Vision Values

Vision Values Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 862

Annual Report
2019

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lo Lin Shing, Simon *(Chairman)*
Mr. Ho Hau Chong, Norman
Ms. Yvette Ong
Mr. Lo, Rex Cze Kei

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 Solicitors & Notaries

PRINCIPAL BANKER

Public Bank (Hong Kong) Limited

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

REGISTERED OFFICE

P.O. Box 10008, Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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 54, 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 final results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries, (collectively the "**Group**") for the year ended 30 June 2019 (the "**Financial Year**").

FINANCIAL RESULTS SUMMARY

- Revenue for the Financial Year was HK$54.0 million (2018: HK$30.4 million).
- Loss attributable to owners of the Company was HK$66.6 million (2018: Profit of HK$9.8 million).
- Basic loss per share attributable to owners of the Company was HK cents 1.7 (2018: Basic earnings per share of HK cents 0.25).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The achieved annual revenue was HK$19.8 million (2018: HK$24.2 million) representing a decrease of approximately 18.2% from last financial year.

NSPS earns its revenue through the sale of telecom solutions, enterprise solutions, project services and systems maintenance. The revenue breakdown for the Financial Year was as follows:

(i) Telecom solutions was HK$6.0 million (2018: HK$4.5 million);

(ii) Enterprise solutions was HK$2.7 million (2018: HK$3.3 million);

(iii) Project services was HK$9.8 million (2018: HK$15.3 million); and

(iv) Systems maintenance was HK$1.3 million (2018: HK$1.1 million)

The poor performance of NSPS was expected. Same as previous years, the business of NSPS was deeply affected by the persisting keen market competition. Besides, the prolonged trade war between China and the United States has dampened market sentiment in Hong Kong. NSPS approached various potential clients during the Financial Year but most of them became fruitless exercises. We noted that a majority of potential clients were adopting wait and see approach to tackle the uncertain business outlook. In response to the current difficulty, the management of NSPS has implemented certain interim measures to trim down operating costs including headcount reduction and a short term pay cut for senior staff.

2. Property Investment

The policy of the Group's investment properties is holding to earn rentals and/or for capital appreciation. The management will review the Group's property portfolio from time to time in order to achieve this policy.

At the end of the Financial Year, all the investment properties were rented out except for the following:

(a) House No. 2B, Beijing Riviera, Beijing, PRC

Certain necessary renovation works were carried out and completed during the Financial Year. A property agent in Beijing is appointed to source a suitable new tenant;

(b) Office Unit 1002, Jinyun Building, Beijing, PRC

A new tenancy agreement effective from August 2019 was signed after the Financial Year; and

(c) 17/F., Henan Building, Hong Kong

Some minor revocation works were completed after the Financial Year. According to the latest Hong Kong Property Review issued by the Hong Kong Rating and Valuation Department, the vacancy as at 31 December 2018 for Grade B offices reduced to 252,300 square meters, i.e. a vacancy rate of 9.0% of the total Grade B stock. However, 34% of the vacant spaces were found in the core districts. Against this backdrop, we still have a preference for a single tenant to rent the whole floor.

3. Yacht Construction and Trading

During the Financial Year, the building team was concentrating in the interior decoration works. A defaulting contractor who was responsible to provide installation work of a propeller with tailor made stern axle shaft and supporting v-brackets, engines and their gearboxes and other relating installation work was replaced by a new contractor during the Financial Year. The related installation works will be delayed to the third quarter of 2019.

4. Exploration and Evaluation of Mineral Resources

FVSP LLC ("**FVSP**"), a 51% owned indirect subsidiary, had surrendered a total of three exploration licenses to the Mongolian government during the Financial Year as they displayed no further economic potential after years of geological studies, prospecting and exploration exercises. Reasons for the surrenders of these licenses were detailed in our announcements on 19 November 2018 and 21 June 2019. Currently, FVSP still holds one exploration license 13593 with an area of approximately 50,360 hectares.

The 2018 exploration program on this remaining license was focused on, among others, gold-silver and poly-metallic (gold-silver-copper-lead-zinc) mineral belt revealed in previous prospecting and drilling exercises. The length and the width of the mineral belt are approximately 12 kilometers and 2.5 kilometers respectively and the area is around 30 squared kilometers. The same array results from its 2018 exploration program provided a good ground and supporting evidence to perform detailed prospecting and exploration in 2019. Three target areas are identified for focal studies.

Under the Minerals Law of Mongolia, mineral exploration license are granted for an initial period of three years and may be extended for three successive additional periods of three-year each, making twelve years in total. As the exploration license 13593 was granted in 2008 and will be expired in April 2020, the main focus of the 2019 exploration plan is to gather concrete geographical evidence to support the application of a mining license in 2020 (if practical). The 2019 exploration budget is approximately US$6.2 million (equivalent to HK$48.4 million) and covers the following key areas:

(a) Resources definition drilling;

(b) Exploration drilling and trenching;

(c) Laboratory analysis;

(d) Expert for preparation of technical report (budgeted item but pending the actual outcome from field study); and

(e) Exploration license annual fee for 2019 and mining license application fee in 2020 (budgeted item but pending the actual outcome from field study).

Under the Minerals Law, a mining license may be issued only if the project has some measured or indicated resources and the project feasibility, environment assessment and impact studies can conclude an economically potential development of the project and satisfied by the Mongolian government. Our exploration drilling exercise is expected to complete in the fourth quarter of 2019. Thereafter, our geology team will initiate a detailed review on the drilling results.

As disclosed in the 2018/19 interim report, the Group had completed the acquisition of 51% equity interest in a sino-foreign equity joint venture (the "**JV**"). The major asset of the JV was an exploration license for graphite (the "**Exploration License**"). Shortly after the completion of the acquisition of the JV, it came to notice of the Group that an ownership dispute arose under a legal claim regarding the Exploration License. A claimant unrelated to JV parties filed a writ in the local People's court against the JV claiming, among others, that (i) the claimant had the ownership right on the Exploration License; (ii) the JV was in breach of a joint exploration agreement with the claimant in respect of the exploration area under the Exploration License; and (iii) damages of RMB10,000,000.

In view of the existence of a legal claim, the Group neither settled the purchase consideration nor made contribution to the unpaid registered capital. The original purpose of the acquisition of 51% interest in the JV was to jointly and cooperatively explore graphite resources prospect within the license area with the Chinese shareholders. The principal asset of the JV was the indisputable ownership and right to conduct exploration over the license area under the Exploration License. The emergence of claim on the title to the Exploration License would pose the principal asset at risk, and subject the JV to uncertain prospect. Besides, we consulted a PRC lawyer and he advised that the litigation process might take years before the PRC court could give a final verdict on the subject matter, and this would prolong and affect the business plan of the Group, and consumed the Group's resources in handling the litigation. By taking the above factors into account, the Group determined to withdraw its future venture under the JV since it was only at a preliminary stage. The Group disposed of all interest in the JV at a nominal consideration in May 2019 to an independent third party. Under the disposal agreement, the new buyer should take up the responsibilities of the Group as equity holder and to indemnify any loss and damage of the Group which might suffer as a result of transfer of the relevant equity interest in the JV. Save for some administrative expenses on pre-acquisition works incurred by the Group, the Group had not incurred any material loss.

5. Private Jet Management Services

The Group has expanded its business to private jet management services since May 2018 with an aim to fill a service gap where other management companies in the same industry are not providing in Greater China and South East Asia. The Group believes a small boutique-style management services company is capable of offering a more flexible and highly customizable round-the-clock service that caters to the individual needs of our clients. Our compact company size allows it to be more nimble and efficient, and hence the internal communication between different departments can be highly effective and direct.

Chairman's Statement (Continued)

After a whole year's operation, our corporate strategy continues to bear fruit. At the end of the Financial Year, there were five private jets under aircraft management contracts. In addition, we were also providing ad hoc operational support services to another two aircrafts.

FINANCIAL REVIEW

1. Results Analysis

During the Financial Year, the Group's revenue increased to HK$54.0 million (2018: HK$30.4 million). Around 52.0% (2018: 1.9%) of the Group's revenue was generated from the newly established private jet management services. The Group's traditional core business of NSPS was dropped to 36.7% (2018: 79.9%) and the remaining was generated by property investment of 11.3% (2018: 18.2%).

The huge surge in other loss was due to the loss in association with the surrender of three exploration licenses without further development potential to the Mongolian Government during the Financial Year. The impairment loss of exploration and evaluation assets was HK$56.6 million (2018: nil).

The fair values of the Group's investment properties at the end of the Financial Year were valued by an independent qualified valuer. The net decrease in carrying values consisted of (i) fair value loss on investment properties of HK$6.2 million (2018: fair value gain of HK$45.5 million) and (ii) loss on currency translation of HK$1.3 million on our investment properties in China (2018: gain of HK$0.7 million).

The increase of employee benefit expenses was due to (i) increase in total number of employees as a result of the new business of private jet management services; and (ii) share based payment expenses of HK$5.7 million (2018: HK$0.5 million) recognized in respect of share options granted on 19 June 2018 where related vesting period fell within the Financial Year.

2. Liquidity and Financial Resources

As at 30 June 2019, the capital and reserves attributable to the shareholders of the Company was HK$453.1 million (2018: HK$515.3 million).

In 2017, the Company completed a rights issue of 1,295,919,446 shares of HK$0.1 each at a subscription price of HK$0.18 each (the "**Rights Issue**"). The balance of unused Rights Issue proceeds as at 30 June 2018 was approximately HK$18.0 million and they were fully utilized during the Financial Year as general working capital for settlement of corporate expenses, mineral exploration and yacht building costs. The aforementioned uses are consistent with the intended use of the Rights Issue proceeds as disclosed in the prospectus and announcement of the Company dated 6 March 2017 and 12 July 2017 respectively.

The Group had a short term revolving bank loan facility totaling HK$38.0 million as at 30 June 2019 (2018: nil), of which HK$5.5 million (2018: nil) had been drawn and outstanding. The bank loan facility is secured against an office premise and two parking spaces under the Group's investment properties portfolio.

3. Gearing Ratio

As at 30 June 2019, the gearing ratio of the Group was 1.1% (2018: No gearing) which was calculated based on the Group's total borrowings to total assets.

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 2019, the Group did not have material contingent liabilities (2018: nil).

BUSINESS OUTLOOK AND DEVELOPMENT

In the foreseeable future, we believe the business for NSPS will remain stagnant and subject to a lot of challenges. The management of NSPS is striving to maintain its business at current level. As at 30 June 2019, the total contract on hand was HK$11.6 million. Among this total contract sum, approximately HK$9.8 million belonged to the project services and the rest mainly belonged to the sales of telecom solutions and enterprise solutions.

The establishment of a management company in last year to provide private jet management services fulfills our goal to broaden the Group's revenue base. The management company is positioned as a boutique-style company so we have the patience to grow its business organically.

The near-term outlook for the Hong Kong economy is clouded by various factors including Sino-US trade tensions and the social unrest in Hong Kong. The next financial year will be full of challenges and uncertainties. The Group will adopt a much more prudent approach to develop its business activities.

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, 25 September 2019

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 interest of the shareholders and the sustainable development of the Group. The Board also believes that good corporate governance practices can facilitate 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 separate 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 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 shall hold office only until the next annual general meeting ("**AGM**") and shall then be eligible for re-election at that meeting. Furthermore, the Director re-election process participating by the shareholders in the AGM and the rights of shareholders to nominate a Director both ensure a right candidate to be selected to serve the Board effectively.

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

   Due to another business engagement, the chairman of the Board did not attend the 2018 AGM. An executive Director had chaired the 2018 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. The chairman of the Audit and Remuneration committees of the Company was also present and available to answer questions at the 2018 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 Code is sent to each Director on his/her initial appointment and from time to time when the same is amended or restated.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees' Guidelines**") for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company. To date, no incident of non-compliance with the Employees' Guidelines by the employees was noted by the Company.

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

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

The Company Secretary will send reminders prior to the commencement of such period to all Directors and relevant employees. Having made specific enquiry by the Company, all Directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Year.

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 four Executive Directors and three Independent Non-executive Directors, serving the important function of guiding the management. The Board members during the Financial Year and up to the date of this Report are:

Executive Directors

Mr. Lo *(Chairman)*
Mr. Ho Hau Chong, Norman
Ms. Yvette Ong
Mr. Lo, Rex Cze Kei

Independent Non-executive Directors

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

The Board will consider the following attributes or qualifications in evaluating membership in the Board:

— management and leadership experience;

— skills and diverse background;

— integrity and professionalism; and

— independency

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 a Board Diversity Policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates would be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board Diversity Policy has been published on the Company's website. Besides, the Company has also adopted a Nomination Policy for recruitment of members of the Board.

The Board will review its composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the business and development of the Company. The shareholders may propose a candidate for election as a director and the procedures have been published on the website of the Company.

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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Potential new Directors are identified and considered for appointment by the Board. A Director appointed by the Board is subject to election by shareholders at the first AGM after his or her appointment, and all executive and non-executive Directors are subject to re-election by shareholders every three years. The general requirements for consideration include but not limited to his or her independence, availability, motivation, standing and business experience. The criteria have been set out in the Nomination Policy for Recruitment of Board Members, and published on the Company's website.

Potential new Board members are identified on the basis of skills and experience with reference to the Nomination Policy for recruitment of Board members and Board Diversity Policy adopted by the Company which, in the opinion of the Directors, will enable them to make a positive contribution to the performance of the Board. Full details of the Board during the Financial Year and up to the date of this report are provided in the section of this annual report headed Directors' Report.

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 the consolidated financial statements. The Board is also responsible for developing and reviewing the Company's policies on corporate governance and making recommendations. The Board as a whole and the management of the Company shall ensure good corporate governance practices and procedures are followed.

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 may delegate the management powers to the management of the Company. However, the delegation of power does not absolve the Directors from their responsibilities of exercising requisite skill, care and diligence in overseeing the performance of the Company. The Board can meet the management of the Company from time to time to discuss the operating issues of the Group. The Company has also issued formal appointment letters to all the Directors setting out the key terms and conditions of their respective appointments.

In order to enable the Directors to discharge their duties effectively, each Director has separate and independent access to members of the management to make enquiries or obtain necessary information. They may also seek advices and services from external experts and consultants at the Company's expense for the purpose of facilitating them to make an informed decision.

All the independent non-executive Directors, are not involved in daily management. The independent non-executive Directors also give independent views on the deliberations of the Board and ensure high standards of corporate governance and financial probity.

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 controls of the Group;

iv. reviewed the corporate governance procedures;

v. reviewed and proposed the general mandates to issue and repurchase shares of the Company at the AGM for the approval by the shareholders of the Company; and

vi. reviewed and approved the independent auditor's remuneration and recommended the re-appointment of Messrs. PricewaterhouseCoopers ("**PwC**") as the independent auditor of the Company respectively;

During the Financial Year, the Board had adopted the Dividend Policy of the Company. Under the policy, the Board may propose payment of dividends for a financial year by taking into account the relevant factors when considering the proposal, and these factors include, among others, the actual and expected financial performances of the Group, retained earnings and distributable reserves, the level of the Group's debts, return on equity and the relevant financial covenants that may be imposed by the Group's lenders, the Group's expected working capital requirements and future capital expenditure plans, general economic conditions, internal and/or external factors that may have an impact on the business or financial performance of the Group, etc. The Dividend Policy has been published and posted on the Company's website.

To the best knowledge of the Company, apart from the father and son relationship between Mr. Lo and Mr. Lo, Rex Cze Kei, there is no financial, business and family relationship among our Directors. All of them are free to exercise their independent judgments.

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 responsibility for preparing the consolidated 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 consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting policies.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 31 to 36.

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 Group identifies risks relevant to its operations and activities, and assesses these risks in relation to their likelihood and potential impacts. The Group's internal control system includes a well-defined management structure with clear lines of authority, which is designed to achieve business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and ensure compliance with relevant legislations and regulations. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Besides, strict internal procedures and controls are implemented by the Group for the handling and dissemination of inside information

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. 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.

During the Financial Year, the Group engaged a professional advisory firm to be its internal auditor (the "**Internal Auditor**"). The Internal Audit is reported directly to the Audit Committee. The Internal Auditor adopts a risk-based approach and independently review and test the controls over various selected operations and activities and evaluates their adequacy, effectiveness and compliance on an annual or ad hoc basis. Internal audit findings and recommendations are reported to the Audit Committee. In addition, progress on audit recommendations implementation will be followed up on a regular basis and discussed with the Audit Committee.

During annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group, and training programs and budgets of the Group's accounting, internal audit and financial reporting functions. Based on the results of evaluations and representations made by the Internal Auditor and the independent auditor for the Financial Year, the Audit Committee was satisfied that there was an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that would threaten the achievement of its business objectives; and an appropriate, effective and adequate system of internal control and enterprise risk management had been in place during the Financial Year.

To enhance the effectiveness of the risk management and internal control, the Company Secretary will ensure the Board and the Board Committees are provided with timely information and sufficient resources to enable them to efficaciously discharge their duties.

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, corporate governance issues, rules and regulations to the Directors from time to time.

During the Financial Year, all the Directors, namely Mr. Lo, Mr. Ho Hau Chong, Norman, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei, 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 latest development of Listing Rules and other regulatory requirements relevant 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. The Board believes that the current governance structure, with a combined Chairman and Chief Executive and more than one-third of the Board is non-executive directors, provides an effective balance of power and authority for the management of the Company and its 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 Company has also appointed an external consultant to review and compare the level of compensation paid to the Directors with the prevailing market rates and give recommendation, and to review and study the remuneration level of the senior management of the Company and give recommendation.

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

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

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 was revised and adopted in December 2018, 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 consolidated financial statements for the year ended 30 June 2018 and for the six months ended 31 December 2018;

(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				Continuous Professional Development
Name of Director	Board	Audit Committee	Remuneration Committee	Annual General Meeting	Type of Training (Notes)
Mr. Lo	4/4	N/A	N/A	0/1	B
Mr. Ho Hau Chong, Norman	3/4	N/A	N/A	0/1	A, B
Ms. Yvette Ong	4/4	N/A	N/A	1/1	B
Mr. Lo, Rex Cze Kei	4/4	N/A	N/A	0/1	B
Mr. Tsui Hing Chuen, William *JP*	4/4	2/2	1/1	0/1	A, B
Mr. Lau Wai Piu	4/4	2/2	1/1	1/1	A, B
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1	0/1	A, B

Notes:

A: attending seminars and/or professional conference and/or forums

B: reading materials relating to the Group, general business or director's duties and responsibilities, etc

For every Board and Board Committee meeting, each Director is required to declare whether he/she 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 the other Executive Director.

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

During the Financial Year, all the Directors had participated in appropriate continuous professional development activities by ways of attending training and/or reading material relevant to the Company's businesses or to the Directors' duties and responsibilities.

INDEPENDENT AUDITOR

During the Financial Year, PwC, the independent auditor of the Company, provided audit and non-audit services to the Group. The remuneration payable to PwC is set out below:

	HK$'000
Audit services	1,500
Non-audit services	24

INVESTOR RELATIONS

There is no 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. He has served as the Company Secretary since February 2007. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Under the Company's Articles, the appointment of the Company Secretary shall be determined by the Board. The Company Secretary shall attend all meetings of the shareholders and the Directors and shall keep minutes of such meetings and enter the same in the proper books provided for the purpose. For the year under review, the Company Secretary 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. An explanation will be provided by the chairman of a general meeting on the detailed procedures for conducting a poll. 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 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 retiring 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 63, joined the Company in March 2000 and is currently an Executive Director. He possess 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 which is listed on the Stock Exchange. Mr. Lo formerly served as the deputy chairman and executive director of International Entertainment Corporation which is listed on the Stock Exchange until his resignation in June 2017. He is the father of Mr. Lo, Rex Cze Kei, an executive Director of the Company.

MR. HO HAU CHONG, NORMAN

Mr. Ho, aged 64, 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.

MS. YVETTE ONG

Ms. Ong, aged 55, was appointed as an executive Director in February 2018. She has over 30 years of managerial experience in the Asia-Pacific region. Prior to joining the Group, she was a managing director of AT&T EasyLink Services Asia Pacific Ltd. Ms. Ong holds an MBA degree in Management Information Systems and Marketing and a bachelor degree in Finance and Management from the University of San Francisco. She is a director of certain subsidiaries of the Company. Ms. Ong is also an executive director of Mongolia Energy Corporation Limited which is listed on the Stock Exchange.

MR. LO, REX CZE KEI

Mr. Rex Lo, aged 38, has been a Non-executive Director since November 2016 and re-designated as an executive Director since February 2018. He joined the Group in 2014 and is a director of a subsidiary of the Company being responsible for the management of this subsidiary. He has over 10 years of experience in property business and general management. Mr. Rex Lo holds a Master of Science in Electronic Commerce and Internet Computing and a Bachelor of Science in Business Administration. He is the son of Mr. Lo Lin Shing, Simon, the executive director and Chairman of the Company. Mr. Rex Lo also serves as an executive director of Mongolia Energy Corporation Limited whose issued shares are listed on the Stock Exchange.

Directors' Profile (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. TSUI HING CHUEN, WILLIAM *JP*

Mr. Tsui, aged 68, 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 1981, 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 and Haitong International Securities Group Limited, both of which are listed on the Stock Exchange. He formerly served as an independent non-executive director of International Entertainment Corporation which is listed on the Stock Exchange until his resignation in June 2017.

MR. LAU WAI PIU

Mr. Lau, aged 55, 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 and Haitong International Securities Group Limited, both of which are listed on the Stock Exchange. He formerly served as an independent non-executive director of International Entertainment Corporation which is listed on the Stock Exchange until his resignation in June 2017.

MR. LEE KEE WAI, FRANK

Mr. Lee, aged 60, 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 obtained a Master of Law from University of Cambridge. Mr. Lee is a solicitor in the respective jurisdictions of Hong Kong, England, Singapore and the Australian Capital Territory (Australia). He is also a China-Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr. Lee is also an independent non-executive director of Pico Far East Holdings Limited and Mongolia Energy Corporation Limited, both of which are 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 key activities of its principal subsidiaries are set out in Note 18 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 and Business Outlook and Development on pages 3 to 6 and page 7 respectively.

POSSIBLE RISKS AND UNCERTAINTIES

Descriptions of the possible risks and uncertainties facing the Group can be found throughout this Report, in particular, the Management Discussion and Analysis and Business Outlook and Development on pages 3 to 7 and Notes 4 and 5 to the consolidated financial statements. The financial risk management objectives and policies of the Group can be found in Note 4.1 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 waste reduction program on a continuous basis, such as reuse the paper which has been used on one side only for scrap paper, make two-sided copies, etc.

During the Financial Year, the Board is of the opinion that the Group has complied with the relevant laws and regulations 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.

Directors' Report (Continued)

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group provides a harmonious and professional working environment to employees and ensures they all are reasonable remunerated. 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.

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 37.

No interim dividend was declared (2018: nil) and the Directors do not recommend the payment of a final dividend for the Financial Year (2018: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years is set out on page 101.

SHARE CAPITAL

There was no movements in the share capital of the Company during the Financial Year.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the Financial Year are set out in Note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 30 June 2019, calculated under the Articles during the Financial Year are set out in Note 33 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	41%
five largest suppliers in aggregate	78%

SALES

the largest customer	29%
five largest customers in aggregate	79%

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 10, and pages 19 to 20 respectively.

In accordance with Article 116 of the Articles of the Company, Mr. Lo Lin Shing, Simon, Mr. Ho Hau Chong, Norman and Mr. Lo, Rex Cze Kei will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2019, 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 AND UNDERLYING SHARES OF THE COMPANY

	Number of shares					
Name of Directors	Personal interests	Spouse interests	Corporate interests	Number of underlying shares pursuant to share options	Total interests	Percentage of shareholding
Mr. Lo	1,755,000	–	1,246,054,889 *(Note)*	25,510,526	1,273,320,415	32.45%
Mr. Ho Hau Chong, Norman	17,821,973	–	–	13,647,368	31,469,341	0.80%
Ms. Yvette Ong	–	–	–	5,000,000	5,000,000	0.13%
Mr. Lo, Rex Cze Kei	–	–	–	10,000,000	10,000,000	0.25%
Mr. Tsui Hing Chuen, William *JP*	1,365,131	–	–	8,647,368	10,012,499	0.26%
Mr. Lau Wai Piu	–	–	–	8,647,368	8,647,368	0.22%
Mr. Lee Kee Wai, Frank	6,404,605	–	–	8,647,368	15,051,973	0.38%

Note: Moral Glory International Limited ("**Moral Glory**"), a company wholly-owned by Mr. Lo.

ASSOCIATED CORPORATION OF THE COMPANY

The following Director had interests in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity	Number and class of securities interested	Percentage of shareholding in the associated corporation
Mr. Lo	Mission Wealth Holdings Limited *(Note)*	Beneficial owner	49 ordinary shares of US$1.00 each	49%

Note: Mission Wealth Holdings Limited is a company incorporated in the British Virgin Islands which is a 51%-owned subsidiary of the Company.

Save as disclosed above and the section headed "**Share Option Scheme**", as at 30 June 2019, 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 2019, 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/OTHER PERSONS IN THE SHARES AND/OR UNDERLYING SHARES

Name of substantial shareholders	Capacity	Number of shares	Percentage of nominal value of issued share capital
Ms. Ku Ming Mei, Rouisa *(Note)*	Interest of spouse	1,273,320,415	32.45%
Moral Glory	Beneficial owner	1,246,054,889	31.75%

Note: Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she was deemed to be interested in 1,273,320,415 shares under the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed elsewhere in the Directors' 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 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 D&O 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

Mr. Lo has entered into a service contract with the Company for a fixed term of three years commencing on 1 April 2019, subject to retirement by rotation and re-election at AGM, and will continue thereafter until terminated in accordance with the terms of the service contract. The aforesaid service contract may be terminated by not less than one year's notice in writing served by either party on the other. Apart from the foregoing, no Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company or any of its subsidiaries 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 agreements which may result in the Company issuing shares was entered into or existing during the Financial Year, save for the share option scheme of the Company as set out in Note 26 to the consolidated financial statements and "Share Option Scheme" section contained in this Directors' Report.

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$0.01 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 365,753,849 shares which represents 9.32% of the issued share capital of the Company as at 30 June 2019.

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 Financial Year were as below:

Directors' Report (Continued)

Name or category of participants	Date of grant	Exercise price HK$	Exercise period	Vesting period	Number of shares subject to options: As at 1 July 2018	Granted during the Financial Year	Lapsed during the Financial Year	Exercised during the Financial Year	As at 30 June 2019
Mr. Lo	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	8,267,368	–	(8,267,368)	–	–
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	8,510,526	–	–	–	8,510,526
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	17,000,000	–	–	–	17,000,000
Mr. Ho Hau Chong, Norman	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	–	–	–	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000	–	–	–	10,000,000
Ms. Yvette Ong	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	–	–	–	5,000,000
Mr. Lo, Rex Cze Kei	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	7,294,737	–	(7,294,737)	–	–
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000	–	–	–	10,000,000
Mr. Tsui Hing Chuen, William *JP*	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	–	–	–	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	–	–	–	5,000,000
Mr. Lau Wai Piu	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	–	–	–	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	–	–	–	5,000,000
Mr. Lee Kee Wai, Frank	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	–	–	–	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	–	–	–	5,000,000
Employees and others in aggregate (including directors of certain subsidiaries)	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	7,294,737	–	(7,294,737)	–	–
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	46,710,631	–	–	–	46,710,631
	19/10/2016	0.338	19/07/2017 to 18/10/2018	19/10/2016 to 18/07/2017	3,039,474	–	(3,039,474)	–	–
	19/10/2016	0.338	19/01/2018 to 18/10/2018	19/10/2016 to 18/01/2018	3,039,474	–	(3,039,474)	–	–
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	63,000,000	–	–	–	63,000,000
	19/06/2018	0.496	19/12/2018 to 18/06/2023	19/06/2018 to 18/12/2018	6,250,000	–	–	–	6,250,000
	19/06/2018	0.496	19/06/2019 to 18/06/2023	19/06/2018 to 18/06/2019	6,250,000	–	–	–	6,250,000
	19/06/2018	0.496	19/12/2019 to 18/06/2023	19/06/2018 to 18/12/2019	6,250,000	–	–	–	6,250,000
	19/06/2018	0.496	19/06/2020 to 18/06/2023	19/06/2018 to 18/06/2020	6,250,000	–	–	–	6,250,000
Total					**243,746,419**	**–**	**(28,935,790)**	–	**214,810,629**

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.

None of the related party transactions as set out in Note 32(a) to the consolidated financial statements constituted a discloseable connected transaction under Chapter 14A of the Listing Rules.

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

During the Financial Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 2019, the Group had employed a total of 39 full-time employees (2018: 34). 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/her associates involved in deciding his/her 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 26 to the consolidated financial statement and the Share Option Scheme on pages 26 to 29.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme operated by the Group are set out in Note 3.14(a) to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the prescribed public float under the Listing Rules throughout the Financial Year.

INDEPENDENT AUDITOR

The consolidated 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
Chairman

Hong Kong, 25 September 2019

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)

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 37 to 100, which comprise:

- the consolidated statement of financial position as at 30 June 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Fair values of investment properties
- Impairment of exploration and evaluation assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of investment properties	
Refer to Note 5(a) and Note 16 to the consolidated financial statements As at 30 June 2019, the carrying amount of the investment properties was HK$342.6 million, which were stated at fair values. Fair value losses for investment properties of HK$6.2 million were accounted for in the Group's consolidated statement of profit or loss for the year ended 30 June 2019. Fair values of the investment properties of the Group were supported by valuations performed by an independent external valuer and are derived using the direct comparison method. The valuations of investment properties were dependent on certain key assumptions that required significant management judgement, including price per square metre. We focused on this area since the carrying amounts of the investment properties are significant to the consolidated financial statements and determination of key valuation assumptions requires the use of significant judgement and estimates.	Our audit procedures in relation to management's assessment on the fair values of investment properties included: – Evaluated the competence, capability and objectivity of the independent external valuer by considering their qualification, experience in the locations and segment of the investment properties valuation; – Discussed with the external valuer and management to understand the valuation method and the key assumptions applied; – Assessed the appropriateness of the valuation method used based on our knowledge of the industry; and – Assessed the reasonableness of key assumptions applied by comparing, on sample basis, to market and industry data, including comparable properties' market price. Based on procedures described, we found that the valuation method used and key assumptions applied in the valuation to be supportable by available evidence.

Independent Auditor's Report (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of exploration and evaluation assets Refer to Note 5(b) and Note 17 to the consolidated financial statements. As at 30 June 2019, the carrying amount of the exploration and evaluation assets of the Group was HK$32.5 million. Exploration and evaluation assets were stated at cost less any accumulated impairment loss. Impairment loss on exploration and evaluation assets of HK$56.6 million was recognised in consolidated statement of profit or loss for the year ended 30 June 2019. Management judgement was required to assess whether there is indication that the exploration and evaluation assets may be impaired. Areas of significant judgements involved in the management's assessments included evaluating the status of exploration licenses, the likely future commercial viability of the exploration and evaluation assets and the budget for the future development cost. We focused on this area due to the significant judgement involved in identifying the existence of any impairment indicator.	Our audit procedures in relation to management's assessment of impairment indicators of exploration and evaluation assets included: – Evaluated management's assessment on the status of exploration licenses by checking to the copies of the exploration licenses and discussed with management about the likelihood of renewal of the exploration rights upon expiry; – Evaluated the competency and capabilities of the management's internal mining expert and external experts, by assessing their qualifications and experience in the industry; – Interviewed the management's internal mining expert and understood the rationale in (i) determining the likely future commercial viability of the exploration and evaluation assets; and (ii) supporting management's intention to continue the exploration and evaluation activities, based on the findings from the technical reports prepared by the management's internal mining expert; – Corroborated certain key information included in the technical reports prepared by the management's internal mining expert with the relevant external experts' reports obtained by management. These reports include geophysical survey reports and laboratory reports for which the technical reports were based upon; and – Evaluated the effectiveness of the budgeting process for future development cost, and compared the exploration and evaluation costs incurred during the year to prior year management's approved budget to assess whether the cost incurred is budgeted or planned, and the reasonableness of the budget for the future development cost. Based on the procedures described, we found that management's assessments on existence of impairment indicators for exploration and evaluation assets were supportable by available evidence.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Kin Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 September 2019

Consolidated Statement of Profit or Loss

	Note	Year ended 30 June 2019 HK$'000	2018 HK$'000
Revenue	6	**54,020**	30,354
Other losses, net	8	**(55,792)**	(2,879)
Changes in inventories of finished goods and work in progress	20	**(7,043)**	(6,158)
Subcontracting fees for project services		**(8,124)**	(13,209)
Direct operating costs for private jet management services		**(16,252)**	(332)
Fair value (losses)/gains on investment properties	16	**(6,172)**	45,468
Employee benefit expenses	10	**(33,256)**	(19,638)
Depreciation	15	**(1,028)**	(773)
Other expenses	9	**(23,424)**	(24,460)
(Loss)/profit before income tax		**(97,071)**	8,373
Income tax expense	12	**(89)**	(880)
(Loss)/profit for the year		**(97,160)**	7,493
(Loss)/profit attributable to:			
Owners of the Company		**(66,613)**	9,819
Non-controlling interests		**(30,547)**	(2,326)
		(97,160)	7,493
(Loss)/earnings per share attributable to owners of the Company for the year (HK cents)			
Basic (loss)/earnings per share	13	**(1.70)**	0.25
Diluted (loss)/earnings per share	13	**(1.70)**	0.25

The notes on pages 44 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 30 June	
	2019	2018
	HK$'000	HK$'000
(Loss)/profit for the year	**(97,160)**	7,493
Other comprehensive (loss)/income		
Item that have been reclassified or may be subsequently reclassified to profit or loss:		
Currency translation differences	**(1,278)**	676
Total comprehensive (loss)/income for the year	**(98,438)**	8,169
Attributable to:		
Owners of the Company	**(67,891)**	10,495
Non-controlling interests	**(30,547)**	(2,326)
Total comprehensive (loss)/income for the year	**(98,438)**	8,169

The notes on pages 44 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 30 June 2019 HK$'000	 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**7,226**	5,153
Investment properties	16	**342,564**	350,012
Exploration and evaluation assets	17	**32,531**	69,890
Rental deposit		**75**	-
		382,396	425,055
Current assets			
Inventories	20	**84,301**	59,253
Trade receivables	21	**10,280**	12,143
Prepayments, deposits and other receivables		**9,404**	10,761
Contract assets		**6,620**	-
Cash and bank balances	22	**26,755**	71,921
		137,360	154,078
Total assets		**519,756**	579,133
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	26	**39,242**	39,242
Other reserves		**490,282**	494,364
Accumulated losses		**(76,450)**	(18,326)
		453,074	515,280
Non-controlling interests		**19,204**	35,082
Total equity		**472,278**	550,362

Consolidated Statement of Financial Position (Continued)

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	23	**2,922**	2,939
Current liabilities			
Trade payables	24	**3,964**	7,545
Accrued charges and other payables		**29,220**	18,287
Contract liabilities		**5,872**	-
Bank borrowings	25	**5,500**	-
		44,556	25,832
Total liabilities		**47,478**	28,771
Total equity and liabilities		**519,756**	579,133
Net current assets		**92,804**	128,246

The consolidated financial statements on pages 37 to 100 were approved by the Board of Directors on 25 September 2019 and were signed on its behalf.

Lo Lin Shing, Simon
Director

Yvette Ong
Director

The notes on pages 44 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	2019 HK$'000	2018 HK$'000
		Year ended 30 June	
Cash flows from operating activities			
Net cash used in operations	27	**(41,881)**	(45,910)
Income tax refund		**63**	–
Net cash used in operating activities		**(41,818)**	(45,910)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(3,187)**	(277)
Proceeds from disposal of property, plant and equipment		**120**	20
Proceeds from disposal of held–to–maturity financial assets		**–**	47,258
Purchase of an investment property	16	**–**	(154,694)
Additions of exploration and evaluation assets	17	**(20,161)**	(12,623)
Interest received		**251**	1,481
Net cash used in investing activities		**(22,977)**	(118,835)
Cash flows from financing activities			
Proceeds from exercise of share options		**–**	6,839
New bank borrowings		**5,500**	–
Contribution from non–controlling interests		**14,131**	9,213
Net cash generated from financing activities		**19,631**	16,052
Net decrease in cash and cash equivalents		**(45,164)**	(148,693)
Cash and cash equivalents at beginning of year		**71,921**	220,614
Effect on foreign exchange rate changes		**(2)**	–
Cash and cash equivalents at end of year	22	**26,755**	71,921

The notes on pages 44 to 100 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	Other reserve HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2017	38,878	433,620	2,366	52,063	(1,300)	(28,145)	497,482	28,195	525,677
Comprehensive income:									
– Profit for the year	–	–	–	–	–	9,819	9,819	(2,326)	7,493
Other comprehensive income:									
– Currency translation differences	–	–	–	–	676	–	676	–	676
Total comprehensive income for the year	–	–	–	–	676	9,819	10,495	(2,326)	8,169
Exercise of share options	364	10,107	–	(3,632)	–	–	6,839	–	6,839
Share-based payment	–	–	–	464	–	–	464	–	464
Total contributions by owners of the Company recognised directly in equity	364	10,107	–	(3,168)	–	–	7,303	–	7,303
Contribution from non-controlling interests	–	–	–	–	–	–	–	9,213	9,213
Total transactions with owners recognised directly in equity	364	10,107	–	(3,168)	–	–	7,303	9,213	16,516
At 30 June 2018	39,242	443,727	2,366	48,895	(624)	(18,326)	515,280	35,082	550,362

The notes on pages 44 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (Continued)

	Attributable to Owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2018	39,242	443,727	2,366	48,895	(624)	(18,326)	515,280	35,082	550,362
Comprehensive loss:									
– Loss for the year	–	–	–	–	–	(66,613)	(66,613)	(30,547)	(97,160)
Other comprehensive loss:									
– Currency translation differences	–	–	–	–	(1,278)	–	(1,278)	–	(1,278)
Total comprehensive loss for the year	–	–	–	–	(1,278)	(66,613)	(67,891)	(30,547)	(98,438)
Share-based payment	–	–	–	5,685	–	–	5,685	–	5,685
Share options lapsed	–	–	–	(8,489)	–	8,489	–	–	–
Total contributions by owners of the Company recognised directly in equity	–	–	–	(2,804)	–	8,489	5,685	–	5,685
Acquisition of a subsidiary (Note 28)	–	–	–	–	–	–	–	2,759	2,759
Disposal of subsidiaries (Note 29)	–	–	–	–	–	–	–	(2,221)	(2,221)
Contribution from non-controlling interests	–	–	–	–	–	–	–	14,131	14,131
Total transactions with owners recognised directly in equity	–	–	–	(2,804)	–	8,489	5,685	14,669	20,354
At 30 June 2019	39,242	443,727	2,366	46,091	(1,902)	(76,450)	453,074	19,204	472,278

The notes on pages 44 to 100 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in the provision of network solutions and project services, property investment, yacht building in Hong Kong, minerals exploration in Mongolia and provision of private jet management services in Hong Kong.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 902, 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 dollars ("**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 are 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.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New standards, amendments to standards and interpretations to existing standards adopted by the Group

The following amendments to standards are mandatory for the accounting period beginning on 1 July 2018 and relevant to the Group. The adoption of these amendments to standards has no material impact on the financial positions and results of the Group for the current and prior periods.

Amendments to HKFRS 1 and HKAS 28	Annual improvements 2014 – 2016 cycle
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
Amendment to HKFRS 15	Clarification to HKFRS15
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(a) New standards, amendments to standards and interpretations to existing standards adopted by the Group (Continued)

The impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" are disclosed in Note 3.1(c) below.

Apart from aforementioned HKFRS 9 and HKFRS 15, the other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

(b) New standards and amendments to standards that have been issued but are not effective

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning on 1 July 2018 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to Annual Improvements Project	Annual improvements 2015-2017 cycle	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendments to HKFRS 3 (Revised)	Definition of a business	1 January 2020
Amendments to HKAS 1 & HKAS 8	Definition of Material	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group's assessment of the impact of these new standards and interpretations is set out below:

HKFRS 16 "Leases"

Nature of change

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(b) New standards and amendments to standards that have been issued but are not effective (Continued)

HKFRS 16 "Leases" (Continued)

Impact

Based on management's initial assessment, the adoption of HKFRS 16 in the future will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in an increase in both assets and liabilities in the consolidated balance sheet. The adoption will also front-load the expense recognition in the consolidated income statement over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expenses under existing standard.

The overall impact on profit before income tax will not be affected significantly, except interest expense on lease liability will be included in "finance costs", which are currently a part of rental expenses recognised. The payment for lease liability will be mostly reflected in financing cash flow, with the interest portion recognised as interests paid.

Date of adoption by Group

The Group will apply the standard from 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured at the amount of the lease liability on adoption.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Change in accounting policies

This note explains the impact of the adoption of HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" on the Group's consolidated financial statement.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the opening consolidated statement of financial position on 1 July 2018.

(i) HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

Classification and measurement

On 1 July 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories, i.e. those to be measured at amortised cost.

The adoption of such new standard does not have significant impact of the classification and measurement of financial instruments of the Group.

Notes to the Consolidated Financial Statements (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(c) Change in accounting policies (Continued)

(i) HKFRS 9 Financial instruments (Continued)

Impairment of financial assets

The Group's financial assets carried at amortised cost are subject to HKFRS 9's new expected credit loss model.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of financial assets.

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For other receivables, management considers that their credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is immaterial.

Trade receivables

The Group applies the simplified approach to measure the expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables and amounts due from associates as at 1 July 2018.

Impairment losses on trade receivables is presented within operating profit from 1 July 2018.

(ii) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces HKAS 18 Revenue, which resulted in changes in accounting policies that relate to timing of revenue recognition and presentation of contract liabilities.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods.

As a result of the changes in the Group's accounting policies, certain reclassifications are not reflected in the consolidated balance sheet as at 30 June 2018, but are recognised in the opening consolidated balance sheet on 1 July 2018.

The following table shows the adjustment recognised for individual line item. Line items that were not affected by the changes have not been included.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

(c) Change in accounting policies (Continued)

(ii) HKFRS 15 Revenue from Contracts with Customers (Continued)

The impact of the reclassifications are as follows:

	Unbilled accounts receivables HK$'000	Contract assets HK$'000
Closing balance as at 30 June 2018 – HKAS 18	1	–
Reclassifying unbilled accounts receivables to contract assets	(1)	1
Opening balance as at 1 July 2018 – HKFRS 15	–	1

	Receipts in advance HK$'000	Contract liabilities HK$'000
Closing balance as at 30 June 2018 – HKAS 18	4,764	–
Reclassifying receipt in advance to contract liabilities	(4,764)	4,764
Opening balance as at 1 July 2018 – HKFRS 15	–	4,764

As at 30 June 2019, contract assets of HK$6,620,000 represented unbilled accounts receivables in respect of sales contracts and contract liabilities of HK$5,872,000 represented receipt in advance from customers. As at 30 June 2018, these items were included in prepayments, deposits and other receivables, and accruals and other payables respectively.

3.2 GROUP ACCOUNTING

(a) Consolidation

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 GROUP ACCOUNTING (Continued)

(a) Consolidation (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the aggregate 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.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 GROUP ACCOUNTING (Continued)

(c) 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.

3.3 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% – 25%

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 3.4).

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 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.

3.5 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.

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, including but not limited to, 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)

3.6 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.

3.7 FINANCIAL ASSETS

3.7.1 Accounting policies applied from 1 July 2018

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. 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 the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 FINANCIAL ASSETS (Continued)

3.7.1 Accounting policies applied from 1 July 2018 (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "other income and gains – net" in the period in which it arises. Interest income from these financial assets is included in the "finance income".

Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other losses, net" in the consolidated statement of comprehensive income as applicable.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 FINANCIAL ASSETS (Continued)

3.7.2 Accounting policies applied until 30 June 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies.

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. 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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) 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 balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and bills receivables, deposits and other receivables, amount due from associates and cash and bank balances in the consolidated balance sheet.

(ii) Recognition and measurement

Regular way of 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 carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss within "other income and other gains/(losses) – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 FINANCIAL ASSETS (Continued)

3.7.2 Accounting policies applied until 30 June 2018 (Continued)

(iii) Impairment

(a) Assets carried at amortised cost

The Group assesses at the end of each balance sheet date 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 category, 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 a loan investment 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.

3.8 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 INVENTORIES

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

3.10 TRADE AND OTHER RECEIVABLES

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

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

3.11 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.

3.12 PROVISIONS

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

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

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

3.13 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 EMPLOYEE BENEFITS

(a) 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.

(b) 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.

(c) 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.

(d) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 EMPLOYEE BENEFITS (Continued)

(d) Share-based Compensation (Continued)

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

3.15 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.

(a) 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.

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.

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 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.

3.17 REVENUE RECOGNITION

Accounting policies applied from 1 July 2018

The Group engaged in provision of network solutions and project services and private jet management services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided using the percentage of completion method, because the customer receives and uses the benefits simultaneously. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated statement of profit and loss in the period in which the circumstances that give rise to the revision become known by management. If the contract includes a monthly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under other payables and accruals as receipt in advance from customers in the consolidated balance sheet.

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

Accounting policies applied until 30 June 2018

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 REVENUE RECOGNITION (Continued)

Accounting policies applied until 30 June 2018 (Continued)

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.

Revenue derived from private jet management services is recognised when the services are rendered. Services provided pursuant to a contract are either recognized over the contract period or upon completion of elements specified in the contract depending on the terms of contract.

Interest income is recognised using the effective interest method.

3.18 OPERATING LEASES

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

3.19 SEGMENT REPORTING

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

3.20 FOREIGN CURRENCY TRANSLATION

(a) 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.

(b) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 FOREIGN CURRENCY TRANSLATION (Continued)

(c) 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:

(i) 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;

(ii) 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

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

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3.21 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

4.1 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 2019, for companies with RMB as their functional currency, 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$500 higher/lower (2018: HK$22,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances, trade and other receivables and trade and other payables.

At 30 June 2019, for companies with MNT as their functional currency, 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$208,000 higher/lower (2018: HK$2,000 higher/lower), 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.

(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.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 FINANCIAL RISK FACTORS (Continued)

(a) Market Risk (Continued)

(iii) Cash Flow and Fair Value Interest Rate Risk (Continued)

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 72% (2018: 80%) 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 71% (2018: 69%) of the total trade receivables, and top five customers constituted 72% of the Group's trade receivables as at 30 June 2019 (2018: 93%).

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.

Impairment of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and trade receivables by due date.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2018 or 1 July 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit Risk (Continued)

Impairment of trade receivables (Continued)

The Group assessed the loss allowance of trade receivables are immaterial.

Impairment losses on trade receivables is presented as provision for impairment of trade receivables within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In prior years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Impairment on other financial assets at amortised cost

The directors of the Group consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated.

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the company's ability to meet its obligations;
- actual or expected significant changes in the operating results of the company;
- significant changes in the expected performance and behavior of the company, including changes in the payment status of the third party.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a receivable for write off when a debtor fails to make contractual payments/repayable demanded greater than 365 days past due. Where the receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Other financial assets at amortised cost include certain deposits and other receivables. These financial assets are considered to be low credit risk primarily because they had no history of default and the counterparties had a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these receivables are immaterial under 12 months expected losses method. Thus, the loss allowance provision recognised for these balances is close to zero.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, and the availability of funding from an adequate amount of available financing. Management maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents.

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.

4.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity 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.

4.3 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 16 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) FAIR VALUES 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 values 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.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(A) FAIR VALUES OF INVESTMENT PROPERTIES (Continued)

Details of the judgement and assumptions have been disclosed in Note 16.

(B) 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. HK$46.80 million of impairment loss was recognised in the consolidated statement of profit or loss for the year ended 30 June 2019 (2018: nil).

(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) 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)

(E) IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policies stated in Note 3.2(c). The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Adjustments will be made if the actual performance differs from the original estimates.

6 REVENUE

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

	2019 HK$'000	2018 HK$'000
Network solutions and project services fee	**19,831**	24,237
Rental income	**6,124**	5,528
Private jet management services income	**28,065**	589
	54,020	30,354

7 SEGMENT INFORMATION

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

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors determined the operating segments based on these reports.

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

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

There are no sales or other transactions between business segments.

7 SEGMENT INFORMATION (Continued)

The segment revenue and results for the year ended 30 June 2019

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Private jet management services HK$'000	Total HK$'000
Segment revenue	19,831	6,124	–	–	28,065	54,020
Segment results	3,935	5,130	–	–	11,814	20,879
Depreciation of property, plant and equipment	(103)	–	(36)	(225)	(255)	(619)
Fair value losses on investment properties	–	(6,172)	–	–	–	(6,172)
Impairment loss on exploration and evaluation assets	–	–	–	(56,603)	–	(56,603)
Unallocated expenses (Note a)						(54,807)
Interest income						251
Loss before income tax						(97,071)
Other segment information:						
Capital expenditure (Note b)	14	–	–	20,752	–	20,766
Unallocated capital expenditure						1,665
						22,431

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses, legal and professional fees 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 2018

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Private jet management services HK$'000	Total HK$'000
Segment revenue	24,237	5,528	–	–	589	30,354
Segment results	3,951	4,569	–	–	257	8,777
Depreciation of property, plant and equipment	(131)	–	(101)	(224)	–	(456)
Fair value gains on investment properties	–	45,468	–	–	–	45,468
Unallocated expenses (Note a)						(47,287)
Interest income						1,871
Profit before income tax						8,373
Other segment information:						
Capital expenditure (Note b)	164	154,694	4	12,623	–	167,485
Unallocated capital expenditure						109
						167,594

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses, legal and professional fees and reimbursement of sharing of administrative services incurred at corporate level.

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

7 SEGMENT INFORMATION (Continued)

SEGMENT ASSETS

For the year ended 30 June 2019

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Private jet management services HK$'000	Total HK$'000
Total segment assets	**10,170**	**342,958**	**86,452**	**33,301**	**11,591**	**484,472**
Unallocated:						
Cash and bank balances						**26,755**
Other unallocated assets						**8,529**
Consolidated total assets						**519,756**

For the year ended 30 June 2018

	Network solutions and project services HK$'000	Property investment HK$'000	Yacht building HK$'000	Minerals exploration HK$'000	Private jet management services HK$'000	Total HK$'000
Total segment assets	13,920	350,708	65,588	70,211	1,335	501,762
Unallocated:						
Cash and bank balances						71,921
Other unallocated assets						5,450
Consolidated total assets						579,133

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, yacht building and private jet management services
Mainland China	:	Property investment
Mongolia	:	Mineral exploration

7 SEGMENT INFORMATION (Continued)

SEGMENT ASSETS (Continued)

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

	Non-current assets		Revenue	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Hong Kong	**312,066**	317,253	**53,692**	29,700
Mainland China	**37,164**	37,642	**328**	654
Mongolia	**33,166**	70,160	**–**	–
	382,396	425,055	**54,020**	30,354

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$33,738,000 (2018: HK$14,084,000) is derived from three (2018: a single) largest customers who accounted for 10% or more of the Group's revenue. The revenue is attributable to the segment of network solutions and project services and private jet management services in Hong Kong.

8 OTHER LOSSES, NET

	2019 HK$'000	2018 HK$'000
Interest income	**251**	1,871
Gain on disposal of subsidiaries (Note 29)	**560**	–
Impairment loss of goodwill (Note 19)	**–**	(3,334)
Impairment loss on exploration and evaluation assets (Note 17)	**(56,603)**	–
Loss on disposal of held-to-maturity financial assets	**–**	(1,416)
	(55,792)	(2,879)

Notes to the Consolidated Financial Statements (Continued)

9 OTHER EXPENSES

Other expenses included the following:

	2019 HK$'000	2018 HK$'000
Auditor's remuneration		
– Audit services	**1,500**	1,480
– Non-audit services	**325**	24
Direct operating expenses from investment properties that generate rental income	**1,242**	959
Exchange losses – net	**162**	358
Operating lease rentals for land and buildings	**3,538**	2,332
Legal and professional fee	**4,010**	3,704
Reimbursement of sharing of administrative services (Note 32(a))	**6,245**	8,798

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

	2019 HK$'000	2018 HK$'000
Wages and salaries	**27,029**	18,793
Share-based payment	**5,685**	464
Pension costs – defined contribution plans	**542**	381
	33,256	19,638

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 2019, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2018: 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:

	2019 **HK$'000**	2018 HK$'000
Fees	**660**	660
Other emoluments	**7,854**	6,783
	8,514	7,443

Neither the Chief Executive nor any of the Directors of the Company waived any emoluments during the year (2018: nil).

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

	2019				
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**	**6,000**	**–**	**18**	**6,118**
Mr. Ho Hau Chong, Norman	**100**	**–**	**–**	**–**	**100**
Ms. Yvette Ong	**–**	**1,200**	**–**	**18**	**1,218**
Mr. Lo Rex Cze Kei	**100**	**600**	**–**	**18**	**718**
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**
	660	**7,800**	**–**	**54**	**8,514**

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

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

	2018				
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	100	6,000	–	18	6,118
Mr. Ho Hau Chong, Norman	100	–	–	–	100
Ms. Yvette Ong	–	500	–	8	508
Mr. Lo Rex Cze Kei	100	250	–	7	357
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
	660	6,750	–	33	7,443

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 (2018: nil).

(C) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits during the year (2018: nil).

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

During the year ended 30 June 2019, the Company did not pay consideration to any third parties for making available directors' services (2018: nil).

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

(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 2019, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporate by and connected entities with such directors (2018: nil).

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

Apart from the related party transactions in note 32, 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

Two of the Directors was included in the five highest paid individuals for the year ended 30 June 2019 (2018: Two). The emoluments payable to the remaining three (2018: three) individuals during the year were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and allowances	**6,948**	4,552
Share-based payment	**5,684**	263
Pension costs – defined contribution plans	**33**	36
	12,665	4,851

The emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
HK$100,001 to HK$500,000	**–**	1
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$7,000,001 to HK$7,500,000	**1**	–
	3	3

12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2019 HK$'000	2018 HK$'000
Current tax		
– Hong Kong profits tax	107	21
– Over-provision in prior year	–	(10)
Deferred tax		
– Origination of temporary differences (Note 23)	(18)	869
Total income tax expense	89	880

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

	2019 HK$'000	2018 HK$'000
(Loss)/profit before income tax	(97,071)	8,373
Calculated at a taxation rate of 16.5% (2018: 16.5%)	(16,017)	1,381
Effect of different taxation rates in other countries	67	51
Income not subject to tax	(129)	(4,516)
Expenses not deductible for tax purposes	15,160	3,661
Tax losses not recognised	1,008	495
Over-provision in prior year	–	10
Utilisation of previously unrecognised tax losses	–	(202)
Income tax expense	89	880

13 (LOSS)/EARNINGS PER SHARE

(A) BASIC

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

	2019	2018
(Loss)/profit attributable to owners of the Company (HK$'000)	**(66,613)**	9,819
Weighted average number of ordinary shares in issue (in thousands)	**3,924,190**	3,909,678
Basic (loss)/earnings per ordinary share (HK cents)	**(1.70)**	0.25

(B) DILUTED

Diluted (loss)/earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arising from share options, for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

	2019	2018
(Loss)/profit attributable to owners of the Company (HK$'000)	**(66,613)**	9,819
Weighted average number of ordinary shares in issue (in thousands)	**3,924,190**	3,909,678
Adjustment for share options (in thousands)	**–**	70,575
Weighted average number of ordinary shares for diluted (loss)/earnings per ordinary share (in thousands)	**3,924,190**	3,980,253
Diluted (loss)/earnings per ordinary share (HK cents)	**(1.70)**	0.25

During the year ended 30 June 2019, the share options granted by the Company were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share.

14 DIVIDEND

The directors did not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: nil).

Notes to the Consolidated Financial Statements (Continued)

15 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 2017	5,050	105	278	2,319	1,669	9,421
Additions	–	–	4	273	–	277
Disposal	–	–	–	(39)	–	(39)
Written off	–	–	–	(28)	–	(28)
At 30 June 2018	5,050	105	282	2,525	1,669	9,631
Additions	**–**	**547**	**219**	**346**	**2,075**	**3,187**
Additions through acquisition of a subsidiary (Note 28)	**–**	**–**	**–**	**15**	**512**	**527**
Disposal	**–**	**–**	**–**	**–**	**(140)**	**(140)**
Disposal of subsidiaries (Note 29)	**–**	**–**	**–**	**(15)**	**(512)**	**(527)**
Written off	**–**	**–**	**–**	**(107)**	**–**	**(107)**
At 30 June 2019	**5,050**	**652**	**501**	**2,764**	**3,604**	**12,571**
Accumulated depreciation						
At 1 July 2017	444	51	218	1,968	1,071	3,752
Charge for the year	161	41	53	199	319	773
Disposal	–	–	–	(19)	–	(19)
Written off	–	–	–	(28)	–	(28)
At 30 June 2018	605	92	271	2,120	1,390	4,478
Charge for the year	**162**	**113**	**42**	**198**	**513**	**1,028**
Additions through acquisition of a subsidiary (Note 28)	**–**	**–**	**–**	**5**	**72**	**77**
Disposal	**–**	**–**	**–**	**–**	**(20)**	**(20)**
Disposal of subsidiaries (Note 29)	**–**	**–**	**–**	**(10)**	**(101)**	**(111)**
Written off	**–**	**–**	**–**	**(107)**	**–**	**(107)**
At 30 June 2019	**767**	**205**	**313**	**2,206**	**1,854**	**5,345**
Net book value						
At 30 June 2019	**4,283**	**447**	**188**	**558**	**1,750**	**7,226**
At 30 June 2018	4,445	13	11	405	279	5,153

Leasehold land and building of HK$4,283,000 (2018: HK$4,445,000) is located in Hong Kong and held under a medium-term lease of 10 to 50 years.

16 INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
At beginning of the year	**350,012**	149,175
Additions	**–**	154,694
Fair value (losses)/gains on investment properties	**(6,172)**	45,468
Currency translation differences	**(1,276)**	675
At end of the year	**342,564**	350,012

AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
Rental income	**6,124**	5,528
Direct operating expenses from properties that generated rental income	**(1,242)**	(959)
	4,882	4,569

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.

16 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 2019				
Investment properties:				
– Residential property – Beijing	–	–	24,282	24,282
– Office unit – Beijing	–	–	12,882	12,882
– Office units – Hong Kong	–	–	285,300	285,300
– Industrial properties – Hong Kong	–	–	10,200	10,200
– Carparks – Hong Kong	–	–	9,900	9,900
	–	–	342,564	342,564

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.

The transfer from level 2 to 3 in the current year is due to the lack of observable market data of comparable property transactions close to year end relating to the properties in Hong Kong.

16 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Fair value hierarchy for recurring fair value measurements: (Continued)

	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 2018				
Investment properties:				
– Residential property – Beijing	–	–	23,954	23,954
– Office unit – Beijing	–	–	13,688	13,688
– Office units – Hong Kong	–	–	293,100	293,100
– Industrial properties – Hong Kong	–	–	9,800	9,800
– Carparks – Hong Kong	–	–	9,470	9,470
	–	–	350,012	350,012

Valuation processes of the Group

The Group's investment properties were valued at 30 June 2019 by independent professionally qualified valuers, Roma Appraisals Limited (2018: APAC Appraisal and Consulting Limited), whom hold a recognised relevant professional qualification and have relevant 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 the investment properties of the Group were supported by valuations performed by an independent external valuer and are generally derived using the direct comparison method (2018: same). The valuations of residential property and office unit in Beijing were dependent on certain key assumptions that required significant management judgement, including fair market price and age.

The ranges of unobservable input are similar between the residential properties and office unit (2018: residential properties and office unit). These significant unobservable inputs include:

16 INVESTMENT PROPERTIES (Continued)

Valuation techniques (Continued)

Fair value measurements using significant unobservable inputs (Continued)

	Fair value	Valuation technique	Unobservable inputs	Range of significant unobservable inputs (Note)	Relationship of unobservable inputs to fair value
Residential property – Beijing	HK$24,282,000 (2018: HK$23,954,000)	Direct comparison method	Price per square metre (RMB)	RMB71,429 to RMB71,625 (2018: RMB61,333 to RMB73,668)	The higher the market price, the higher the value
Office unit – Beijing	HK$12,882,000 (2018: HK$13,688,000)	Direct comparison method	Price per square metre (RMB)	RMB31,000 to RMB37,000 (2018: RMB37,994 to RMB40,190)	The higher the market price, the higher the value
Industrial property – Fanling, Hong Kong	HK$5,300,000 (2018: HK$5,200,000)	Direct comparison method	Price per square foot (HKD)	HK$4,751 to HK$6,860 (2018: HK$4,522 to HK$4,917)	The higher the market price, the higher the value
Industrial property – Fanling, Hong Kong	HK$4,900,000 (2018: HK$4,600,000)	Direct comparison method	Price per square foot (HKD)	HK$4,751 to HK$6,860 (2018: HK$4,522 to HK$4,917)	The higher the market price, the higher the value
Carpark – Fanling, Hong Kong	HK$1,000,000 (2018: HK$570,000)	Direct comparison method	Price per unit (HKD)	HK$1,100,000 to HK$1,100,000 (2018: HK$430,000 to HK$500,000)	The higher the market price, the higher the value
Office unit – Central, Hong Kong	HK$75,200,000 (2018: HK$73,300,000)	Direct comparison method	Price per square foot (HKD)	HK$32,456 to HK$32,456 (2018: HK$28,290 to HK$32,345)	The higher the market price, the higher the value
Carpark – Central, Hong Kong	HK$3,100,000 (2018: HK$2,900,000)	Direct comparison method	Price per unit (HKD)	HK$3,550,000 to HK$3,550,000 (2018: HK$2,560,000 to HK$3,800,000)	The higher the market price, the higher the value
Office unit – Wan Chai, Hong Kong	HK$52,900,000 (2018: HK$58,800,000)	Direct comparison method	Price per square foot (HKD)	HK$14,320 to HK$17,605 (2018: HK$17,600 to HK$19,987)	The higher the market price, the higher the value
Office unit – Wan Chai, Hong Kong	HK$157,200,000 (2018: HK$161,000,000)	Direct comparison method	Price per square foot (HKD)	HK$23,415 to HK$25,118 (2018: HK$31,418 to HK$37,597)	The higher the market price, the higher the value
Two carparks – Wan Chai, Hong Kong	HK$5,800,000 (2018: HK$6,000,000)	Direct comparison method	Price per unit (HKD)	HK$2,800,000 to HK$3,180,000 (2018: HK$2,300,000 to HK$2,800,000)	The higher the market price, the higher the value

Note:

taking into account of locations and other individual factors such as environment, building facilities, levels etc.

16 INVESTMENT PROPERTIES (Continued)

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

	2019 HK$'000	2018 HK$'000
In Hong Kong, held on medium-term leases	305,400	312,370
In Mainland China, held on medium-term leases	37,164	37,642
	342,564	350,012

17 EXPLORATION AND EVALUATION ASSETS

The Group owns mineral exploration licences in western part 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.

	2019 HK$'000	2018 HK$'000
At beginning of the year	69,890	57,267
Additions	20,161	12,623
Acquisition of a subsidiary (Note 28)	48,792	–
Disposal of subsidiaries (Note 29)	(49,709)	–
Impairment loss (Note)	(56,603)	–
At end of the year	32,531	69,890

Note:

In November 2018, the management assessed the exploration results on two of the four existing exploration sites and concluded there was no economic justification for further investment. Accordingly, the Group returned two exploration licenses to the Mongolian Government.

In June 2019, the Group further assessed the latest exploration results and surrendered one exploration license to the Mongolian Government. The surrendered license is subject to fulfilment of certain administrative conditions required by the Mongolian Government.

During the year ended 30 June 2019, the Group recognised an impairment loss of HK$56.6 million in respect of returning two exploration licenses and surrendering one license to the Mongolian Government.

As at 30 June 2019, the Group held one exploration license.

18 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 2018 and 2019 Direct	Indirect	Principal activities and place of operation
Cyber On-Air (Asia) Limited	Hong Kong	100 ordinary shares of total HK$100 and 100,000 non-voting deferred shares of total HK$100,000	–	100%	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
Star Bright (HK) Holdings Limited	Hong Kong	1,600 ordinary shares of total HK$1,600	–	100%	Property investment in Hong Kong
Power Able Enterprises Limited	Hong Kong	1 ordinary share of total HK$1	–	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	2 ordinary shares of total HK$3,000,000	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	–	51%	Mineral exploration in Mongolia
Vision Values Aviation Services Limited	Hong Kong	10 ordinary shares of total HK$10,000,000	–	90%	Provision of private jet management services in Hong Kong

18 PARTICULARS OF SUBSIDIARIES (Continued)

MATERIAL NON-CONTROLLING INTEREST

The total non-controlling interest as at 30 June 2019 is HK$19,204,000 (2018: HK$35,082,000), which represents mainly the Mission Wealth Holdings Limited and its subsidiaries (collectively the "**Mission Wealth Group**"). The non-controlling interest in respect of Vision Values Aviation Services Limited is not material.

Summarised statement of financial position of Mission Wealth Group

	2019 HK$'000	2018 HK$'000
Current		
Assets	**4,149**	1,183
Liabilities	**(115,960)**	(88,430)
Total net current liabilities	**(111,811)**	(87,247)
Non-current		
Assets	**35,601**	72,584
Net liabilities	**(76,210)**	(14,663)

Summarised statement of profit or loss of Mission Wealth Group

	2019 HK$'000	2018 HK$'000
Revenue	**–**	–
Loss before taxation	**(61,547)**	(4,770)
Income tax expense	**–**	–
Other comprehensive loss	**–**	–
Total comprehensive loss	**(61,547)**	(4,770)
Total comprehensive loss allocated to non-controlling interest	**(30,158)**	(2,337)

18 PARTICULARS OF SUBSIDIARIES (Continued)

MATERIAL NON-CONTROLLING INTEREST (Continued)

Summarised statement of cash flows of Mission Wealth Group

	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Cash used in operations	**(6,112)**	(3,253)
Net cash used in operating activities	**(6,112)**	(3,253)
Net cash used in investing activities	**(19,834)**	(12,631)
Net cash generated from financing activities	**28,839**	16,762
Net increase in cash and cash equivalents	**2,893**	878
Cash and cash equivalents at the beginning of year	**1,097**	219
Cash and cash equivalents at end of year	**3,990**	1,097

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

19 GOODWILL

	2019 HK$'000	2018 HK$'000
At beginning of the year (Note)	**–**	3,334
Acquisition of a subsidiary (Note 28)	**3,391**	–
Disposal of subsidiaries (Note 29)	**(3,391)**	–
Impairment of goodwill (Note 8)	**–**	(3,334)
At end of the year	**–**	–

Note:

Goodwill was allocated to the Group's CGU (the "**CGU**"), which is principally engaged in the network solutions and project services in Hong Kong.

Since the actual performance of the CGU for the year ended 30 June 2018 was below the previously forecasted results, management has revisited the impairment assessment for the CGU and concluded the value-in-use of the CGU was below its carrying amount as at 30 June 2018. Accordingly, impairment of goodwill amounting to HK$3,334,000 was recognised in the consolidated statement of profit or loss in prior year.

20 INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	–	694
Work in progress	**84,077**	57,990
Finished goods	**224**	569
	84,301	59,253

The cost of inventories recognised as expense in the consolidated statement of profit or loss amounted to approximately HK$7,043,000 (2018: HK$6,158,000).

21 TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**10,280**	12,143

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:

	2019 HK$'000	2018 HK$'000
1 – 30 days	**8,998**	9,903
31 – 60 days	**408**	622
61 – 90 days	**685**	58
Over 90 days	**189**	1,560
	10,280	12,143

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. There is no significant impact of loss allowance as at 1 July 2018 for these receivables. Note 4.1(b) provides for details about the calculation of the allowance.

Notes to the Consolidated Financial Statements (Continued)

21 TRADE RECEIVABLES (Continued)

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

	2019 HK$'000	2018 HK$'000
HK$	**8,553**	11,552
US$	**1,645**	–
RMB	**–**	27
EURO ("**EUR**")	**82**	564
	10,280	12,143

None of the trade receivables were impaired as at 30 June 2019 (2018: 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

	2019 HK$'000	2018 HK$'000
Cash at bank and on hand	**26,755**	71,921

The cash and bank balances of certain subsidiaries of the Group as at 30 June 2019 included balances with banks in the Mainland China totalling approximately HK$43,000 (2018: HK$40,000) which were denominated in RMB and US$. The remittance of these balances outside the Mainland China is subject to foreign exchange control rules and regulations of Mainland China.

As at 30 June 2019, the weighted average effective interest rate on short-term bank deposits was nil (2018: 1.45% per annum). The maturity days of the short-term bank deposit was ranged from one week to one month.

23 DEFERRED INCOME TAX LIABILITIES

	Accumulated depreciation HK$'000	Fair value gain on investment properties HK$'000	Total HK$'000
At 1 July 2017	523	1,547	2,070
Charged to consolidated statement of profit or loss (Note 12)	(240)	1,109	869
At 30 June 2018	283	2,656	2,939
(Credit)/charged to consolidated statement of profit or loss (Note 12)	**(97)**	**79**	**(18)**
Currency translation difference	**–**	**1**	**1**
At 30 June 2019	**186**	**2,736**	**2,922**

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$78,497,000 (2018: HK$72,857,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$167,150 (2018: HK$387,461) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability. The potential deferred tax losses which have not been recognised amounted to approximately HK$11,398,000 (2018: HK$12,052,000).

24 TRADE PAYABLES

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

	2019 HK$'000	2018 HK$'000
0 – 30 days	2,301	2,843
31 – 60 days	382	610
61 – 90 days	447	342
91 – 180 days	834	3,750
	3,964	7,545

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

	2019 HK$'000	2018 HK$'000
HK$	2,148	6,722
US$	1,662	670
RMB	–	8
EUR	154	145
	3,964	7,545

The carrying amounts of trade payables approximate their fair values.

25 BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Secured:		
Bank loan – within 1 year	5,500	–

The bank loan is secured by first legal charge over the Group's investment properties regarding to an office premise and two car parking spaces located at Wan Chai. The interest rate is charged at 1.8% per annum over HIBOR or 0.5% per annum over cost of fund of the bank, whichever is higher.

26 SHARE CAPITAL

	No. of shares	HK$'000
Authorised:		
At 1 July 2017, 30 June 2018 and 30 June 2019	20,000,000,000	200,000
Issued and fully paid:		
At 1 July 2017	3,887,758,338	38,878
Exercise of share options (Note)	36,432,129	364
At 30 June 2018 and 30 June 2019	3,924,190,467	39,242

The total authorised number of ordinary shares is 20,000 million (2018: 20,000 million) shares with a par value of HK$0.01 per share (2018: HK$0.01 per share).

Note:

During the year ended 30 June 2018, share options were exercised to subscribe for 19,780,156 ordinary shares of the Company at a consideration of approximately HK$4,358,000 of which approximately HK$197,000 was credited to share capital and approximately HK$4,161,000 was credited to the share premium account. As a result of the exercise of share options, share option reserve of HK$2,363,000 had been transferred to the share premium account.

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.

26 SHARE CAPITAL (Continued)

SHARE OPTION SCHEME (Continued)

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

	2019		2018	
	Weighted average exercise price per share HK$	Number of share options	Weighted average exercise price per share HK$	Number of share options
At beginning of the year	**0.419**	**243,746,419**	0.378	255,178,548
Granted	**–**	**–**	0.496	25,000,000
Exercised	**–**	**–**	0.188	(36,432,129)
Lapsed	**0.546**	**(28,935,790)**	–	–
At end of the year	**0.402**	**214,810,629**	0.419	243,746,419

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 2019	2018
05-3-2014	0.601 (Note)	05-3-2014 to 04-3-2019	**–**	22,856,842
20-5-2015	0.560 (Note)	20-5-2015 to 19-5-2020	**69,810,629**	69,810,629
19-10-2016	0.338 (Note)	19-7-2017 to 18-10-2018	**–**	3,039,474
19-10-2016	0.338 (Note)	19-1-2018 to 18-10-2018	**–**	3,039,474
7-4-2017	0.290	7-4-2017 to 6-4-2022	**120,000,000**	120,000,000
19-6-2018	0.496	19-12-2018 to 18-6-2023	**6,250,000**	6,250,000
19-6-2018	0.496	19-6-2019 to 18-6-2023	**6,250,000**	6,250,000
19-6-2018	0.496	19-12-2019 to 18-6-2023	**6,250,000**	6,250,000
19-6-2018	0.496	19-6-2020 to 18-6-2023	**6,250,000**	6,250,000
			214,810,629	243,746,419

Note:

The exercise price and number of share options were adjusted pursuant to the rights issue of the Company completed on 29 March 2017.

26 SHARE CAPITAL (Continued)

SHARE OPTION SCHEME (Continued)

The fair values of options granted were determined as follows:

	5 March 2014	20 May 2015	19 October 2016	19 October 2016	7 April 2017	19 June 2018	19 June 2018	19 June 2018	19 June 2018
Option value (at grant date)	HK$7,654,000	HK$24,455,660	HK$415,975	HK$418,775	HK$21,022,540	HK$1,799,875	HK$1,834,125	HK$1,892,563	HK$1,938,438
Fair value per option (at grant date)	HK$0.41	HK$0.36	HK$0.17	HK$0.17	HK$0.16	HK$0.29	HK$0.29	HK$0.30	HK$0.31
Significant inputs into the valuation model:									
Exercise price at grant date	HK$0.73	HK$0.68	HK$0.41	HK$0.41	HK$0.29	HK$0.50	HK$0.50	HK$0.50	HK$0.50
Share price at grant date	HK$0.73	HK$0.68	HK$0.39	HK$0.39	HK$0.29	HK$0.49	HK$0.49	HK$0.49	HK$0.49
Expected volatility	84.27%	80.19%	82.89%	82.89%	90.11%	86.49%	86.49%	86.49%	86.49%
Risk-free interest rate	1.231%	1.155%	0.448%	0.448%	1.887%	2.735%	2.735%	2.735%	2.735%
Life of options	5 years	5 years	2 years	2 years	5 years	5 years	5 years	5 years	5 years
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Valuation model applied	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial

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

27 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of (loss)/profit before income tax to net cash used in operations:

	2019 HK$'000	2018 HK$'000
(Loss)/profit before income tax	(97,071)	8,373
Depreciation of property, plant and equipment	1,028	773
Loss on disposal of subsidiaries	(560)	–
Loss on disposal of held-to-maturity financial assets	–	1,416
Fair value losses/(gains) on investment properties	6,172	(45,468)
Interest income	(251)	(1,871)
Finance cost	15	–
Share-based payment	5,685	464
Impairment loss of goodwill	–	3,334
Impairment loss on exploration and evaluation assets	56,603	–
Changes in working capital:		
– trade receivables and contract assets	(4,757)	(5,315)
– prepayments, deposits and other receivables	2,167	(3,312)
– inventories	(25,048)	(16,849)
– trade payables	(3,581)	1,658
– accrued charges and other payables and contract liabilities	17,717	10,887
Net cash used in operations	(41,881)	(45,910)

28 ACQUISITION OF SUBSIDIARY

On 10 September 2018, Ascend Resources Limited, ("**Ascend Resources**"), a wholly owned subsidiary of the Company, acquired 51% equity interest of 黑龍江中英華晟石墨科技有限公司 ("**中英華晟**"), a company incorporated in the People's Republic of China (the "**PRC**") from independent third parties at consideration of HK$6,262,000. The major asset of 中英華晟 is an exploration license with preliminary identification of graphite resources in Heilongjiang, PRC. The acquisition was completed on 29 January 2019.

The fair values of the assets and liabilities of 中英華晟 at the completion date of acquisition were as follows:

	HK$'000
Consideration	
Consideration payable	**6,262**
Identifiable net assets	
Property, plant and equipment	**450**
Exploration and evaluation assets	**48,792**
Deposits, prepayments and other receivables	**5,829**
Accruals charges and other payable	**(42,848)**
Deferred income tax liabilities	**(6,593)**
Non-controlling interests	**(2,759)**
	2,871
Goodwill	**3,391**

The goodwill is attributable to the workforce of the acquired business.

There were no acquisitions in 2018.

(i) Revenue and profit contribution

The acquired business contributed no revenue and net loss of HK$626,000 to the Group during the period from 29 January to 10 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue and loss for the year ended 30 June 2019 would have been HK$nil and HK$762,000 respectively.

29 DISPOSAL OF SUBSIDIARIES

On 10 May 2019, the Company disposed 100% equity interest of Ascend Resources together with its entire interest in 中英華晟 (collectively the "**Ascend Resources Group**") to an independent third party at consideration of US$1.

An analysis on gain on disposal of subsidiaries is as follows:

	HK$'000
Consideration	
Cash consideration	–
Carrying value recognised on disposal	
Property, plant and equipment	416
Exploration and evaluation assets	49,709
Goodwill	3,391
Deposits, prepayments and other receivables	4,944
Accruals charges and other payable	(43,944)
Consideration payable	(6,262)
Deferred income tax liabilities	(6,593)
Non-controlling interests	(2,221)
	(560)
Gain on disposal of subsidiaries	560

Subsequent to the completion of acquisition of 中英華晟 as mentioned in Note 28, the Group was notified that there was an ownership dispute on the principal assets of 中英華晟. Considering the long litigation process, it would be beneficial to the Group to dispose the Ascend Resources Group to minimise any further cost and resources.

30 OPERATING LEASE COMMITMENTS

At 30 June 2019, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2019 HK$'000	2018 HK$'000
No later than 1 year	1,973	397
Later than 1 year and no later than 5 years	1,144	–
	3,117	397

30 OPERATING LEASE COMMITMENTS (Continued)

At 30 June 2019 and 2018, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

During the year ended 30 June 2019, seven out of nine of the investment properties (2018: eight out of nine) 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:

	2019 HK$'000	2018 HK$'000
No later than 1 year	**5,161**	3,828
Later than 1 year and no later than 5 years	**2,868**	3,874
	8,029	7,702

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

31 CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which was authorised by management of the Group but not contracted for as at 30 June 2019 amounted to HK$12,490,000 (2018: HK$12,507,000). 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$6,370,000 (2018: HK$6,378,000).

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

	2019 HK$'000	2018 HK$'000
Exploration drilling	**18,997**	9,294
Yacht building	**2,048**	6,280
	21,045	15,574

The Company did not have any other capital expenditure contracted for at the end of the year but not yet incurred (2018: nil).

32 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 31.80% of the Company's shares. The remaining 68.20% of the shares are widely held.

The Directors are of the view that the following entities were related parties that had transactions or balances with the Group during the year.

Name	Relationship with the Group
Mongolia Energy Corporation (Greater China) Limited ("**MEC Greater China**")	A Company of which Mr. Lo and Ms Yvette Ong are the directors
Island Oasis Shipbuilding Limited ("**Island Oasis**")	A company of which Mr. Lo, and Mr. Lo, Rex Cze Kei is the director and Mr. Lo is the beneficial owner
Mongolia Energy Corporation Limited ("**MEC**")	Except Mr. Ho Hau Chong, Norman, the Board of Directors of the Company and the related company are the same
Cambo Management Limited ("**Cambo Management**")	A company of which Mr. Lo and Mr. Lo, Rex Cze Kei is the director and Mr. Lo is the beneficial owner
Vision Aviation Services Limited ("**Vision Aviation**")	A company of which a director of a subsidiary of the Group is the director and beneficial owner

(a) Other than transactions disclosed 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:

	2019 HK$'000	2018 HK$'000
Operating lease rental income from a related company		
– MEC Greater China	**316**	316
Service fee income from a related company		
– Vision Aviation	**1,068**	–
Acquisition of fixed assets from a related company		
– Vision Aviation	**1,241**	–
Operating lease rental expenses to related companies		
– Island Oasis	**1,116**	1,116
– Cambo Management	**1,505**	190
Reimbursement of sharing of administrative services to a related company (Note)		
– MEC	**6,245**	8,798

Note: The administrative service is reimbursed at actual cost incurred.

32 RELATED PARTY TRANSACTIONS (Continued)

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

	2019 HK$'000	2018 HK$'000
Amounts due from related companies		
– Island Oasis	**130**	130
– Cambo Management	**50**	50
– MEC	**23**	50
Amounts due to related companies		
– MEC Greater China	**(53)**	(53)
– MEC	**–**	(261)

The amounts due from/(to) 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:

	2019 HK$'000	2018 HK$'000
Salaries and other employee benefits	**8,514**	7,443

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**430,044**	441,233
		430,044	441,233
Current assets			
Prepayments, deposits and other receivables		**1,268**	300
Cash and bank balances		**–**	49,861
		1,268	50,161
Total assets		**431,312**	491,394
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**39,242**	39,242
Other reserves	33(a)	**489,818**	492,622
Accumulated losses	33(a)	**(130,039)**	(73,077)
Total equity		**399,021**	458,787
LIABILITY			
Current liabilities			
Bank overdrafts		**277**	–
Amounts due to subsidiaries		**29,069**	29,356
Accrued charges and other payables		**2,945**	3,251
Total liabilities		**32,291**	32,607
Total equity and liabilities		**431,312**	491,394

33 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 HK$'000	Share option reserve HK$'000	Sub-total HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2017	433,620	52,063	485,683	(50,978)	434,705
Loss for the year	–	–	–	(22,099)	(22,099)
Exercise of share options	10,107	(3,632)	6,475	–	6,475
Share-based payment	–	464	464	–	464
At 30 June 2018	443,727	48,895	492,622	(73,077)	419,545
Loss for the year	**–**	**–**	**–**	**(65,451)**	**(65,451)**
Share-based payment	**–**	**5,685**	**5,685**	**–**	**5,685**
Share option lapsed	**–**	**(8,489)**	**(8,489)**	**8,489**	**–**
At 30 June 2019	**443,727**	**46,091**	**489,818**	**(130,039)**	**359,779**

Five-Year Financial Summary

The historical figures represent financial information of the Group for the years from 2015 to 2019.

Consolidated Statement of Profit or Loss

	For the year ended 30 June				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019 HK$'000**
Revenue	22,032	26,351	22,212	30,354	**54,020**
Profit/(loss) attributable to owners of the Company	(45,189)	(26,803)	(46,055)	9,819	**(66,613)**
	(Restated)	(Restated)			
Basic earnings/(loss) per share (Note)	(1.52)	(0.88)	(1.42)	0.25	**(1.70)**

Note: As a result of the rights issue completed in the year of 2017, figures for the years from 2015 to 2016 have been restated for comparative purpose.

Consolidated Statement of Financial Position

	For the year ended 30 June				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019 HK$'000**
Non-current assets					
Property, plant and equipment	6,935	6,353	5,669	5,153	**7,226**
Investment properties	29,660	29,426	149,175	350,012	**342,564**
Exploration and evaluation assets	31,729	50,048	57,267	69,890	**32,531**
Goodwill	3,334	3,334	3,334	–	**–**
Held-to-maturity financial assets	–	48,452	48,283	–	**–**
Rental deposit	–	–	–	–	**75**
Total non-current assets	71,658	137,613	263,728	425,055	**382,396**
Net current assets	273,036	187,206	264,019	128,246	**92,804**
Total assets less current liabilities	344,694	324,819	527,747	553,301	**475,200**
Equity					
Capital and reserves attributable to owners of the Company					
Share capital	259,184	259,184	38,878	39,242	**39,242**
Other reserves	218,010	214,059	486,749	494,364	**490,282**
Accumulated losses	(151,164)	(175,048)	(28,145)	(18,326)	**(76,450)**
	326,030	298,195	497,482	515,280	**453,074**
Non-controlling interests	17,917	25,726	28,195	35,082	**19,204**
Total equity	343,947	323,921	525,677	550,362	**472,278**
Non-current liabilities					
Deferred income tax liabilities	747	898	2,070	2,939	**2,922**
	344,694	324,819	527,747	553,301	**475,200**

	As at 30 June				
	2015	2016	2017	2018	**2019**
Net asset value per share attributable to owners of the Company (HK$)	0.13	0.12	0.14	0.14	**0.12**
Number of shares issued (in thousand)	2,591,839	2,591,839	3,887,758	3,924,190	**3,924,190**

Schedule Of Investment Properties

INVESTMENT PROPERTIES AS AT 30 JUNE 2019

Location	Usage	Term of lease	Group Interest %
House No. 2B, Beijing Riviera 1 Xiang Jiang North Road Chaoyang District Beijing, PRC	Residential	Medium term	100
Office Unit 1002, 10th Floor Jinyun Building No. 43 Xizhimen North Avenue Jia Haidian District Beijing, PRC	Commerial	Medium term	100
Unit 2, Ground Floor, Fanling Industrial Centre 21 On Kui Street, On Lok Tsuen Fanling, New Territories Hong Kong	Commerial	Medium term	100
Unit 13, 2nd Floor, Fanling Industrial Centre 21 On Kui Street, On Lok Tsuen Fanling, New Territories Hong Kong	Commerial	Medium term	100
Car park space P4, 1st Floor Fanling Industrial Centre 21 On Kui Street, On Lok Tsuen Fanling, New Territories Hong Kong	Commerial	Medium term	100
13th Floor, Wyndham Place No. 44 Wyndham Street Hong Kong	Commerial	Medium term	100
Carpark No. C15 3rd Carparking Floor, Wyndham Place No. 44 Wyndham Street Hong Kong	Commerial	Medium term	100
17th Floor, Henan Building Nos. 90 and 92 Jaffe Road Nos. 15, 17 and 19 Luard Road Hong Kong	Commerial	Medium term	100
19th Floor, Fortis Bank Tower Nos. 77, 78 -79 Gloucester Road Hong Kong	Commerial	Medium term	100
Carpark Space Nos. 64 and 65 3rd Floor, Fortis Bank Tower Nos. 77, 78-79 Gloucester Road Hong Kong	Commerial	Medium term	100