

# Vision Tech International Holdings Limited

金科數碼國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

Stock Code: 0922

Interim Report **2010**

\* for identification only

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# Corporate Information

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Leung Chi Wah Earnest (*Chief Executive Officer*)

Mr. Law Fei Shing

### **Non-executive Director**

Mr. Yeung Mui Kwan David

### **Independent Non-executive Directors**

Mr. Law Yui Lun

Mr. So Livius

Mr. Serge Salomon Choukroun

## **COMPANY SECRETARY**

Mr. Yau Wing Yiu

## **AUDIT COMMITTEE**

Mr. Law Yui Lun

Mr. So Livius

Mr. Serge Salomon Choukroun

## **REMUNERATION COMMITTEE**

Mr. Law Yui Lun

Mr. So Livius

Mr. Serge Salomon Choukroun

## **AUTHORISED REPRESENTATIVES**

Mr. Leung Chi Wah Earnest

Mr. Law Fei Shing

## **AUDITORS**

Grant Thornton

Certified Public Accountants

## **PRINCIPAL BANKERS**

Hong Kong & Shanghai Banking Corporation

Standard Chartered Bank (Hong Kong) Limited

Hang Seng Bank Limited

Cathay Bank

## **REGISTERED OFFICE**

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Suite 3908, Shell Tower

Times Square

Causeway Bay, Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08, Bermuda

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Abacus Limited

26th Floor

Tesbury Centre

28 Queen's Road East, Hong Kong

## **SHARE INFORMATION**

Stock code: 00922

Board lot: 20,000 shares

Web site: [www.visiontechint.com](http://www.visiontechint.com)

# Management Discussion and Analysis

## MARKET OUTLOOK

The financial tsunami in 2008 brought to a severe downturn in the world wide economy. During the Period, business activities were slowed down and commodity prices were highly volatile.

## FINANCIAL RESULTS

For the Period under review, the Group recorded turnover of approximately HK\$23.3 million (2008: approximately HK\$296.4 million) and net loss of approximately HK\$42.2 million (2008: net profit of approximately HK\$0.6 million). The net loss for the Period was mainly due to reduction in business operations as mentioned in the section "Business Review" below coupled with share options granted of approximately HK\$21.9 million during the Period.

## BUSINESS REVIEW

For the Period, the Group continued the trading of consumer electronic appliances and scrap metal and newly engaged business of trading in leather. The turnover of which amounted to approximately HK\$8.7 million (2008: approximately HK\$150.4 million), HK\$4.0 million (2008: approximately HK\$146.0 million) and HK\$10.6 million (2008: Nil) respectively. The total first half turnover fell approximately HK\$273.1 million or 92.1% to approximately HK\$23.3 million mainly attributable to the continuous weak export of consumer electronic appliances and scrap metal arose from the financial tsunami in 2008.

## LOOKING FORWARD

The management of the Company actively seeks for business partners and investment opportunities. On 13 October 2009, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party to conditionally acquire a company which will hold 55% equity interest in a Sino-foreign joint venture enterprise developing and managing cemetery in Shanghai, the PRC at a total consideration of HK\$2 billion to be paid partly by cash and partly by the Company's issue of promissory note, ordinary shares and convertible notes. The Company intends to expand its existing business to developing and managing cemetery in the PRC, which, the Directors believed has ample growth opportunities due to the growing trend of aged population. Funeral services are a very important component in Chinese social and religious systems. It has been a long tradition in the PRC to hold public decorum and show respect to the deceased. In recent years, the PRC has experienced quick economic development, with concomitant increase in national income. Demand for high quality services has emerged and extended to the funeral services industry. The Directors considered that the acquisition represents an opportunity for the Group to enter into the funeral services industry, and believed that the Group could broaden its source of income by diversifying into such industry.

## FINANCIAL POSITION

In the Period under review, the net cash inflow was approximately HK\$107.4 million (2008: approximately HK\$73.0 million net cash outflow). The increase in cash inflow is mainly due to the top up placing of 258 million Shares with net proceeds of approximately HK\$105.5 million.

The Group's financial position, in terms of liquidity and solvency, remains sound and healthy. The liquidity ratio (current assets/current liabilities) and gearing ratio (total liabilities/total assets) at the end of the Period were 8.09 (at 31 March 2009: 5.27) and 0.12 (at 31 March 2009: 0.18) respectively.

On 29 September 2009, the Company entered into a placing agreement with placing agents to place a maximum of 300,000,000 shares to independent third parties at a price of HK\$0.53 per share. The placing was completed on 9 October 2009 and the issued share capital of the Company was increased by 300,000,000 shares accordingly. The net proceeds from the placing were approximately HK\$154.9 million which further strengthened the Group's financial position.

# Management Discussion and Analysis

## **CHARGES ON ASSETS**

As at 30 September 2009, there were no charges on the Group's assets.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2009, without any long term liabilities, the Group had total assets of approximately HK\$179.0 million, of which bank and cash balances amounted to approximately HK\$108.6 million. The current assets and current liabilities as at 30 September 2009 were approximately HK\$174.6 million and approximately HK\$21.6 million respectively.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 September 2009, the Group had a total of 21 employees (including Directors) in Hong Kong (at 31 March 2009: 15 employees). The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has a share option scheme available for certain full-time employees of the Company or any of its subsidiaries, including any executive directors of the Company or any of its subsidiaries.

Total staff costs (including directors) for the Period amounted to approximately HK\$15.4 million (2008: approximately HK\$4.8 million), of which contribution to mandatory provident fund and share options granted were approximately HK\$94,000 (2008: approximately HK\$86,000) and approximately HK\$9.7 million (2008: approximately HK\$0.9 million) respectively.

## **CONTINGENT LIABILITIES**

Details of the contingent liabilities of the Group are set out in note 15 to the unaudited condensed consolidated financial statements.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group's purchases and sales are mainly in US\$. Since HK\$ are pegged to US\$, there is no significant exposure expected in US dollars transactions and balances. No foreign currency hedge was made during the Period.

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

A proposed acquisition was made during the Period of which an agreement with details set out in note 16 to the unaudited condensed consolidated financial statements was signed on 13 October 2009.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

	Notes	Unaudited Six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000
<b>TURNOVER</b>	4	<b>23,321</b>	296,365
Cost of sales		<b>(23,745)</b>	(288,745)
<b>GROSS (LOSS)/PROFIT</b>		<b>(424)</b>	7,620
Other revenue	4	<b>34</b>	6,819
Administrative expenses		<b>(41,740)</b>	(12,198)
<b>OPERATING (LOSS)/PROFIT</b>		<b>(42,130)</b>	2,241
Finance costs		<b>(40)</b>	–
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(42,170)</b>	2,241
Income tax expense	7	<b>–</b>	(1,594)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	6	<b>(42,170)</b>	647
Other comprehensive income		<b>–</b>	–
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(42,170)</b>	647
<b>(LOSS)/PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(42,170)</b>	647
<b>(LOSS)/EARNINGS PER SHARE – Basic and Diluted (cents)</b>	8	<b>(2.84)</b>	0.05



# Condensed Consolidated Statement of Financial Position

As at 30 September 2009

	<i>Notes</i>	<b>Unaudited 30 September 2009 HK\$'000</b>	Audited 31 March 2009 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>3,649</b>	4,500
Rental deposit		<b>702</b>	702
		<b>4,351</b>	5,202
<b>CURRENT ASSETS</b>			
Inventories		<b>11,347</b>	11,347
Trade receivables	10	<b>39,990</b>	42,680
Prepayments, deposits and other receivables		<b>9,167</b>	5,660
Current tax refundable		<b>1,144</b>	1,144
Financial assets at fair value through profit and loss		<b>4,419</b>	–
Bank deposits (pledged)		<b>–</b>	4,000
Bank balances and cash		<b>108,550</b>	1,361
		<b>174,617</b>	66,192
<b>CURRENT LIABILITIES</b>			
Bank overdraft (secured)		<b>–</b>	236
Trade payables	11	<b>20,343</b>	11,018
Other payables, accruals and deposits received		<b>1,232</b>	1,147
Amount due to a related company		<b>–</b>	156
		<b>21,575</b>	12,557
<b>NET CURRENT ASSETS</b>		<b>153,042</b>	53,635
<b>NET ASSETS</b>		<b>157,393</b>	58,837
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>167,562</b>	129,496
Other reserves		<b>104,890</b>	2,237
Accumulated losses		<b>(115,059)</b>	(72,896)
<b>Capital and reserves attributable to owners of the Company</b>		<b>157,393</b>	58,837

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

**Unaudited**  
**Attributable to owners of the Company**

	Other reserves					Total HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Share-based payment reserve HK\$'000	Sub-total HK\$'000	Accumulated losses HK\$'000	
<b>Balance at 1 April 2008</b>	129,496	–	–	–	(27,420)	102,076
Total comprehensive income	–	–	–	–	647	647
Fair value of share options granted	–	–	1,110	1,110	–	1,110
<b>Balance at 30 September 2008</b>	129,496	–	1,110	1,110	(26,773)	103,833
<b>Balance at 1 April 2009</b>	129,496	–	2,237	2,237	(72,896)	58,837
Total comprehensive loss	–	–	–	–	(42,170)	(42,170)
Issue of shares under Share Option Scheme (note 12)	12,266	1,032	–	1,032	–	13,298
Transfer of reserve upon exercise/forfeiture of share options	–	2,197	(2,204)	(7)	7	–
Share placing (note 12)	25,800	79,733	–	79,733	–	105,533
Fair value of share options granted (note 12)	–	–	21,895	21,895	–	21,895
<b>Balance at 30 September 2009</b>	<b>167,562</b>	<b>82,962</b>	<b>21,928</b>	<b>104,890</b>	<b>(115,059)</b>	<b>157,393</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2009

	Unaudited Six months end 30 September	
	2009 HK\$'000	2008 HK\$'000
Net cash used in operating activities	(14,784)	(63,826)
Net cash used in investing activities	(622)	(3,584)
Net cash from/(used in) financing activities	122,831	(5,586)
Net increase/(decrease) in cash and cash equivalents	107,425	(72,996)
Cash and cash equivalents at the beginning of the period	1,125	102,660
Cash and cash equivalents at the end of the period	108,550	29,664

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda. The principal place of business of the Company is at Suite 3908, Shell Tower, Times Square, Causeway Bay, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are trading of consumer electronic appliances, scrap metal and leather.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Group have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by HKICPA and the applicable disclosure requirements of the Listing Rules and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2009.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical convention, except for certain financial instruments that are measured at fair values.

### Adoption of New or Amended HKFRSs

In the Period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2008

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these unaudited condensed consolidated financial statements as were applied in the financial statements of the Group for the year ended 31 March 2009.

### HKAS 1 (Revised 2007) Presentation of Financial Statements

*(effective for annual periods beginning on or after 1 January 2009)*

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## HKFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 “Operating Segments” replaces HKAS14 “Segment Reporting” and adopts a full management approach to identifying, measuring and disclosing the results of its operating segments. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Since the Group’s operating segments reported to the chief operating decision-maker as required by HKFRS 8 are the same as the business segments reported in accordance with the predecessor standard (HKAS 14 “Segment Reporting”), the adoption of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments (see note 5).

## Impact of New and Revised HKFRSs which are Issued but Not Effective

The Group had not early adopted the following new and revised HKFRSs that have been issued but are not yet effective in the Period.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 28	Investments in Associates — Consequential Amendments Arising from Amendments to HKFRS 3 <sup>1</sup>
HKAS 31	Interests in Joint Ventures — Consequential Amendments Arising from Amendments to HKFRS 3 <sup>1</sup>
HKAS 39 (Amendment)	Financial Statements: Recognition and Measurement — Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Revised)	First-time adoption of HKFRSs <sup>1</sup>
HKFRS 1 (Amendments)	First-time adoption of HKFRSs — Additional Exemptions for First-time Adopters <sup>2</sup>
HKFRS 2 (Amendments)	Share-based Payment — Group Cash-settled Share-based Payment Transactions <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 5 Amendments	Non-current Assets Held for Sale and Discontinued Operations <sup>1</sup>
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to owners <sup>1</sup>
HK(IFRIC) — Int 18	Transfers of Assets from Customers <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009 <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>3</sup> Effective for transfers of assets from customers received on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

The Group is in the process of assessing the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## 4. TURNOVER AND OTHER REVENUE

The Group is principally engaged in trading of consumer electronic appliances, scrap metal and leather during the Period. Turnover represents total invoiced value of goods supplied to customers after deduction of goods returns and trade discounts. Revenues recognised during the Period are as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
<b>Turnover</b>		
Sales of goods	<b>23,321</b>	296,365
<b>Other revenue</b>		
Interest income	<b>17</b>	20
Profit on dealing in future contracts	–	6,799
Sundry income	<b>17</b>	–
	<b>34</b>	6,819
<b>Total revenue</b>	<b>23,355</b>	303,184

## 5. SEGMENT INFORMATION

On adoption of HKFRS 8 “Operating Segments”, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the management of the Group for their decisions about resources allocation to the Group’s business components and review of these components’ performance. The business components in the internal reporting to management of the Group are determined following the Group’s major product lines. The Group has identified the following reportable segments:

- (i) Trading of consumer electronic appliances;
- (ii) Trading of scrap metal; and
- (iii) Trading of leather (New business operated by the Group during the Period)

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8. There was no inter-segment sale and transfer during the current and prior period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

The following is an analysis of the Group's revenue and results for the six months ended 30 September 2009 and the assets and liabilities as at 30 September 2009 by operating segments.

	<b>Electronic Trading HK\$'000</b>	<b>Metal Trading HK\$'000</b>	<b>Leather Trading HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Group HK\$'000</b>
(a) Revenue and results for six months ended 30 September 2009 (unaudited):					
Revenue	8,695	3,988	10,638	-	23,321
Segments results	(2,238)	(4,509)	200	(35,623)	(42,170)
Taxation					-
Loss for the period					(42,170)
<b>Other segment information:</b>					
Amortization of mould cost	(630)	-	-	-	(630)
Depreciation	(2)	-	-	(511)	(513)
Impairment loss on trade receivables	-	(3,034)	-	-	(3,034)
Loss on sale of financial assets at fair value through profit & loss	-	-	-	(552)	(552)
Fair value change of financial assets at fair value through profit & loss	-	-	-	(1,685)	(1,685)
Share-based payment	-	-	-	(21,895)	(21,895)
(b) Assets and liabilities at 30 September 2009 (unaudited):					
Assets	8,348	44,149	10,638	115,833	178,968
Liabilities	272	11,115	9,296	892	21,575

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

Below are comparative figures showing the Group's revenue and results for the six months ended 30 September 2008 and the assets and liabilities as at 31 March 2009 by operating segment.

	Electronic Trading HK\$'000	Metal Trading HK\$'000	Leather Trading HK\$'000	Unallocated HK\$'000	Group HK\$'000
<b>(a) Revenue and results for six months ended 30 September 2008 (unaudited):</b>					
Revenue	150,414	145,951	-	-	296,365
Segments results	3,417	8,780	-	(9,956)	2,241
Taxation					(1,594)
Profit for the period					647
<b>Other segment information</b>					
Amortization of mould cost	(527)	-	-	-	(527)
Depreciation	-	-	-	(212)	(212)
Profit on dealing in future contracts	-	6,799	-	-	6,799
Share-based payment	-	-	-	(1,110)	(1,110)
<b>(b) Assets and liabilities at 31 March 2009 (audited):</b>					
Assets	13,344	48,379	-	9,671	71,394
Liabilities	552	10,910	-	1,095	12,557



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## 6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the Period is arrived at after crediting/(charging) the following:

	Six months ended 30 September	
	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Profit on dealing in future contracts	–	6,799
Bad debts written off	–	(476)
Cost of inventories sold	<b>(23,745)</b>	(288,745)
Depreciation	<b>(513)</b>	(212)
Impairment losses on trade receivables	<b>(3,034)</b>	–
Loss on disposal of property, plant and equipment	<b>(953)</b>	(85)
Loss on sale of financial assets at fair value through profit and loss	<b>(552)</b>	–
Fair value change of financial assets at fair value through profit and loss	<b>(1,685)</b>	–
Share-based payment	<b>(21,895)</b>	(1,110)

## 7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits for the Period (2008: approximately HK\$1,594,000).

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share for the Period is based on:

- (a) the loss attributable to the owners of the Company was approximately HK\$42,170,000 (2008: profit of approximately HK\$647,000); and
- (b) the weighted average number of ordinary shares for the calculation of basic (loss)/earnings per share during the Period was 1,485,459,267 (2008: 1,294,962,600). The diluted (loss)/earnings per share are the same as basic (loss)/earnings per share as the potential ordinary shares are anti-dilutive.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>Office Furniture</b> Unaudited HK\$'000	<b>Office Equipment</b> Unaudited HK\$'000	<b>Office Decoration</b> Unaudited HK\$'000	<b>Motor Vehicle</b> Unaudited HK\$'000	<b>Total</b> Unaudited HK\$'000
<b>Six months ended 30 September 2008</b>					
Net book value at 1 April 2008	–	–	–	–	–
Additions	488	408	1,269	1,439	3,604
Disposals	(85)	–	–	–	(85)
Depreciation	(30)	(33)	(100)	(49)	(212)
Net book value at 30 September 2008	373	375	1,169	1,390	3,307
<b>Six months ended 30 September 2009</b>					
Net book value at 1 April 2009	338	359	1,046	2,757	4,500
Additions	–	62	–	578	640
Disposals	–	(49)	(929)	–	(978)
Depreciation	(41)	(41)	(106)	(325)	(513)
Net book value at 30 September 2009	297	331	11	3,010	3,649

## 10. TRADE RECEIVABLES

	<b>At 30 September 2009 Unaudited HK\$'000</b>	<b>At 31 March 2009 Audited HK\$'000</b>
Trade receivables	<b>70,227</b>	69,883
Less: Impairment losses	<b>(30,237)</b>	(27,203)
	<b>39,990</b>	42,680
Aging analysis of the trade receivables are as follows:		
Within 60 days	<b>10,882</b>	262
61-90 days	–	–
91-120 days	–	60,405
Over 120 days	<b>59,345</b>	9,216
	<b>70,227</b>	69,883
Less: impairment losses	<b>(30,237)</b>	(27,203)
	<b>39,990</b>	42,680

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

## 11. TRADE PAYABLES

Aging analysis of the trade payables are as follows:

	<b>At 30 September 2009 Unaudited HK\$'000</b>	At 31 March 2009 Audited HK\$'000
Within 60 days	<b>9,546</b>	314
61-90 days	<b>6</b>	73
91-120 days	<b>6</b>	10,631
Over 120 days	<b>10,785</b>	–
	<b>20,343</b>	11,018

## 12. SHARE CAPITAL

	<b>Six months ended 30 September 2009 Unaudited</b>		Year ended 31 March 2009 Audited	
	<b>Number of shares '000</b>	<b>HK\$'000</b>	Number of shares '000	HK\$'000
<i>Authorized:</i>				
(Ordinary shares of HK\$0.1 each)				
Balance as at 1 April 2009/1 April 2008	<b>2,000,000</b>	<b>200,000</b>	2,000,000	200,000
Addition (Note a)	<b>8,000,000</b>	<b>800,000</b>	–	–
Balance as at 30 September 2009/ 31 March 2009	<b>10,000,000</b>	<b>1,000,000</b>	2,000,000	200,000
<i>Issued and fully paid:</i>				
Balance as at 1 April 2009/1 April 2008	<b>1,294,962</b>	<b>129,496</b>	1,294,962	129,496
Share placing (Note b)	<b>258,000</b>	<b>25,800</b>	–	–
Issue of shares under Share Option Scheme (Note c)	<b>122,660</b>	<b>12,266</b>	–	–
Balance as at 30 September 2009/ 31 March 2009	<b>1,675,622</b>	<b>167,562</b>	1,294,962	129,496

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

*Note (a)* Pursuant to the resolution at the annual general meeting of the Company on 30 September 2009, the number of authorized Shares of the Company was increased by 8 billion to 10 billion accordingly.

*Note (b)* Top up placing of 258 million Shares at a price of HK\$0.42 per share was completed on 29 June 2009.

*Note (c)* On 30 July 2009 the Company granted options to certain directors, employees and third parties to subscribe for an aggregate of 165,900,000 shares under the Share Option Scheme.

Grantees	Exercise price (HK\$)	Options
Directors	0.604	36,800,000
Employees	0.604	37,000,000
Third parties	0.604	92,100,000
		<u>165,900,000</u>

The total fair value, determined by Binomial Option Pricing model, of the options granted as at the grant date was approximately HK\$21,895,000. This amount has been reflected in the condensed consolidated statement of comprehensive income.

Below is the movement of the outstanding share options granted:

	Options
At 1 April 2009	123,760,000
Exercised	(122,660,000)
Lapsed	(100,000)
	<u>1,000,000</u>
Granted	165,900,000
	<u>166,900,000</u>
At 30 September 2009	

## 13. DIVIDENDS

The Board does not recommend any payment of interim dividend for the Period (2008: Nil).

## 14. RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

### (a) Transactions with related parties:

	Six months ended 30 September 2009 Unaudited HK\$'000	Six months ended 30 September 2008 Unaudited HK\$'000
Salaries and allowances of key management		
Salaries and allowances	2,705	1,005
Pension cost – defined contribution plan	13	6
Share options granted	4,857	735

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

**(b) Balances with related parties:**

	<b>At 30 September 2009 Unaudited HK\$'000</b>	At 31 March 2009 Audited HK\$'000
Others	–	156

## 15. CONTINGENT LIABILITIES

No significant contingent liabilities as at 30 September 2009 were noted. As at 31 March 2009, the Company had a guarantee given to a bank in respect of banking facilities granted to one of its subsidiaries.

## 16. EVENTS AFTER THE BALANCE SHEET DATE

**(a) Placing of shares**

On 29 September 2009, the Company entered into a placing agreement with placing agents to place a maximum of 300,000,000 shares to independent third parties at a price of HK\$0.53 per share. The placing was completed on 9 October 2009 and the issued share capital of the Company was increased by 300,000,000 shares accordingly.

**(b) Acquisition**

On 13 October 2009, a wholly-owned subsidiary of the Company (the "Subsidiary") entered into an agreement with an independent third party (the "Seller") pursuant to which the Subsidiary conditionally agreed to acquire from the Seller the entire issued share capital of a company (the "Target Company") at a total consideration of HK\$2 billion to be paid partly by cash and partly by the Company's issue of promissory note, shares, and convertible notes. According to the agreement, the Target Company will hold 55% equity interest in a Sino-foreign joint venture enterprise which will be engaged in funeral services in Shanghai, the PRC.

**(c) Change of auditors**

The auditors of the Company were changed to Grant Thornton, Certified Public Accountants, pursuant to the resolution at the annual general meeting of the Company on 30 September 2009.

## 17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as to conform with current period's presentation.

# Additional Information

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 30 September 2009, the interests and short positions of the Directors and the chief executive of the Company 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 had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long Position

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest in the Company
Mr. Leung Chi Wah, Earnest	Beneficial interests	50,980,000	In total 4.59%
	Corporate interests (1)	10,000,000	
	Beneficial interests (2)	16,000,000	
Mr. Law Fei Shing	Beneficial interests (2)	16,000,000	0.95%
Mr. Yeung Mui Kwan David	Beneficial interests (2)	1,600,000	0.095%
Mr. Law Yui Lun	Beneficial interests (2)	1,600,000	0.095%
Mr. So Livius	Beneficial interests (2)	1,600,000	0.095%

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executive officer of the Company had an interest or short position in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

#### Notes:

- 10,000,000 shares are beneficially owned by Keywin Holdings Limited and the entire issued share capital of which is wholly owned by the spouse of Mr. Leung Chi Wah Earnest.
- These shares represent the Shares which might be allotted and issued to the Directors upon the exercise in full of the options granted pursuant to the Share Option Scheme.



# Additional Information

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2009, according to the register kept by the Company under Section 336 of the SFO, the following Shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Interest on Shares</b>	<b>Approximate percentage of interest in the Company</b>
Advanced Grade Investments Limited	Beneficial owners	200,000,000	11.94%
EPI (Holdings) Limited	Interest in a controlled corporation	200,000,000	11.94%
Climax Associates Limited	Interest in a controlled corporation	200,000,000	11.94%
Rich Concept Worldwide Limited	Interest in a controlled corporation	200,000,000	11.94%
Wong Chi Wing Joseph	Interest in a controlled corporation	200,000,000	11.94%
Pei Chen Chi Kuen Delia	Beneficial owners	109,302,600	6.52%

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

# Additional Information

## **CORPORATE GOVERNANCE PRACTICES**

During the Period, the Board has adopted and complied with the Code in so far they are applicable with the exception of the deviation from the code provision A.2.1 (i.e. the vacancy of chairman of the Company).

Following the resignation of Mr. Cheng Hairong as the chairman and chief executive officer of the Company and the appointment of Mr. Leung Chi Wah Earnest as chief executive officer of the Company on 11 June 2009, the Company is still looking for a suitable candidate to fill the vacancy of chairman and further announcement will be made by the Company upon fulfillment of this requirement under the Listing Rules.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

The audit committee of the Company has reviewed the Group's unaudited interim condensed financial statements for the six months ended 30 September 2009.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the period ended 30 September 2009.

# Glossary

Board	the board of Directors
Code	the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules
Company	Vision Tech International Holdings Limited
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries
Electronic Trading	an operating segment of the Group which is engaged in the trading of consumer electronic appliances
HKAS	the Hong Kong Accounting Standards issued by HKICPA
HKFRS	the Hong Kong Financial Reporting Standards issued by HKICPA
HKICPA	The Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Leather Trading	an operating segment of the Group which is engaged in the trading of leather
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Metal Trading	an operating segment of the Group which is engaged in the trading of scrap metal
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Period	the six months ended 30 September 2009
PRC	the People's Republic of China, which for the purpose of this report exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
SFO	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
Share(s)	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	The Stock Exchange of Hong Kong Limited
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
US\$	United States dollars, the lawful currency of United States of America
%	per cent