



# Vision Values

Interim Report 2010/11

**Vision Values Holdings Limited**

Stock Code: 862

## CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I hereby present to the shareholders the interim results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") for the six months period ended 31 December 2010 (the "**Financial Period**").

## FINANCIAL RESULTS SUMMARY

- Revenue stood at HK\$16.0 million (2009: HK\$16.7 million)
- Loss attributable to the equity holders of the Company was HK\$2.1 million (2009: HK\$0.9 million)
- Basic loss per share was HK\$0.001 (2009: HK\$0.009)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

The overall operating business remained stable throughout the Financial Period though the market is highly competitive.

Among the achieved revenue, approximately HK\$9.1 million was generated from the sales of both telecom and enterprise networking solutions and the remaining was originated from project services.

During the Financial Period, the revenue generated by the telecom network solutions and project services was steady but the revenue from enterprise solutions was sluggish. During the reporting period, the project services division was mainly concentrated on the business of replacement and installation of 3G base stations on behalf of Nokia Siemens Networks. For the business of enterprise solutions, the Group was concentrated in the development and promotion of networking solutions in Hong Kong building on Motorola's Wi-Fi system and Cayin Technology's Digital Signage system. Currently, successful client references for these networking solutions from these two vendors are still pending to establish. In view of this, the Group during the Financial Period was spending additional time and effort in order to build up credentials in order to attract potential customers and eventually leading towards more business opportunities. For the telecom solution division, the business was quite successful especially on the sales of synchronization system to telecom network operators. Some of these telecom operators needed to upgrade their obsolete synchronization systems in order to keep pace with new technologies and industry standard.

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### 2. Aircraft Leasing

The Group's sole private jet was leased out during the Financial Period in pursuant to a lease agreement.

### 3. Property Investment

During the Financial Period, the Group leased out its office unit in Beijing, the PRC to an independent third party. The villa in Beijing remained vacant.

## Financial Review

### 1. Results Analysis

For the Financial Period, revenue for the Group dropped slightly by 4.2% to HK\$16.0 million (2009: HK\$16.7 million). Over 88% of the Group's total revenue was generated from the business segment of NSPS.

The increase in depreciation to HK\$4.0 million (2009: HK\$0.2 million) was mainly due to the recognition of depreciation charge of a Gulfstream G200 aircraft which was acquired in March 2010.

Loss for the period attributable to the equity holders of the Company was approximately HK\$2.1 million (2009: HK\$0.9 million).

### 2. Liquidity and Financial Resources

As at 31 December 2010, the capital and reserves attributable to the Company's equity shareholders were HK\$169.4 million (30 June 2010: HK\$171.4 million). During the Financial Period, share options to subscribe for 780,000 shares were exercised with net cash proceeds inflow of approximately HK\$98,000.

As at 31 December 2010, the Group had no bank or other borrowings (30 June 2010: Nil). The Group has sufficient liquidity and finance resources to meet its daily operational needs.

### 3. Gearing

The Group has no gearing as at 31 December 2010 (30 June 2010: Nil).

## 4. Foreign Exchange

The key operations of the Group are located in Hong Kong and Mainland China. 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 31 December 2010, the Group did not have significant contingent liabilities (30 June 2010: Nil).

## Business Outlook

Looking ahead, we are going to meet more challenges and opportunities of our business.

First of all, the "minor works control system" was implemented on 31 December 2010. All installation works in relation to the building structure (e.g. installation of a radio base station or antenna pole on the roof of a building) must employ a registered minor work contractor. To meet the Government's latest requirements, our subsidiary has applied for and granted a provisional registered minor work contractor license by the Building Department in October 2010. The possession of this mandatory qualification enables us to explore more business opportunities in the near future in respect of our project services.

In addition to the opportunity of minor construction works in the market, our project service division is studying the feasibility in setting up TETRA base station for one of the system vendors in the first half of 2011.

For the business of network solutions, though the overall economic situation is much improved when compared to last year, we note that customers are still very cautious on project spending even though with approved budgets. In enterprise network solution business, we will continue our positioning strategy with focus in offering wireless solutions with emphasis on the applications and solutions instead of promoting the advantages of the features itself. With our first successful implementation of Motorola's Wi-Fi and Cayin Technology's Digital Signage system, we are going to take an aggressive stand to promote these two solutions and application by replication with our successful precedent case.

For the sales of telecom networking solutions, those mobile operators already awarded with the 4G LTE license are going to expand their existing networks to provide 4G service. We foresee that they may need some testing equipments to benchmark their network performance against other competitors as their existing test equipment may not have such features. Consequentially, we signed a reseller agreement with one of the leading vendors, SwissQual, for the sales and support of their products to mobile operators in Hong Kong and Macau. We believe that mobile operators with 4G LTE license granted by OFTA Hong Kong will show interest in these products before they launch their 4G services.

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In addition to the above business development, we are also partnered with another Israel company, Channelot, to offer mobile TV transmitter solutions to one of the mobile operators that granted with the mobile TV license by OFTA Hong Kong in last year. If our solutions are accepted by this mobile TV operator, such partnership will further enhance our Group's positioning as a wireless solution provider.

Though the Group has signed the reseller agreement with SwissQual as well as granted with the registered minor work contractor license by Hong Kong Government, we are still actively looking for other suitable solutions and applications that are wireless related so that we can increase our solution portfolio to better serve our customers' needs.

For the aircraft charter business, we have renewed the lease agreement for another period of 12 months commencing from 1 January 2011 to 31 December 2011. For details of the renewal, please refer to the Company's announcement date 30 December 2010.

### APPRECIATION

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

**Lo Lin Shing, Simon**  
*Chairman*

Hong Kong, 22 February 2011

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERIM DIVIDEND

The directors of the Company (the “**Directors**”) have resolved not to declare interim dividend for the six months ended 31 December 2010 (2009: Nil).

### DIRECTORS’ INTERESTS AND SHORT POSITIONS

As at 31 December 2010, 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 (“**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 of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) were as follows:

#### (a) Long positions in the shares

Name of Directors	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon (“ <b>Mr. Lo</b> ”)	Beneficial owner/ Interest of a controlled corporation ( <i>Note</i> )	554,334,060	39.30%
Mr. Ho Hau Chong, Norman	Beneficial owner	780,000	0.06%

*Note:* Among the 554,334,060 shares, 780,000 shares represent interest of Mr. Lo on an individual basis; while 553,554,060 shares represent interest of Moral Glory International Limited, a company wholly-owned by Mr. Lo.

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### (b) Long positions in the underlying shares

Name of Directors	Capacity	Number of underlying shares interested	Percentage of shareholding
Mr. Lo	Personal	12,000,000	0.85%
Mr. Ho Hau Chong, Norman	Personal	5,000,000	0.35%
Mr. Lau Wai Piu	Personal	5,000,000	0.35%
Mr. Tsui Hing Chuen, William, JP	Personal	5,000,000	0.35%
Mr. Lee Kee Wai, Frank	Personal	5,000,000	0.35%

Save as disclosed above and the section headed “[Share Option Scheme](#)”, as at 31 December 2010, 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 31 December 2010, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

### Long position of substantial shareholders in the shares and/or underlying shares

Name	Capacity in which such interest is held	Number of shares	Percentage of nominal value of issued share capital
Ms. Ku Ming Mei, Rouisa (Note 1)	Interest of spouse	566,334,060	40.15%
Moral Glory International Limited (Note 2)	Beneficial owner	553,554,060	39.25%

Notes:

- Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 566,334,060 shares under the SFO.
- Moral Glory International Limited is wholly-owned by Mr. Lo.

Save as disclosed above and those disclosed under "Directors' Interest and Short Positions", the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 31 December 2010.



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### SHARE OPTION SCHEME

Under the share option scheme adopted by the Company on 28 May 2002 (the “**Share Option Scheme**”), options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.10 each in the capital of the Company.

Details of the movement in outstanding share options, which have been granted under the Share Option Scheme, during the period are as follows:

Name of Directors	Date of grant	Exercise price HK\$	Exercise period	Number of shares subject to options			
				As at 1 July 2010	Cancelled during the period	Exercised during the period	As at 31 December 2010
Mr. Lo	28/1/2005	0.1260	28/1/2005 to 31/12/2010	780,000	-	(780,000)	-
	13/04/2010	0.4000	13/04/2010 to 12/04/2013	12,000,000	-	-	12,000,000
Mr. Ho Hau Chong, Norman	13/04/2010	0.4000	13/04/2010 to 12/04/2013	5,000,000	-	-	5,000,000
Mr. Lau Wai Piu	13/04/2010	0.4000	13/04/2010 to 12/04/2013	5,000,000	-	-	5,000,000
Mr. Tsui Hing Chuen, William, JP	13/04/2010	0.4000	13/04/2010 to 12/04/2013	5,000,000	-	-	5,000,000
Mr. Lee Kee Wai, Frank	13/04/2010	0.4000	13/04/2010 to 12/04/2013	5,000,000	-	-	5,000,000
Employees and others in aggregate (including a director of certain subsidiaries)	13/04/2010	0.4000	13/04/2010 to 12/04/2013	30,000,000	-	-	30,000,000
				62,780,000	-	(780,000)	62,000,000

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2010.

## CORPORATE GOVERNANCE

The board of Directors (the "**Board**") recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "**CG Code**") of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

For the period ended 31 December 2010, the Company has complied with the code provisions of the CG Code with deviations from the code provisions A.2.1, A.4.1 and E.1.2 of the CG Code as summarised below:

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

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

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

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

- iii. The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("**AGM**") of the Company.

The chairman of the Board did not attend the 2010 AGM due to an urgent business engagement. An executive Director had chaired the 2010 AGM and answered questions from shareholders. A member of the audit and remuneration committees was also available to answer questions at the 2010 AGM.

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### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by the Directors and employees (the “**Code**”) who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code.

In the period of 30 days immediately preceding and including the publication of the half year results, all Directors are restricted to deal in the securities and derivatives of the Company until such results have been published.

Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Code during the six months ended 31 December 2010.

### HUMAN RESOURCES

At 31 December 2010, the Group employed 19 full-time employees (30 June 2010: 21) in Hong Kong and Mainland China. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and business in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises Mr. Lau Wai Piu (chairman of the Committee), Mr. Tsui Hing Chuen, William *JP* and Mr. Lee Kee Wai, Frank, the three independent non-executive Directors.

The Audit Committee has reviewed the unaudited interim accounts of the Group for the six months ended 31 December 2010.

By Order of the Board  
**Vision Values Holdings Limited**  
**Lo Lin Shing, Simon**  
*Chairman*

Hong Kong, 22 February 2011

During the period, the Board comprises the following members:

### **Executive Directors**

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

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

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

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### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2010

	Notes	Six months ended 31 December	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Revenue	3	15,966	16,688
Other income		177	57
Other loss		(78)	(2)
Employee benefit expenses		(3,339)	(3,920)
Depreciation		(4,022)	(151)
Other expenses	4	(11,259)	(13,586)
Fair value gain on investment properties		816	–
Loss before taxation		(1,739)	(914)
Income tax expense	5	(354)	–
Loss for the period attributable to equity holders of the Company		(2,093)	(914)
<b>Loss per share attributable to equity holders of the Company</b>	6		
– Basic loss per share (HK cents)		(0.1)	(0.9)
– Diluted loss per share (HK cents)		(0.1)	(0.9)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	Six months ended 31 December	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Loss for the period	(2,093)	(914)
Other comprehensive expense for the period – Currency translation differences	(38)	(25)
Total comprehensive expense for the period	(2,131)	(939)

## Vision Values Holdings Limited

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	As at 31 December 2010 HK\$'000 (unaudited)	As at 30 June 2010 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	85,829	89,819
Investment properties	7	18,132	17,214
Goodwill		3,628	3,628
		<b>107,589</b>	110,661
<b>Current assets</b>			
Trade receivables	8	5,680	8,988
Inventories	9	2,220	1,857
Prepayments, deposits and other receivables		1,283	1,776
Cash and bank balances		65,202	61,378
		<b>74,385</b>	73,999
<b>Total assets</b>		<b>181,974</b>	184,660
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	141,038	140,960
Other reserves		118,493	118,511
Accumulated losses		(90,171)	(88,078)
<b>Total equity</b>		<b>169,360</b>	171,393
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		715	641
<b>Current liabilities</b>			
Trade payables	10	4,880	6,801
Accrued charges, other payables, deposits received and deferred revenue		6,576	5,382
Amount due to a related company		443	443
		<b>11,899</b>	12,626
<b>Total liabilities</b>		<b>12,614</b>	13,267
<b>Total equity and liabilities</b>		<b>181,974</b>	184,660
<b>Net current assets</b>		<b>62,486</b>	61,373
<b>Total assets less current liabilities</b>		<b>170,075</b>	172,034

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW***For the six months ended 31 December 2010*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	<b>2009</b>
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash generated from/(used in) operating activities	<b>3,799</b>	(5,028)
Net cash (used in)/generated from investing activities	<b>(35)</b>	38
Net cash generated from financing activities		
Proceeds from issuance of ordinary shares		
– Placement of new shares	–	57,989
Proceeds from exercise of share option	<b>98</b>	–
	<b>98</b>	57,989
Net increase in cash and cash equivalents	<b>3,862</b>	52,999
Cash and cash equivalents at the beginning of the period	<b>61,378</b>	27,888
Effect on foreign exchange rate changes	<b>(38)</b>	(25)
Cash and cash equivalents at the end of the period	<b>65,202</b>	80,862



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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Six months ended 31 December 2010			
	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2010 (audited)	140,960	118,511	(88,078)	171,393
<b>Comprehensive expense:</b>				
Loss for the period	-	-	(2,093)	(2,093)
<b>Other comprehensive expense:</b>				
Currency translation differences	-	(38)	-	(38)
Total comprehensive expense for the period	-	(38)	(2,093)	(2,131)
<b>Transaction with owners:</b>				
Issue of ordinary shares				
- Exercise of share option	78	20	-	98
At 31 December 2010 (unaudited)	141,038	118,493	(90,171)	169,360

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	Six months ended 31 December 2009			
	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2009 (audited)	97,892	16,811	(71,015)	43,688
<b>Comprehensive expense:</b>				
Loss for the period	–	–	(914)	(914)
<b>Other comprehensive expense:</b>				
Currency translation differences	–	(25)	–	(25)
Total comprehensive expense for the period	–	(25)	(914)	(939)
<b>Transaction with owners:</b>				
Issue of ordinary shares				
– Placement of new shares	19,578	38,410	–	57,988
At 31 December 2009 (unaudited)	117,470	55,196	(71,929)	100,737

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. General Information

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 309, 3/F Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (together the “**Group**”) are principally engaged in the provision of network solutions and project services, aircraft leasing and property investment.

## 2. Basis of Preparation and Accounting Policies

The condensed consolidated interim accounts (the “**Interim Accounts**”) for the six months ended 31 December 2010 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

The basis of preparation and accounting policies used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30 June 2010.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), HKASs and interpretations (collectively the “**new HKFRSs**”) which are effective for accounting periods beginning on or after 1 July 2010. The adoption of these new and revised HKFRSs has no material impact on the results and financial positions of the Group.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>1</sup>
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time adopters <sup>3</sup>
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>3</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. Turnover and Segment Information

As at 31 December 2010, based on information reported to the chief operating decision maker (i.e. the executive Directors) for the purpose of resource allocation and performance assessment, the Group's reportable operating segments are (i) network solutions and project services; (ii) aircraft leasing; and (iii) property investment.

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 noted below, to the Directors is measured in a manner consistent with that in the financial statements.

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

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### The segment revenue and results for the six months ended 31 December 2010

	Network solutions and project services HK\$'000	Aircraft leasing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue	14,118	1,685	163	15,966
Segment results	4,190	1,664	106	5,960
Depreciation on property, plant and equipment	(31)	(3,915)	–	(3,946)
Unallocated expenses ( <i>Note</i> )				(4,590)
Interest income from bank deposits				99
Fair value gain on investment properties				816
Other loss				(78)
Loss before taxation				(1,739)
Income tax expense	(273)	–	(81)	(354)
Loss for the period				(2,093)

*Note:* Unallocated expenses mainly include unallocated depreciation and unallocated employee benefit expenses.

## The segment revenue and results for the six months ended 31 December 2009

	Network solutions and project services HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue	16,661	27	16,688
Segment results	4,215	(45)	4,170
Depreciation on property, plant and equipment	(33)	(8)	(41)
Unallocated expenses ( <i>Note</i> )			(5,090)
Interest income from bank deposits			49
Other loss			(2)
Loss before taxation			(914)
Income tax expense			-
Loss for the period			(914)

*Note:* Unallocated expenses mainly include unallocated depreciation and unallocated employee benefit expenses.

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The following is an analysis of the Group's assets by operating segments:

	At 31 December 2010			
	Network solutions and project services HK\$'000	Aircraft leasing HK\$'000	Property investment HK\$'000	Total HK\$'000
Total segment assets	8,803	85,516	18,169	112,488
Unallocated:				
Cash and bank balances				65,202
Other unallocated assets				4,284
Consolidated total assets				181,974
	At 30 June 2010			
	Network solutions and project services HK\$'000	Aircraft leasing HK\$'000	Property investment HK\$'000	Total HK\$'000
Total segment assets	15,655	89,725	17,308	122,688
Unallocated:				
Cash and bank balances				61,378
Other unallocated assets				594
Consolidated total assets				184,660

#### 4. Expenses by Nature

Major expenses included in other expenses are analysed as follows:

	Six months ended	
	31 December	
	2010	2009
	HK\$'000	HK\$'000
Cost of inventories	6,008	8,353
Subcontracting fees for project services	3,168	3,370
Independent auditor's remuneration	390	400
Direct operating expenses from investment property that generate rental income	11	1
Direct operating expenses from investment property that do not generate rental income	38	38
Operating lease rentals for land and building	218	218

#### 5. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

	Six months ended	
	31 December	
	2010	2009
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	280	–
Deferred tax		
– Origination of temporary differences	74	–
Total income tax expense	354	–



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### 6. Loss Per Share

The calculations of basic and diluted loss per share are based on the following data:

	Six months ended	
	31 December	
	2010	2009
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company, as used in the calculation of basic and diluted loss per share	<b>(2,093)</b>	(914)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for calculation of basic and diluted loss per share ( <i>Note</i> )	<b>1,409,732,103</b>	104,276,199

*Note:* The diluted loss per share is the same as basic loss per share presented as there was no dilutive effect from the assumed exercise of share options on the loss attributable to equity holders of the Company.

### 7. Movements in Property, Plant and Equipment and Investment Properties

During the period, the Group spent approximately HK\$5,000 on computer equipment and HK\$27,000 on office equipment.

The Group spent approximately HK\$102,000 on leasehold improvements for the investment property during the period. The investment properties were revalued on an open market value basis by RHL Appraisal Limited, an independent qualified valuer at 31 December, 2010. As a result, the investment properties were revalued to approximately HK\$18,132,000 which represents their recoverable amount, and a revaluation gain of approximately HK\$816,000 was recorded in the consolidated income statement during the period.

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## 8. Trade Receivables

The Group allows an average credit period of 30 to 60 days to customers. The ageing analysis of the trade receivables was as follows:

	<b>As at 31 December 2010 HK\$'000</b>	As at 30 June 2010 HK\$'000
1 – 30 days	1,650	1,625
31 – 60 days	1,935	1,305
61 – 90 days	1,133	1,315
Over 90 days	962	4,743
	<b>5,680</b>	<b>8,988</b>

As of 31 December 2010, trade receivables of HK\$2,935,000 (30 June 2010: HK\$6,459,000) were past due but not impaired.

## 9. Inventories

	<b>As at 31 December 2010 HK\$'000</b>	As at 30 June 2010 HK\$'000
Raw materials	39	41
Work in progress	2,071	1,664
Finished goods	110	152
	<b>2,220</b>	<b>1,857</b>

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### 10. Trade Payables

The ageing analysis of trade payables was as follows:

	<b>As at 31 December 2010 HK\$'000</b>	As at 30 June 2010 HK\$'000
1 – 30 days	3,684	4,114
31 – 60 days	612	100
61 – 90 days	251	153
Over 90 days	333	2,434
	<b>4,880</b>	6,801

### 11. Share Capital

	<b>The Company Ordinary shares of HK\$0.10 each</b>	
	<b>No. of shares</b>	HK\$'000
Authorised:		
At 30 June 2010 and 31 December 2010	<b>20,000,000,000</b>	2,000,000
Issued and fully paid:		
At 1 July 2009	<b>97,892,069</b>	97,892
Issue of shares		
– Placement of new shares ( <i>Note a and b</i> )	<b>43,068,000</b>	43,068
Share subdivision ( <i>Note c</i> )	<b>1,268,640,621</b>	–
At 30 June 2010 and 1 July 2010	<b>1,409,600,690</b>	140,960
Issue of ordinary shares		
– Exercise of share option ( <i>Note d</i> )	<b>780,000</b>	78
At 31 December 2010	<b>1,410,380,690</b>	141,038

Note:

- (a) On 2 November 2009, the Company entered into (i) a subscription agreement with Moral Glory International Limited (“**Moral Glory**”), a company beneficially wholly-owned by Mr. Lo Lin Shing, Simon (“**Mr. Lo**”) (the executive Director and Chairman of the Company), for the subscription of 19,578,000 new shares of the Company at the price of HK\$3 per share (the “**Subscription**”), and (ii) a placing agreement with Moral Glory and Taifook Securities Company Limited (the “**Placing Agent**”) pursuant to which Moral Glory agreed to sell and the Placing Agent agreed to procure the sale of 19,578,000 existing shares of the Company at a price of HK\$3 per share. Completion of the Subscription took place on 13 November 2009 and the net proceeds of the Subscription amounted to approximately HK\$57.9 million. These new shares rank pari passu in all respect with the existing shares.
- (b) On 22 April 2010, the Company completed a placing of 23,490,000 shares at a subscription price of HK\$3.30 per share. Net proceeds of the placement are approximately HK\$76.6 million. These new shares rank pari passu in all respect with the existing shares.
- (c) On 27 May 2010, the resolution for subdivision of the Company’s share of HK\$1.00 each be subdivided into ten subdivided shares of HK\$0.10 each was duly passed at an extraordinary general meeting of the Company.
- (d) During the period, share options to subscribe for 780,000 shares (2009: Nil) were exercised, of which HK\$78,000 (2009: HK\$Nil) was credited to share capital and the balance of approximately HK\$20,000 (2009: HK\$Nil) was credited to the share premium account.

## 12. Related Party Transactions

The Group is controlled by Moral Glory (incorporated in the British Virgin Islands), which owns 39.25% of the Company’s shares. The remaining 60.75% of the shares are widely held.

- (a) **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:**

	Six months ended	
	31 December	
	2010	2009
	HK\$’000	HK\$’000
Aircraft leasing income from 亞聯公務機有限公司(“亞聯公務機”)	1,872	-

亞聯公務機 is an associate of Wellington Equities Inc., a company wholly and beneficially owned by Mr. Lo, a Director and the controlling shareholder of the Company.

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### (b) The period/year end balance with a related party is as follows:

	<b>As at 31 December 2010 HK\$'000</b>	As at 30 June 2010 HK\$'000
Payable to a related company		
Mongolia Energy Corporation (Greater China) Limited	<b>443</b>	443

A Director and a substantial shareholder of the Company is also the common director of a related company.

The balances are unsecured, interest free and repayable on demand.

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

	<b>Six months ended 31 December 2010 HK\$'000</b>	2009 HK\$'000
Salaries and other employee benefits	<b>635</b>	593