and other receivables 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$667,047 (2015: increased/decreased by HK$583,588).

(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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(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.

(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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(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 2016, 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 (2015: HK$3,334,000) was subject to an impairment test as at 30 June 2016. No impairment charge has been recognised in the consolidated statement of profit or loss for the year ended 30 June 2016 (2015: nil).

(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$507,000 (2015: HK$1,805,000), 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 2016.

6. REVENUE

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

	2016 **HK$'000**	2015 HK$'000
Network solutions and project services fee	**25,030**	20,621
Rental income	**1,321**	1,411
	26,351	22,032

7. SEGMENT INFORMATION

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

The segment revenue and results for the year ended 30 June 2016

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Total HK$'000
Segment revenue	25,030	1,321	–	–	26,351
Segment results	5,673	1,009	–	–	6,682
Depreciation of property, plant and equipment	(94)	–	(92)	(340)	(526)
Fair value gain on investment properties	–	1,008	–	–	1,008
Write-off of exploration and evaluation assets	–	–	–	(507)	(507)
Unallocated expenses (Note a)					(36,515)
Interest income					841
Loss before taxation					(29,017)
Other segment information:					
Capital expenditure (Note b)	25	–	177	18,847	19,049
Unallocated capital expenditure					61
					19,110

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses and reimbursement of sharing of administrative services 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 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	—	—	—	(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)

SEGMENT ASSETS

For the year ended 30 June 2016

	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	**10,895**	**29,899**	**31,010**	**50,831**	**122,635**
Unallocated:					
Cash and bank balances					**157,565**
Other unallocated assets					**58,682**
Consolidated total assets					**338,882**

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

7. SEGMENT INFORMATION (Continued)

SEGMENT ASSETS (Continued)

The Company is domiciled in Hong Kong and the Group 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	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**67,159**	19,461	**25,452**	21,035
Mainland China	**19,656**	19,400	**899**	997
Mongolia	**50,798**	32,797	**—**	—
	137,613	71,658	**26,351**	22,032

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$11,541,000 (2015: HK$2,974,000) is derived from a single (2015: a single) 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 INCOME

	2016	2015
	HK$'000	HK$'000
Interest income	**841**	1,104
Sundry income	**2**	—
	843	1,104

9. OTHER EXPENSES

	2016 HK$'000	2015 HK$'000
Auditor's remuneration		
—Audit services	**1,360**	1,300
—Overprovision in prior year	**(10)**	—
—Non-audit services	**22**	21
Direct operating expenses from investment properties that generate rental income	**312**	294
Exchange gain — net	**(11)**	(172)
Write-off of exploration and evaluation assets (Note 16)	**507**	1,805
Operating lease rentals for land and buildings	**2,507**	5,295
Share-based payment (excluding directors and employee)	**—**	16,817
Legal and professional fee	**5,141**	1,954
Reimbursement of sharing of administrative services (Note 29)	**9,486**	—

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING BENEFITS AND INTEREST OF DIRECTORS)

	2016 HK$'000	2015 HK$'000
Wages and salaries	**13,164**	10,178
Share-based payment	**226**	10,145
Pension costs — defined contribution plans	**358**	249
	13,748	20,572

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 2016, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2015: nil).

11. BENEFITS AND INTERESTS OF DIRECTORS 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:

	2016 **HK$'000**	2015 HK$'000
Fees	**560**	560
Other emoluments	**1,505**	7,288
	2,065	7,848

Neither the Chief Executive nor any of the Directors of the Company waived any emoluments during the year (2015: nil).

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

	Year ended 30 June 2016				
Name of Directors	**Fees** **HK$'000**	**Salaries and allowances** **HK$'000**	**Share-based payment** **HK$'000**	**Pension costs—defined contribution plans** **HK$'000**	**Total** **HK$'000**
Executive Directors					
Mr. Lo Lin Shing, Simon ("**Mr. Lo**")	**100**	**1,500**	**—**	**5**	**1,605**
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	**1,500**	**—**	**5**	**2,065**

11. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Year ended 30 June 2015				
Name of Directors	Fees	Salaries and allowances	Share-based payment	Pension costs—defined contribution plans	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors					
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

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

(b) DIRECTORS' RETIREMENT BENEFITS

None of the directors received or will receive any retirement benefits during the year (2015: nil).

(c) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year (2015: nil).

(d) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 30 June 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: nil).

(e) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the year ended 30 June 2016, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors (2015: nil).

11. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(f) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(g) FIVE HIGHEST PAID INDIVIDUALS

One of the Directors was included in the five highest paid individuals for the year ended 30 June 2016 (2015: four). The emoluments payable to the remaining four (2015: one) individual during the year were as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries and allowances	**4,813**	3,089
Share-based payment	**—**	1,253
Pension costs—defined contribution plans	**54**	—
	4,867	4,342

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Emolument bands		
HK$100,001 to HK$500,000	**1**	—
HK$500,001 to HK$1,000,000	**2**	—
HK$3,000,001 to HK$3,500,000	**1**	—
HK$4,000,001 to HK$4,500,000	**—**	1
	4	1

12. INCOME TAX (EXPENSE)/CREDIT

No Hong Kong profits tax has been provided (2015: 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.

	2016 **HK$'000**	2015 HK$'000
Current tax	**—**	—
Deferred tax		
— Origination of temporary differences (Note 23)	**(151)**	456
Total income tax (expense)/credit	**(151)**	456

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

	2016 **HK$'000**	2015 HK$'000
Loss before taxation	**29,017**	46,614
Calculated at a taxation rate of 16.5% (2015: 16.5%)	**4,787**	7,691
Effect of different taxation rates in other countries	**(89)**	(159)
Income not subject to tax	**270**	307
Expenses not deductible for tax purposes	**(253)**	(4,867)
Tax losses not recognised	**(4,927)**	(2,557)
Utilisation of previously unrecognised tax losses	**61**	41
Income tax (expense)/credit	**(151)**	456

13. LOSS PER SHARE

(a) BASIC

Basic loss per share is calculated by dividing the loss attributable to owners of the company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Loss attributable to owners of the Company (HK$'000)	**(26,803)**	(45,189)
Weighted average number of ordinary shares in issue (in thousands)	**2,591,839**	2,538,394

(b) DILUTED

The calculation of the diluted loss per share for the year ended 30 June 2016 is based on the loss for the year attributable to equity holders of the Company, adjusted to assume exercise of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share option. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of share option.

The share options issued by the Company were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share for the year ended 30 June 2016 and 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	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 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
Additions	**—**	**—**	**119**	**165**	**—**	**284**
At 30 June 2016	**5,050**	**340**	**278**	**2,262**	**1,669**	**9,599**
Accumulated depreciation						
At 1 July 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
Charge for the year	**158**	**75**	**84**	**215**	**334**	**866**
At 30 June 2016	**282**	**318**	**139**	**1,771**	**736**	**3,246**
Net book value						
At 30 June 2015	4,926	97	104	541	1,267	6,935
At 30 June 2016	**4,768**	**22**	**139**	**491**	**933**	**6,353**

Leasehold land and building of HK$4,768,000 (2015: HK$4,926,000) is located in Hong Kong and held under a medium-term lease of 10 to 50 years.

15. INVESTMENT PROPERTIES

	2016 HK$'000	2015 HK$'000
At beginning of the year	**29,660**	37,635
Fair value gain/(loss) on investment properties	**1,008**	(2,925)
Reclassified to property, plant and equipment (Note 14)	**—**	(5,050)
Currency translation differences	**(1,242)**	—
At end of the year	**29,426**	29,660

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

	2016 HK$'000	2015 HK$'000
Rental income	**1,321**	1,411
Direct operating expenses from properties that generated rental income	**(312)**	(294)
	1,009	1,117

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 (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 2016				
Investment properties:				
— Residential property — Beijing	**—**	**9,594**	**—**	**9,594**
— Office unit — Beijing	**—**	**—**	**10,062**	**10,062**
— Industrial property — Hong Kong	**—**	**5,500**	**3,800**	**9,300**
— Carpark — Hong Kong	**—**	**470**	**—**	**470**
	—	**15,564**	**13,862**	**29,426**
At 30 June 2015				
Investment properties:				
— Residential property — 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

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

There was no transfer between all levels in both years.

15. INVESTMENT PROPERTIES (Continued)

FAIR VALUE HIERARCHY (Continued)

Valuation processes of the Group

The Group's investment properties were valued at 30 June 2016 and 2015 by independent professionally qualified valuers, DTZ Cushman & Wakefield Limited (2015: BMI Appraisals Limited), whom 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.

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 2016	Valuation technique	Unobservable inputs	Range of significant unobservable inputs	Relationship of unobservable inputs to fair value
Office unit — Beijing	HK$10,062,000 (2015: HK$9,400,000)	Investment approach	Rental value	RMB189.54 per month per square meter (2015: RMB145.90)	The higher the rental value, the higher the value
			Market yield or discount rate	6.50% (2015: 6.30% – 6.80%)	The higher the discount rate, the lower the value
Industrial properties — Hong Kong	HK$3,800,000 (2015: HK$5,760,000)	Investment approach	Rental value	HK$11.00 – HK$15.00 per month per square feet (2015: HK$15.32 – HK$17.28)	The higher the rental value, the higher the value
			Market yield or discount rate	4.00% (2015: 2.90%)	The higher the discount rate, the lower the value

15. INVESTMENT PROPERTIES (Continued)

FAIR VALUE HIERARCHY (Continued)

Valuation techniques (Continued)

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

	2016 HK$'000	2015 HK$'000
In Hong Kong, held on medium-term leases	9,770	10,260
In Mainland China, held on medium-term leases	19,656	19,400
	29,426	29,660

16. EXPLORATION AND EVALUATION ASSETS

The Group owns mineral exploration licences in southern and western parts of Mongolia. The additions to the exploration and evaluation assets represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

	2016 HK$'000	2015 HK$'000
At beginning of the year	31,729	9,001
Additions	18,826	24,533
Written off (Note)	(507)	(1,805)
At end of the year	50,048	31,729

Note: During the year ended 30 June 2016, the Group returned one (2015: four) exploration licence, which had no investment potential after due assessment by the Directors, to the Mongolian Government and wrote off the costs related to this licence.

17. PARTICULARS OF SUBSIDIARIES

All of the subsidiaries of the Company were incorporated/established as limited liability companies. Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation	Particulars of issued share capital	Percentage of equity interest attributable to the Company		Principal activities and place of operation
			Direct	Indirect	
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%	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%	Property investment in Mainland China
Lipro Prosper Limited	Hong Kong	2 ordinary shares of total HK$2	—	100%	Property investment in Mainland China
Greenham Development Limited	Hong Kong	2 ordinary shares of total HK$2	—	100%	Property investment in Hong Kong
Vision Values Group Management Limited	Hong Kong	2 ordinary shares of total HK$2	—	100%	Provision of management services in Hong Kong
Vision Values Security Services Limited	Hong Kong	1 ordinary share of HK$1	100%	—	Provision of property management services in Hong Kong
Silver Value Global Limited	Hong Kong	1 ordinary share of HK$1	100%	—	Yacht building in Hong Kong
FVSP LLC	Mongolia	100,000 ordinary shares of US$1 each	—	100%	Mineral exploration in Mongolia

17. PARTICULARS OF SUBSIDIARIES (Continued)

MATERIAL NON-CONTROLLING INTEREST

The non-controlling interest for the year ended 30 June 2016 is HK$2,365,000 (2015: HK$969,000) of which is solely for the Mission Wealth Holdings Limited and its subsidiaries (collectively the "**Mission Wealth Group**") (2015: Blue Stream Enterprises Limited and its subsidiaries (collectively the "**Blue Stream Group**")). As the result of the group restructuring, Mission Wealth Holdings Limited became the immediate holding company of Blue Stream Group during the year ended 30 June 2016.

Summarised statement of financial position

	Mission Wealth Group 2016 HK$'000	Blue Stream Group 2015 HK$'000
Current		
Assets	**1,956**	4,269
Liabilities	**(59,973)**	(39,375)
Total current net liabilities	**(58,017)**	(35,106)
Non-current		
Assets	**53,191**	32,311
Net liabilities	**(4,826)**	(2,795)

Summarised statement of profit or loss

	Mission Wealth Group 2016 HK$'000	Blue Stream Group 2015 HK$'000
Revenue	**—**	—
Loss before taxation	**(4,827)**	(1,978)
Income tax expense	**—**	—
Other comprehensive loss	**—**	—
Total comprehensive loss	**(4,827)**	(1,978)
Total comprehensive loss allocated to non-controlling interest	**(2,365)**	(969)

17. PARTICULARS OF SUBSIDIARIES (Continued)

MATERIAL NON-CONTROLLING INTEREST (Continued)

Summarised cash flows

	Mission Wealth Group 2016 HK$'000	Blue Stream Group 2015 HK$'000
Cash flows from operating activities		
Cash used in operations	**(3,997)**	(526)
Income tax paid	**—**	—
Net cash used in operating activities	**(3,997)**	(526)
Net cash used in investing activities	**(18,848)**	(25,125)
Net cash generated from financing activities	**20,495**	27,759
Net (decrease)/increase in cash and cash equivalents	**(2,350)**	2,108
Cash and cash equivalents at the beginning of the year	**4,207**	2,099
Cash and cash equivalents at end of the year	**1,857**	4,207

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

18. GOODWILL

	2016 HK$'000	2015 HK$'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 2016 and 2015.

IMPAIRMENT TESTS FOR GOODWILL

The Group reperformed annual impairment test for goodwill allocated to the Group's CGU 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 (2015: 5 years). Cash flows beyond 2021 are extrapolated using the estimated growth rate stated below.

18. GOODWILL (Continued)

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

	2016 Network solutions and project services	2015 Network solutions and project services
Gross margin	**28%**	26%
Growth rate	**5%**	5%
Discount rate	**12%**	12%

If gross margin decreased to 18% or growth rate fell to 0%, all changes taken in isolation, the remaining headroom would be removed.

19. HELD-TO-MATURITY FINANCIAL ASSETS

	2016 HK$'000	2015 HK$'000
Listed securities:		
— Corporate bonds with fixed interest rate of 3.375% and maturity date of 26 October 2027 – Hong Kong	**16,059**	—
— Corporate bonds with fixed interest rate of 4.375% and maturity date of 30 November 2022 – Hong Kong	**32,393**	—
	48,452	—

The movement in held-to-maturity of financial assets may be summarised as below:

	2016 HK$'000	2015 HK$'000
At beginning of the year	**—**	—
Additions	**48,452**	—
Currency translation differences	**—**	—
At end of the year	**48,452**	—
Less: non-current portion	**(48,452)**	—
Current portion	**—**	—

The fair value of the held-to-maturity financial assets, which is based on quoted market bid prices, is HK$48,610,000 (2015: nil).

Held-to-maturity financial assets are denominated in US$.

20. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**2,438**	3,399
Work in progress	**25,897**	11,748
Finished goods	**182**	412
	28,517	15,559

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK$6,575,000 (2015: HK$9,743,000).

21. TRADE RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**8,625**	5,447

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:

	2016 HK$'000	2015 HK$'000
1 – 30 days	**5,505**	1,637
31 – 60 days	**630**	700
61 – 90 days	**324**	651
Over 91 days	**2,166**	2,459
	8,625	5,447

21. TRADE RECEIVABLES (Continued)

As of 30 June 2016, trade receivables of HK$2,892,000 (2015: HK$4,249,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and we are in litigation proceedings in which the management consider these amounts are highly probable to be recovered. The ageing analysis by due date of these trade receivables is as follows:

	2016 HK$'000	2015 HK$'000
Past due 1 – 30 days	**572**	1,837
Past due 31 – 60 days	**256**	379
Past due 61 – 90 days	**435**	239
Past due 91 – 180 days	**1,629**	1,794
	2,892	4,249

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

	2016 HK$'000	2015 HK$'000
HK$	**7,840**	5,088
US$	**423**	62
RMB	**254**	297
EURO ("**EUR**")	**108**	—
	8,625	5,447

None of the trade receivables were impaired as at 30 June 2016 (2015: nil) and 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.

22. CASH AND BANK BALANCES

	2016 HK$'000	2015 HK$'000
Cash at bank and on hand	**157,565**	260,293

The cash and bank balances of certain subsidiaries of the Group as at 30 June 2016 included balances with banks in the Mainland China totalling approximately HK$129,000 (2015: HK$223,000) which were denominated in RMB and US$. The remittance of these balances outside the 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 0.62% (2015: 0.31%) per annum. The maturity days of the short-term bank deposit was ranged from one week to three months (2015: one week).

23. DEFERRED INCOME TAX LIABILITIES

	Accumulated depreciation HK$'000	Fair value gain on investment properties HK$'000	Total HK$'000
At 1 July 2014	38	1,165	1,203
Credited to consolidated statement of profit or loss (Note 12)	(34)	(422)	(456)
At 30 June 2015	4	743	747
Charged to consolidated statement of profit or loss (Note 12)	**2**	**149**	**151**
At 30 June 2016	**6**	**892**	**898**

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$58,122,000 (2015: HK$54,600,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$2,804,627 (2015: HK$4,440,639) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

24. TRADE PAYABLES

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

	2016 HK$'000	2015 HK$'000
0 – 30 days	**2,487**	2,462
31 – 60 days	**183**	456
61 – 90 days	**653**	73
91 – 180 days	**2,377**	631
	5,700	3,622

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

	2016 HK$'000	2015 HK$'000
HK$	**5,168**	3,375
US$	**449**	239
RMB	**8**	8
EUR	**75**	—
	5,700	3,622

The carrying amounts of trade payables approximate their fair values.

25. SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 1 July 2014, 30 June 2015 and 2016	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 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, 1 July 2015 and 30 June 2016	2,591,838,892	259,184

The total authorised number of ordinary shares is 20,000 million shares (2015: 20,000 million) with a par value of HK$0.10 per share (2015: HK$0.10 per share).

Note: During the year ended 30 June 2015, share options to subscribe for 56,267,857 shares were exercised, of which HK$5,627,000 was credited to share capital, the balance of approximately HK$17,429,000 was credited to the share premium account, including a reversal of reserve credited to the consolidated statement of changes in equity of approximately HK$7,590,000 and proceed of received from the exercise of the share options of HK$15,466,000. 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 "**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.

25. SHARE CAPITAL (Continued)

SHARE OPTION SCHEME (Continued)

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

	2016 Weighted average exercise price per share HK$	**2016** Number of share options	2015 Weighted average exercise price per share HK$	2015 Number of share options
At beginning of the year	**0.586**	**107,960,713**	0.339	96,228,570
Granted	**—**	**—**	0.680	68,000,000
Exercised	**—**	**—**	0.275	(56,267,857)
Lapsed	**0.660**	**(10,000,000)**	—	—
At end of the year	**0.578**	**97,960,713**	0.586	107,960,713

Share options outstanding under the 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 2016**	Number of shares subject to options 2015
11-1-2013	0.181 (Note)	11-1-2013 to 10-1-2018	**21,740,713**	21,740,713 (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
09-6-2014	0.660	09-9-2015 to 31-5-2016	**—**	5,000,000
20-5-2015	0.680	20-5-2015 to 19-5-2020	**57,420,000**	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.

25. SHARE CAPITAL (Continued)

SHARE OPTION SCHEME (Continued)

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.

26. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before taxation to cash used in operations:

	2016 HK$'000	2015 HK$'000
Loss before taxation	**(29,017)**	(46,614)
Depreciation of property, plant and equipment	**866**	971
Write-off of exploration and evaluation assets	**507**	1,805
Fair value (gain)/loss on investment properties	**(1,008)**	2,925
Bank interest income	**(841)**	(1,104)
Share-based payment	**226**	26,962
Write-off of inventories	**—**	10
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	**(3,179)**	(168)
— prepayments, deposits and other receivables	**(841)**	(1,397)
— inventories	**(12,958)**	(8,194)
— trade payables	**2,078**	393
— accrued charges and other payables	**(1,999)**	2,039
Cash used in operations	**(46,166)**	(22,372)

27. OPERATING LEASE COMMITMENTS

At 30 June 2016, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2016 HK$'000	2015 HK$'000
No later than 1 year	271	916

At 30 June 2016 and 2015, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

During the year ended 30 June 2016, all of the investment properties (2015: all) are leased to tenants under operating leases with rentals payable monthly/quarterly. Minimum lease payments receivable on leases of the investment properties are as follows:

	2016 HK$'000	2015 HK$'000
No later than 1 year	944	1,382
Later than 1 year and no later than 5 years	171	1,182
	1,115	2,564

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

28. CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which is authorised by management of the Group but not contracted for as at 30 June 2016 amounts to HK$18,516,000 (2015: HK$52,413,000). Such capital expenditure of exploration activities were contributed by equity holders of the Mission Wealth Group on a pro-rata basis and the commitment of the Company amounts to HK$9,443,000 (2015: HK$26,731,000).

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

	Group	
	2016 HK$'000	2015 HK$'000
Exploration drilling	5,742	11,631
Yacht building	5,849	6,819
	11,591	18,450

The Company did not have any other capital expenditures contracted for at the end of the year but not yet incurred (2015: nil).

29. 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 statements, 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:

	2016 HK$'000	2015 HK$'000
Operating lease rental income from a related company (Note 1)	**422**	385
Operating lease rental expenses to a related company (Note 1)	**183**	2,844
Operating lease rental expenses to related companies (Note 2)	**1,216**	1,116
Reimbursement of sharing of administrative services to a related company (Note 1 and 3)	**9,486**	—

Notes:

(1) Related companies are companies in which Mr. Lo is the director.

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

(3) The service is charged at actual cost incurred.

(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:

	2016 HK$'000	2015 HK$'000
Amounts due to related companies	**(70)**	(821)
Amounts due from related companies	**145**	65

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

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

	2016 HK$'000	2015 HK$'000
Salaries and other employee benefits	**2,065**	7,848

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 30 June 2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**108,506**	94,483
Held-to-maturity financial assets		**48,452**	—
		156,958	94,483
Current assets			
Prepayments, deposits and other receivables		**1,134**	1,157
Cash and bank balances		**149,558**	247,980
		150,692	249,137
Total assets		**307,650**	343,620
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**259,184**	259,184
Other reserves	(a)	**209,634**	212,327
Accumulated losses	(a)	**(192,958)**	(158,877)
Total equity		**275,860**	312,634
LIABILITY			
Current liabilities			
Amounts due to subsidiaries		**29,616**	28,901
Accrued charges and other payables		**2,174**	2,085
Total liabilities		**31,790**	30,986
Total equity and liabilities		**307,650**	343,620
Net current assets		**118,902**	218,151

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

Note:

(a) Reserve movement of the 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 2014	161,787	13,739	175,526	(127,150)	48,376
Loss for the year	—	—	—	(31,727)	(31,727)
Exercise of share options	17,429	(7,590)	9,839	—	9,839
Share-based payment	—	26,962	26,962	—	26,962
At 30 June 2015	179,216	33,111	212,327	(158,877)	53,450
Loss for the year	**—**	**—**	**—**	**(37,000)**	**(37,000)**
Share-based payment	**—**	**226**	**226**	**—**	**226**
Share option lapsed	**—**	**(2,919)**	**(2,919)**	**2,919**	**—**
At 30 June 2016	**179,216**	**30,418**	**209,634**	**(192,958)**	**16,676**

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

31. EVENT AFTER THE REPORTING PERIOD

On 15 September 2016, the Board of Directors proposed to the shareholders that: (i) the issued share capital of the Company be reduced from HK$259,183,889.20 to HK$25,918,388.92 (the "**Capital Reduction**") by the cancellation of HK$0.09 paid up capital on each issued share so that each issued share shall be treated as one fully paid up share of par value HK$0.01 each in the capital of the Company; and (ii) the par value of each authorised but unissued share be reduced from HK$0.10 to HK$0.01, such that the authorised share capital of the Company shall be reduced from HK$2,000,000,000.00 to HK$200,000,000.00 and that the credit arising from the Capital Reduction in the amount of approximately HK$233,265,500.28 be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to the share premium account of the Company. The Capital Reduction is subject to fulfilment of certain conditions and approvals by the shareholders and governmental authorities and therefore it has not been completed as at the date of approval of these consolidated financial statements.

Five-year Financial Summary

The historical figures represent financial information of the Group for the years from 2012 to 2016.

Consolidated Statement of Profit or Loss

	For the year ended 30 June				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Revenue					
Continuing operations	35,557	37,284	22,289	22,032	**26,351**
Discontinued operations	936	—	—	—	**—**
	36,493	37,284	22,289	22,032	**26,351**
Profit/(loss) attributable to owners of the Company	(2,044)	7,557	(14,080)	(45,189)	**(26,803)**
	(Restated)	(Restated)			
Basic earnings/(loss) per share (Note) (HK cents)	(0.14)	0.51	(0.61)	(1.78)	**(1.03)**

Consolidated Statement of Financial Position

	As at 30 June				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Non-current assets					
Property, plant and equipment	661	770	2,192	6,935	**6,353**
Investment properties	21,279	37,586	37,635	29,660	**29,426**
Exploration and evaluation assets	—	—	9,001	31,729	**50,048**
Goodwill	3,334	3,334	3,334	3,334	**3,334**
Held-to-maturity financial assets	—	—	—	—	**48,452**
Total non-current assets	25,274	41,690	52,162	71,658	**137,613**
Net current assets	128,457	124,365	282,847	273,036	**187,206**
Total assets less current liabilities	153,731	166,055	335,009	344,694	**324,819**
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	141,038	141,038	253,557	259,184	**259,184**
Other reserves	121,247	115,715	181,209	218,010	**214,059**
Accumulated losses	(109,607)	(91,895)	(105,975)	(151,164)	**(175,048)**
	152,678	164,858	328,791	326,030	**298,195**
Non-controlling interest	—	—	5,015	17,917	**25,726**
Total equity	152,678	164,858	333,806	343,947	**323,921**
Non-current liabilities					
Deferred income tax liabilities	1,053	1,197	1,203	747	**898**
	153,731	166,055	335,009	344,694	**324,819**

	As at 30 June				
	2012	2013	2014	2015	**2016**
Net asset value per share attributable to owners of the Company (HK$)	0.11	0.12	0.13	0.13	**0.12**
Number of shares issued (in thousand)	1,410,381	1,410,381	2,535,571	2,591,839	**2,591,839**

Note: As a result of the rights issue completed in the year of 2014, figures for the years from 2012 to 2013 have been restated for comparative purpose.

Schedule of Investment Properties

INVESTMENT PROPERTIES AS AT 30 JUNE 2016

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