Vision Values

Annual Report 2011

Vision Values Holdings Limited

Stock Code: 862

Contents

Corporate Information

Board of Directors

Executive Directors

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

Independent Non-executive Directors

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

Company Secretary

Mr. Tang Chi Kei

Independent Auditor

PricewaterhouseCoopers

Legal Adviser

Iu, Lai & Li

Principal Bankers

Standard Chartered Bank
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 309, Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

Principal Place of Business in Hong Kong

Unit 309, 3/F
Fook Hong Industrial Building
19 Sheung Yuet Road, Kowloon Bay
Hong Kong

Principal Share Registrar

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Stock Code

862

Website

www.visionvalues.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I hereby present to the shareholders the annual results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2011 (the "**Financial Year**").

Financial Results Summary

— Revenue remained stable for the Financial Year at HK$30.5 million (2010: HK$30.5 million).

— Loss attributable to owners of the Company was HK$19.5 million (2010: HK$17.1 million).

— Basic loss per share was HK$0.01 (2010: HK$0.01).

Management Discussion and Analysis

Business Review

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

   A reduction in turnover of HK$2.7 million was recorded during the Financial Year. The drop was primarily due to decrease in revenue from network solutions services. Orders for network solutions worth several millions of Hong Kong dollars were shipped just before year-end date. However, the recognition of revenue from these orders depends on acceptances from customers which would only be available in the next financial year.

   Among the achieved revenue during the Financial Year, more than half was generated from the sales of both telecom and enterprise networking solutions and the remaining was generated from the project and engineering services.

   During the Financial Year, we succeeded in selling synchronization solutions to different network operators. These network operators replaced their obsolete synchronization system to the new synchronization system which adopted latest technology standard of IEEE1588v2 for packet network.

   The positioning of the Group as a leading wireless solution provider was successful. This positioning helped us to become the business partner of Channelot (a mobile TV transmitter manufacturer in Israel) and SwissQual (a Swiss company providing performance monitoring and bench marking system for cellular operators) in Hong Kong providing the sales and after sales support service of their mobile TV transmitters and performance monitoring system in the local territory.

   During the Financial Year, we had introduced the wireless LAN system to some campus and high end customers. However, the overall sales performance of this wireless LAN system was still behind our expectation. This is because the competition of wireless LAN system is very keen in the market with many low end products especially in the education segment. Currently, we have lost market share on wireless LAN solutions to those low end suppliers. The requirements of reliable wireless LAN system for the smartphone (e.g. iPhone) and tablet (e.g. iPad) is increasing and becomes obvious in the near future. We believe our strategy in offering high end wireless LAN solution is the correct direction.

Apart from the wireless solution products, we had also started the sales of the first digital signage system from Cayin Technology in Hong Kong. The solution is not only based on wired connection but also through wireless LAN. The first system was sold to a university in Hong Kong. The client is going to deploy our digital signage solution throughout its campus in the coming months with an aim to minimize the use of paper in order to protect the environment.

Our business of project service remained stable. The base stations commissioning work conducted for Nokia Siemens networks was completed during the Financial Year. We had started the tetra trunk radio system installation for one of the tetra trunk radio system vendors for its customers including the Hong Kong Government and public utilities. We hope that the co-operation with these customers will enable us to broaden our revenue base.

2. *Aircraft Leasing Services*

   The Group's sole private jet was leased out during the whole Financial Year pursuant to the lease agreement.

3. *Property Investment*

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

Financial Review

1. *Results Analysis*

   For the Financial Year, revenue for the Group remained stable amounting to HK$30.5 million (2010: HK$30.5 million). Around 87% of the Group's total revenue was generated from the business segment of NSPS.

   The dropped in employee benefit expenses was due to no equity-settled share-based payments for the Financial Year (2010: HK$10.2 million).

   Depreciation increased to HK$8.0 million (2010: HK$2.9 million) was mainly attributed to the full year depreciation charge of the aircraft which was acquired in March 2010.

   An impairment loss on the aircraft in the amount of HK$13.0 million (2010: Nil) was recognised based on a valuation report prepared by an independent qualified valuer.

   Loss for the year attributable to the equity holders of the Company was HK$19.5 million (2010: HK$17.1 million).

2. *Liquidity and Financial Resources*

   As at 30 June 2011, the capital and reserves attributable to the equity holders of the Company were HK$153.1 million (2010: HK$171.4 million).

   As at 30 June 2011, the Group had no bank or other borrowings (2010: Nil). The Group has sufficient liquidity and finance resources to meet its daily operational needs.

3. *Gearing*

   The Group had no gearing as at 30 June 2011 (2010: Nil).

4. *Foreign Exchange*

The key operations of the Group are located in Hong Kong and the PRC. The Group's assets and liabilities are mainly denominated in Hong Kong dollars, Untied States dollars and Renminbi. The Group does not establish a foreign currency hedging policy. However, the 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 2011, the Group did not have significant contingent liabilities (2010: Nil).

Business Outlook

Looking forward to the new financial year, the business environment is quite challenging for our NSPS business segment. First of all, the climbing Hong Kong inflation rate creates cost pressure to our business model. It is because some of our current vendors raise their equipment prices due to surging in material costs. In addition, the cost of sub-contract works becomes more expensive after the Hong Kong minimum wage ordinance comes into operation on May 2011.

To ensure our competitiveness in the market, we need to absorb part of the additional costs hence it will affect our gross profit margin. Therefore, we foresee that the overall gross margin for our coming projects may be adversely affected.

Since we have successfully built up our company image as a "Wireless Solution provider", we will continue to focus in improving our sales revenue with the wireless solutions for the enterprise market and the telecom market segment by offering existing and new solutions. These solutions include:

(1) Mobile TV Solution;

(2) Performance monitoring system for cellular operators;

(3) Network Synchronization Solution with use of GPS;

(4) Network Timing Solution with GPS;

(5) Wireless backhaul solutions for data and video surveillance;

(6) Wireless LAN solutions;

(7) Digital signage solution via wireless; and

(8) Wireless Intrusion Protection Solution.

In addition, we are also looking for other solutions and applications that are wireless related so that we can increase our solution portfolio to meet the needs of different customers.

Wireless LAN is widely used by smartphones and tablets by a lot of companies but they are unaware or underestimate the related security issues. Therefore, we are going to introduce the "Motorola AirDefense" wireless IPS ("**WIPS**") solution in the coming year. The WIPS solution can help users from being hacked or find out the weakness of their network without spending a lot of technical staff to investigate the problem. Our solution will finally help them to prevent data lost and save cost. We have already promoted the idea to some potential customers and received positive feedbacks. We hope that once the solution becomes commercialize, it can provide a good revenue stream to the Group.

Wireless LAN system shall be one of our core solutions for the enterprise customers in the coming year. We expect more advanced Wireless LAN products from our vendors with competitive pricing be available in the coming months. Together with the WIPS, we can offer a complete solution and differentiate from our competitors.

We notice that real time clock stamps using GPS are becoming one of the important requirements from the financial markets for time stamping their transactions. In fact, users can obtain the time stamp information from the internet free of charge. But it will increase the risk of being hacked by hackers through the internet as well as accuracy of time information is not warranted. Therefore, we will exploit the market by selling time server with GPS to the financial institutions in Hong Kong.

With the marketing effort paid during the Financial Year for the promotion of standalone or centralized digital signage system in the market, some successful job reference cases were achieved. Our customers who has adopted our solution are fully aware our solution's strength and going to deploy our solutions during their network expansion. Therefore, we believe digital signage solution's revenue will increase in the coming financial year.

With the partnership with Channelot to promote their Mobile TV transmitters in Hong Kong, we have already received order before the Financial Year from one of the licensed Mobile TV operators. With the successful implementation by this customer for the required coverage before end of this year, we expect more Mobile TV transmitters orders will be coming in the near future. The Mobile TV Transmitter is based on the adoption of latest IP technology, the successful implementation means that other sales opportunity will be emerged from the existing TV operators.

Since the 4G service will start to introduce the market by the licensed cellular operators in the 4th quarter of 2011, our SwissQual performance monitoring and bench marking system will be extremely useful to these operators. SwissQual already introduced the first handheld measurement device using Android smartphones which the technology is not available by her competitors. Though 4G handheld devices are not yet available in the market, SwissQual already has features and applications support the 4G measurements with dedicated roadmap. Therefore, we will have the first mover advantage against our existing competitors. We expect the partnership with SwissQual can help us to further strengthen our position as Wireless Solution provider in the segment of cellular operators.

For the Project Service, after partnering with Cassidian for their TETRA Radio System installation in Hong Kong since last year, we are continuing to help them for the implementation of existing projects as well as other projects in the coming months in Hong Kong. Apart from partnering with this system vendor, we are also looking for other equipment vendors that can be represented by the Project Service team so that the project service team can differentiate from other project service vendors. We hope that we can generate other income streams from selling of products in addition to providing installation service.

Though the coming year is challenging, we are well prepared and confident to maintain the sales and explore additional market opportunities by offering the solutions as well as partnering with other vendors.

After the Financial Year, the Company announced that a subsidiary of the Company had entered into a conditional sale and purchase agreement to dispose a G200 aircraft to an independent third party at a consideration of approximately US$8.83 million (equivalent to HK$68.8 million) (the "**Disposal**"). The Group intends to apply the net proceeds from the Disposal as general working capital of the Group and for financing new investment opportunities (if any). The Disposal is subject to fulfillments of certain conditions and shareholders' approval and the Disposal has not been completed as at the date when the financial statements are approved by the Directors.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and 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, 27 September 2011

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

For the year ended 30 June 2011, 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 summarized below:

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

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

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

   None of the existing non-executive Directors is appointed for a specific term. This constitutes a deviation from 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.

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 for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "**Model Code**").

During the period of 60 days immediately preceding 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. The Company Secretary will send a reminder prior to the commencement of such period to all Directors and relevant employees.

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 year ended 30 June 2011.

Attendance Record at Board, Audit and Remuneration Committees' Meetings

The following was an attendance record of the Board and Board Committee meetings held during the year ended 30 June 2011:

	Board meetings	Audit Committee meetings	Remuneration Committee meeting
Number of meetings	**4**	**2**	**1**
Executive Directors			
Mr. Lo Lin Shing, Simon	4/4	N/A	N/A
Mr. Ho Hau Chong, Norman	4/4	N/A	N/A
Independent Non-executive Directors and members of Audit and Remuneration Committees			
Mr. Tsui Hing Chuen, William *JP*	4/4	2/2	1/1
Mr. Lau Wai Piu	4/4	2/2	1/1
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1

Board

a) Board Composition

The Board currently comprises two Executive Directors and three Independent Non-executive Directors, serving the important function of guiding the management.

The Board members for the year ended 30 June 2011 and up to the date of this report:

Executive Directors
Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent Non-executive Directors
Mr. Tsui Hing Chuen, William *JP*
Mr. Lau Wai Piu
Mr. Lee Kee Wai, Frank

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

The Company is in full compliance with the relevant Listing Rules relating to the appointment of at least 3 Independent Non-executive Directors with at lease one Independent Non-executive Director processing appropriate accounting qualification.

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 of the existing independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Accordingly, the Company considers all Independent Non-executive Directors to be independent.

b) Roles and Function

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

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

For the year ended 30 June 2011, the Board:

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

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

iii. reviewed the internal controls of the Group;

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

v. reviewed and approved the price-sensitive transactions;

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

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

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

c) Accountability and Audit

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 22.

d) Internal Control and Risk Management

The Board is responsible for the Group's system of internal control so as to maintain sound and effective internal controls to safeguard the shareholders' investment and the assets of the Group.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes continuous updating of the internal control system of the Group in response to the changing business environment and regulatory requirements. The Board is also conducting a review of the internal controls of the Group to ensure that the policies and procedures in place are adequate. During the year, an independent professional consultant was engaged to conduct an internal control review of the Group and reported to the Audit Committee and the Company. No major issue but only minor areas for improvement had been identified. The Board assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls and risk management functions.

Board Committees

The Board has also established the following committees with defined terms of reference:

— Audit Committee

— Remuneration Committee

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

Audit Committee

The Audit Committee currently consists of three Independent Non-executive Directors.

a) *Composition of Audit Committee members during the year and up to the date of this report*

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

b) *Roles and Function*

The Audit Committee is mainly responsible for:

i. reviewing the Group's financial and accounting policies and financial statements half yearly before submission to, and providing advice and comments thereon to the Board;

ii. discussing with the independent auditor the nature and scope of audit and review audit issues raised by the independent auditor;

iii. reviewing the financial controls, internal controls and risk management systems of the Group;

iv. carrying out annual review on the continuing connected transactions of the Group including those fallen outside Rule 14A.33 of the Listing Rules and their financial implication in their capacity as members of the independent board committee; and

v. considering the appointment, resignation or dismissal of external auditors and their audit fees.

Remuneration Committee

The Remuneration Committee currently consists of three Independent Non-executive Directors.

a) *Composition of Remuneration Committee members during the year and up to the date of this report*
Mr. Lau Wai Piu *(Chairman of Remuneration Committee)*
Mr. Tsui Hing Chuen, William *JP*
Mr. Lee Kee Wai, Frank

b) *Roles and Function*
The Remuneration Committee is mainly responsible for:

i. reviewing and approving the compensation payable to Executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

ii. ensuring the remuneration offer is appropriate for the duties and in line with market practice;

iii. making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company and engage an independent consultant to conduct a report on emoluments review; and

iv. ensuring that no Director or any of his associates is involved in deciding his own remuneration. Where circumstances are considered appropriate, the Remuneration Committee decisions are approved by way of written resolutions passed by all the Remuneration Committee members.

Independent Auditor

It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company, as a body, and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report. Apart from the provision of annual audit services, PricewaterhouseCoopers, the independent auditor of the Company also provide taxation services to the Group.

For the year ended 30 June 2011, PricewaterhouseCoopers provided the following services to the Group:

	HK$'000
Audit services	790
Non-audit services	17

Responsibilities in Respect of the Financial Statements

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.

Directors' Profile

Executive Directors

Mr. Lo Lin Shing, Simon

Mr. Lo, aged 55, joined the Company in March 2000 and is currently an Executive Director. Mr. Lo has over 30 years of experience in the financial, securities and futures industries, including many trans-border transactions. He has been a member of Chicago Mercantile Exchange and International Monetary Market (Division of Chicago Mercantile) since 1986. Mr. Lo is also the chairman of Mongolia Energy Corporation Limited, the deputy chairman and executive director of International Entertainment Corporation, both of which are listed on the Stock Exchange.

Mr. Ho Hau Chong, Norman

Mr. Ho, aged 56, was appointed as a Non-executive Director in November 2000 and re-designated as Executive Director in January 2007. Mr. Ho has over 20 years of experience in management and property development. He is a member of the Institute of Chartered Accountants in England and Wales, and a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ho is a director of Starlight International Holdings Limited, Miramar Hotel and Investment Company, Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited, all of which are listed on the Stock Exchange.

Independent Non-Executive Directors

Mr. Tsui Hing Chuen, William *JP*

Mr. Tsui, aged 60, has been an Independent Non-executive Director since September 2006. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries, which was established in 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980, and a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and solicitor in Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of the Peace by the Government of Hong Kong in 1997. He is also an independent non-executive director of Mongolia Energy Corporation Limited, International Entertainment Corporation and Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited), all of which are listed on the Stock Exchange.

Mr. Lau Wai Piu

Mr. Lau, aged 47, has been an Independent Non-executive Director since March 2007. He has over 20 years of extensive experience in accounting and financial management. He 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 International Entertainment Corporation, Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited) and Mongolia Energy Corporation Limited, all of which are listed on the Stock Exchange.

Mr. Lee Kee Wai, Frank

Mr. Lee, aged 52, was appointed as an Independent Non-executive Director in April 2007. Mr. Lee is the Senior Partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. Mr. Lee is a qualified solicitor in the respective jurisdictions of Hong Kong, England, Singapore and the Australian Capital Territory. He is also a China-Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr. Lee is a graduate of Bachelor of Laws from the London School of Economics & Political Science and has also obtained a Master of Laws degree from Cambridge University. Mr. Lee is also a non-executive director of Pico Far East Holdings Limited, a company listed on the Stock Exchange.

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended 30 June 2011.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in Note 19 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group for the year ended 30 June 2011 is set out in Note 7 to the financial statements.

Results and appropriations

The results of the Group for the year ended 30 June 2011 are set out in the Consolidated Income Statement on page 24.

No interim dividend was declared (2010: Nil) and the Directors do not recommend the payment of a final dividend for the year ended 30 June 2011 (2010: Nil).

Share capital and share options

Details of movements in the share capital and the share options of the Company during the year are set out in Note 28 to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in Note 29 to the financial statements.

Property, plant and equipment

Movements in property, plant and equipment of the Group during the year are set out in Note 17 to the financial statements.

Group financial information

Five-year financial summary of the Group ended 30 June 2011 is set out on page 69.

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
the largest supplier	23%
five largest suppliers in aggregate	70%
Sales	
the largest customer	18%
five largest customers in aggregate	54%

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

The Directors during the year and up to the date of this Report are as follows:

Executive Directors

Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent Non-executive Directors

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

In accordance with article 116 of the Company's articles of association, Mr. Tsui Hing Chuen, William and Mr. Lee Kee Wai, Frank retires 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 annual general meeting of the Company in accordance with the provisions of Company's articles of association.

Biographical details of the Directors are set out on page 13.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 8 to 12.

Directors' interests and short positions

As at 30 June 2011, 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:

1 Long positions in the shares

Name of Directors	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo	Beneficial owner/Interest of a controlled corporation (Note)	554,334,060	39.30%
Mr. Ho Hau Chong, Norman	Beneficial	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 ("**Moral Glory**"), a company wholly-owned by Mr. Lo.

2 Long positions in the underlying shares

Name of Directors	Capacity	Number of 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 Schemes", as at 30 June 2011, 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 2011, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

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

Name	Capacity 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 (Note 2)	Beneficial owner	553,554,060	39.25%

Notes:

1. 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.

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

Directors' interests in competing businesses

During the 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 year.

Directors' service contracts

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company was entered into or existed during the year.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed "Share Option Scheme" below, at no time during the 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 28 May 2002 (the "**Share Option Scheme**"), options were granted to certain Directors, employee and other eligible participants of the Company entitling them to subscribe for shares of HK$0.10 each in the capital of the Company.

The following is a summary of the terms of the Share Option Scheme:

1. **Purpose**
   The purpose of the Share 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 Share 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 Share Option Scheme is 35,692,060 shares which represents 2.53% of the issued share capital of the Company as at the date of this report.

4. **Maximum entitlement of each participant**
   The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue unless separately approved by the shareholders in general meeting.

5. **Option period**
   An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period as the Board in its absolute discretion determine 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 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

9. Life of the scheme

The Share Option Scheme is valid and effective for a term of 10 years commencing 28 May 2002.

Movements of the share options granted under the Share Option Scheme during the year were 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 year	Exercised during the year	As at 30 June 2011
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. Tsui Hing Chuen, William *JP*	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. Lee Kee Wai, Frank	13/04/2010	0.4000	13/04/2010 to 12/04/2013	5,000,000	—	—	5,000,000
Employee 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

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any other arrangements to enable the Directors or chief executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

Purchase, sale or redemption of the company's listed securities

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

Continuing Connected Transaction

Pursuant to Chapter 14A of Listing Rules, the following transaction require disclosure in the annual report of the Company:

Aircraft leasing income from 亞聯公務機有限公司 ("亞聯公務機")

Glory Key Investments Ltd.("**Glory Key**")(a wholly owned subsidiary of the Company) leased the aircraft to 亞聯公務機 for an initial term of 12 months (with an option to renew for further 12 months) at the monthly rent of US$40,000 (equivalent to HK$312,000) from 1 January 2010 to 31 December 2010 according to the lease agreement dated 3 December 2009 (the "**Lease Agreement**"). By the renewal of Lease Agreement dated 30 December 2010, both parties agreed to renew the Lease Agreement for another period of 12 months from 1 January 2011 to 31 December 2011 on the same terms and conditions of the Lease Agreement. As 亞聯公務機 is beneficially owned as to 43% by Mr. Lo, the Director and controlling shareholder of the Company. Therefore, 亞聯公務機 is a connected person of the Company and the lease income receivable by Glory Key constitutes a continuing connected transaction for the Company pursuant to Rule 14A.14 of the Listing Rules.

Lease income received or receivable by Glory Key was approximately HK$3.7 million for the year ended 30 June 2011.

Procedures performed by the independent auditor of the Company

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of above mentioned continuing connected transaction in accordance with Rule 14A.38 of the Listing Rules.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.37 of the Listing Rules, the Company's Independent Non-executive Directors have reviewed the above connected transaction and the review report of the auditor and have confirmed that the transactions have been entered into by the Group:

(i) In the ordinary and usual course of business;

(ii) On normal commercial terms or on terms no less favourable than terms available to independent third parties; and

(iii) In accordance with the terms of the respective agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

A copy of the auditor's letter had been submitted by the Company to the Stock Exchange.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Audit committee

The Audit Committee currently comprises Mr. Tsui Hing Chuen, William, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank who are Independent Non-executive Directors and their principal duties include the review and supervision of the Company's financial reporting process, internal control procedures and relationship with the Company's external auditors.

The audited financial statements for the year ended 30 June 2011 have been reviewed by the Audit Committee.

Human Resources

As at 30 June 2011, the Group had employed a total of 19 full-time employees (2010: 21) in Hong Kong and the PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the prescribed public float under the Listing Rules throughout the year ended 30 June 2011.

Independent Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lo Lin Shing, Simon
Director

Hong Kong, 27 September 2011

Independent Auditor's Report

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF VISION VALUES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 24 to 68, which comprise consolidated and company statements of financial position as at 30 June 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 September 2011

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Consolidated Income Statement

	Notes	2011 HK$'000	2010 HK$'000
		Year ended 30 June	
Revenue	6	**30,470**	30,528
Other income	8	**335**	93
Other losses — net	9	**(1,353)**	(279)
Employee benefit expenses	12	**(7,056)**	(17,579)
Depreciation		**(8,030)**	(2,899)
Other expenses	10	**(22,772)**	(25,554)
Fair value gain on investment properties		**2,268**	3,295
Impairment loss of aircraft	17	**(12,961)**	—
Loss on early redemption of loan note payable	26	**—**	(3,495)
Finance costs	11	**—**	(558)
Loss before taxation		**(19,099)**	(16,448)
Income tax expense	14	**(386)**	(615)
Loss for the year		**(19,485)**	(17,063)
Loss for the year attributable to owners of the Company		**(19,485)**	(17,063)
			(Restated)
Loss per share attributable to owners of the Company	15		
— Basic loss per share		**HK$(0.01)**	HK$(0.01)
— Diluted loss per share		**HK$(0.01)**	HK$(0.01)

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 30 June	
	2011	2010
	HK$'000	HK$'000
Loss for the year	**(19,485)**	(17,063)
Other comprehensive income/(expense):		
— Currency translation differences	**67**	(25)
— Reclassification adjustment on currency translation differences relating to deregistration of subsidiaries	**987**	—
Other comprehensive income/(expense) for the year, net of tax	**1,054**	(25)
Total comprehensive expense for the year	**(18,431)**	(17,088)

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	30 June 2011 HK$'000	30 June 2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**68,968**	89,819
Investment properties	18	**19,584**	17,214
Goodwill	20	**3,334**	3,628
		91,886	110,661
Current assets			
Trade receivables	21	**5,269**	8,988
Inventories	22	**3,880**	1,857
Prepayments, deposits and other receivables		**1,915**	1,776
Cash and bank balances	23	**64,922**	61,378
		75,986	73,999
Total assets		**167,872**	184,660
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	28	**141,038**	140,960
Other reserves	29	**119,583**	118,511
Accumulated losses		**(107,563)**	(88,078)
Total equity		**153,058**	171,393

	Notes	30 June 2011 HK$'000	30 June 2010 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	24	**869**	641
Current liabilities			
Trade payables	25	**7,057**	6,801
Accrued charges, other payables, deposits received and deferred revenue		**6,888**	5,382
Amount due to a related company	27	**—**	443
		13,945	12,626
Total liabilities		**14,814**	13,267
Total equity and liabilities		**167,872**	184,660
Net current assets		**62,041**	61,373
Total assets less current liabilities		**153,927**	172,034

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Statement of Financial Position

	Notes	As at 30 June 2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19	**90,258**	111,025
Current assets			
Amount due from a related company	27	**—**	224
Prepayments, deposits and other receivables		**161**	118
Cash and bank balances	23	**57,066**	57,090
		57,227	57,432
Total assets		**147,485**	168,457
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	28	**141,038**	140,960
Other reserves	29	**114,093**	114,075
Accumulated losses		**(114,104)**	(92,719)
Total equity		**141,027**	162,316
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		**5,026**	5,241
Accrued charges and other payables		**1,432**	900
Total liabilities		**6,458**	6,141
Total equity and liabilities		**147,485**	168,457
Net current assets		**50,769**	51,291
Total assets less current liabilities		**141,027**	162,316

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 30 June 2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	30	**3,407**	(6,118)
Cash flows from investing activities			
Purchase of property, plant and equipment	17	**(140)**	(61)
Leasehold improvement for investment property	18	**(102)**	(69)
Acquisition of a subsidiary, net of cash acquired	31	**—**	(48,693)
Proceeds from disposal of property, plant and equipment	30	**—**	21
Interest received		**216**	84
Net cash used in investing activities		**(26)**	(48,718)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	28	**—**	134,638
Proceeds from exercise of share options		**96**	—
Repayment of loan note payable	26	**—**	(46,000)
Interest paid on loan note payable		**—**	(287)
Net cash generated from financing activities		**96**	88,351
Net increase in cash and cash equivalents		**3,477**	33,515
Cash and cash equivalents at the beginning of the year		**61,378**	27,888
Effect on foreign exchange rate changes		**67**	(25)
Cash and cash equivalents at the end of the year		**64,922**	61,378

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company			
	Share capital	**Other reserves**	**Accumulated losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2009	97,892	16,811	(71,015)	43,688
Comprehensive expense:				
Loss for the year	—	—	(17,063)	(17,063)
Other comprehensive expense:				
Currency translation differences	—	(25)	—	(25)
Total comprehensive expense for the year	—	(25)	(17,063)	(17,088)
Transaction with owners:				
Issue of ordinary shares — placement of new shares (Notes 28 and 29)	43,068	91,570	—	134,638
Equity-settled share-based payments	—	10,155	—	10,155
At 30 June 2010 and 1 July 2010	140,960	118,511	(88,078)	171,393
Comprehensive expense:				
Loss for the year	—	—	(19,485)	(19,485)
Other comprehensive income:				
Currency translation differences	—	67	—	67
Reclassification adjustment on currency translation differences relating to deregistration of subsidiaries	—	987	—	987
Total comprehensive income/(expense) for the year	—	1,054	(19,485)	(18,431)
Transaction with owners:				
Issue of ordinary shares — exercise of share options (Notes 28 and 29)	78	18	—	96
At 30 June 2011	141,038	119,583	(107,563)	153,058

The Notes on pages 31 to 68 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. General Information

Vision Values Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in the provision of network solutions and project services, aircraft leasing and property investment business.

During the year ended 30 June 2010, the Group acquired control of Glory Key Investments Ltd. ("**Glory Key**") which is engaged in the aircraft leasing business.

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

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 September 2011.

2. Basis of Preparation

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

Correction of prior period error

The Group has restated the comparative figures on the loss per share. The restatement is to account for the impact of the share subdivision (Note 28(c)) on the weighted average number of ordinary shares in issue for the purpose of calculating the basic and diluted loss per shares for the year ended 30 June 2010. As a result of the share subdivision, the weighted average number of ordinary shares has increased from 115,324,000 shares to 1,153,238,000 shares, and hence, the loss per share has been restated from HK$0.15 per share to HK$0.01 per share for the year ended 30 June 2010.

3. Summary of Significant Accounting Policies

(a) 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.

In the current financial year, the Group has applied the following relevant new and revised standards, amendments and interpretations (the "**new and revised HKFRSs**") issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 27 (Revised)	Consolidated and Separate Financial Statement
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments

3. Summary of Significant Accounting Policies *(continued)*

(a) *(continued)*

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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:

HKAS 1 (As revised in 2011)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (As revised in 2011)	Employee Benefits[5]
HKAS 24 (As revised in 2009)	Related Party Disclosures[1]
HKAS 27 (As revised in 2011)	Separate Financial Statements[5]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[5]
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosures of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]
HK(IFRIC) — Int 13 (Amendment)	Customer Loyalty Programmes[1]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[1]

[1] Effective for annual periods beginning on or after 1 January 2011
[2] Effective for annual periods beginning on or after 1 July 2011
[3] Effective for annual periods beginning on or after 1 January 2012
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2013

(b) Group Accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 30 June.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

3. Summary of Significant Accounting Policies *(continued)*

(b) Group Accounting *(continued)*

(i) Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note (d)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiary is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from business combination in which the goodwill arose identified according to operating segment.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	20%–33%
Furniture, fixtures and equipment	20%–33%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%
Aircraft and engines	6.25%–12.5%

3. Summary of Significant Accounting Policies *(continued)*

(c) Property, Plant and Equipment *(continued)*

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 income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note (d)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other losses — net in the consolidated income statement.

(d) Impairment of Investments in Subsidiaries and Non-financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are at least tested annually for impairment. Assets 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.

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.

(e) Investment Property

Investment property is property held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. These properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis. Changes in fair values are recorded and presented separately in the consolidated income statement.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("**FIFO**") 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. Summary of Significant Accounting Policies *(continued)*

(g) 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.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(i) 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.

(j) 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.

(k) Employee Benefits

(i) Retirement Benefits

For employees in Hong Kong, a mandatory provident fund scheme ("**MPF Scheme**") has been established pursuant to the Hong Kong Mandatory Provident Fund Scheme Ordinance under which the Group's Hong Kong eligible employees are compulsorily required to join the MPF scheme. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF scheme.

Contributions made by the Group under the MPF Scheme are charged to the income statement 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.

For employees in the Mainland China, the Group contributes to retirement schemes established by municipal government in respect of certain subsidiaries in Mainland China.

3. Summary of Significant Accounting Policies *(continued)*

(k) Employee Benefits *(continued)*

(ii) Employee Leave Entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Bonus

Provisions for bonus due wholly within twelve months after the end of the reporting period are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iv) Share-based Compensation

The Group operates an equity-settled 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 over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market 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 become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

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.

(l) Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, 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.

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.

3. Summary of Significant Accounting Policies *(continued)*

(l) Current and Deferred Income Tax *(continued)*

Deferred income tax is recognised in full, 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, 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 substantially enacted by the end of the reporting period 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 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 tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences 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 taxes 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.

(m) 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.

(n) Revenue Recognition

Revenue comprises 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 and after eliminating sales within the Group.

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)*

(n) Revenue Recognition *(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 stage of completion method, measured by reference to the agreed milestones of work performed.

Warranty and maintenance service income is recognised in the period the services are provided, using a straight-line basis over the terms of the contract.

Revenue derived from aircraft leasing is recognised on a straight-line basis over the terms of relevant lease.

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

Interest income is recognised on a time proportion basis using the effective interest method.

(o) 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 income statement on a straight-line basis over the period of the lease.

(p) 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.

(q) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

3. Summary of Significant Accounting Policies *(continued)*

(q) Foreign Currency Translation *(continued)*

(iii) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each income statement 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 dates of the transactions); and

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

On consolidation, exchange differences arising from the translation of the net investment in Mainland China operations are taken to other comprehensive income. When a foreign operation is potentially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal/sale.

(r) 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.

4. Financial Risk Management

4a. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Market Risk

(i) Foreign Exchange Risk

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars ("**US$**") and Renminbi ("**RMB**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

4. Financial Risk Management *(continued)*

4a. Financial Risk Factors *(continued)*

(a) ***Market Risk*** *(continued)*

(i) Foreign Exchange Risk (continued)

The Group manages its foreign exchange risk by engaging in transactions mainly in Hong Kong Dollars ("**HK$**"), US$ and RMB to the extent possible. The Group manages its exposure through constant monitoring to minimize the amount of its foreign currencies exposures.

The foreign exchange risk on US$ is insignificant as HK$ is pegged with the US$.

At 30 June 2011, if HK$ had weakened/strengthened by 10% against the RMB with all other variables held constant, post-tax loss for the year would have been approximately HK$7,000 (2010: post-tax loss of approximately HK$39,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances, trade and other receivables and trade and other payables.

(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 select for the terms that are most favourable to the Group.

The Group is not significantly exposed to 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.

Deposits are placed with major and sizeable banks and financial institutions with sound credit ratings and management expects no losses from non-performing banks.

In order to minimise the credit risk, the 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.

4. Financial Risk Management *(continued)*

4a. Financial Risk Factors *(continued)*

(b) Credit Risk (continued)

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

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

(c) Liquidity Risk

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

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

4b. Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Group comprising share capital and reserves.

Management of the Group reviews the capital structure regularly, taking into account of the cost and risk associated. The Group will then balance its capital structure through the payment of dividends and new shares issues.

4c. Fair Value Estimation

The carrying value of trade receivables, net of impairment provision, and payables are a reasonable approximation of their fair values.

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.

5. Critical Accounting Estimates and Assumptions *(continued)*

(a) Revenue Recognition

The Group uses the stage of completion method in accounting for its fixed-price contracts to deliver project services. Use of the stage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Where the proportion of services performed to total services to be performed differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased by HK$215,000 (2010: HK$124,000) if the proportion performed was increased, or would be decreased by HK$215,000 (2010: HK$151,000) if the proportion performed decreased.

(b) Allowance for Obsolete Inventories

Management reviews the inventories listing at the end of each reporting period and identifies obsolete and slow moving inventory items which are no longer suitable for use in production or diminution in net realisable value. Allowance was made by reference to the latest market value for those inventories identified. In addition, management carries out an inventory review on a product-by-product basis at the end of the reporting period and makes the necessary write-down for obsolete items.

(c) Impairment of Receivables

Management determines the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The Group reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Investment Properties

Investment properties are carried in the statement of financial position at fair value as determined by professional valuation. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other things, comparable market transactions. Judgment is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Change in fair value of investment properties is recorded and presented separately in the consolidated income statement.

(e) 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.

5. Critical Accounting Estimates and Assumptions *(continued)*

(e) Current and Deferred Income Tax *(continued)*

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.

(f) Impairment of aircraft

During the year ended 30 June 2010, the Group acquired Glory Key, and fair values of assets and liabilities of Glory Key are needed to determine at the acquisition date. The principal asset of Glory Key is an aircraft.

The Group has tested impairment of the aircraft and engines. The recoverable amounts of the aircraft and engines have been determined based on fair value less cost to sell. The fair value is determined by professional valuation. In determining the fair value of the aircraft, the valuer used 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 aircraft.

(g) Estimated Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(d). The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 20). Adjustments will be made if the actual performance differs from the original estimates.

If the budgeted gross profit margin used in the value-in-use calculation had been 10% lower than management's estimates at 30 June 2011, or if the estimated pre-tax discount rate applied to the discounted cash flows for the cash-generating unit had been 1% higher than management's estimates, the estimated value-in-use amount would still exceed the carrying value of goodwill.

Goodwill amounting to a total of approximately HK$3,628,000 (2010: HK$3,886,000) was subjected to an impairment test as at 30 June 2011. Impairment charge of HK$294,000 (Note 9) has been recognised in the consolidated income statement for the year ended 30 June 2011 (2010: HK$258,000).

6. Revenue

An analysis of the Group's revenue for the year:

	2011 **HK$'000**	2010 HK$'000
Network solutions and project services	**26,395**	29,091
Aircraft leasing	**3,744**	1,248
Property investment	**331**	189
	30,470	30,528

7. Segment Information

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. In March 2010, the Group commenced the business of aircraft leasing after the acquisition of the entire equity interest in a subsidiary. The acquisition was completed on 1 March 2010 (Note 31).

The 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 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.

	Year ended 30 June 2011			
	Network solutions and project services HK$'000	Aircraft leasing HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	**26,395**	**3,744**	**331**	**30,470**
Segment results	**7,124**	**3,348**	**160**	**10,632**
Depreciation on property, plant and equipment	**(65)**	**(7,829)**	**—**	**(7,894)**
Unallocated expenses (Note a)				**(10,046)**
Interest income from bank deposits				**255**
Fair value gain on investment properties				**2,268**
Impairment loss of aircraft				**(12,961)**
Other losses — net (Note 9)				**(1,353)**
Loss before taxation				**(19,099)**
Other segment information				
Capital additions (Note b)	**30**	**—**	**102**	**132**
Unallocated capital additions				**110**
				242
Goodwill impairment	**—**	**294**	**—**	**294**

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses.

(b) Capital additions to property, plant and equipment and investment property.

7. Segment Information *(continued)*

	Year ended 30 June 2010			
	Network solutions and project services HK$'000	Aircraft leasing HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue	29,091	1,248	189	30,528
Segment results	8,126	1,123	(37)	9,212
Depreciation on property, plant and equipment	(65)	(2,610)	(11)	(2,686)
Unallocated expenses (Note a)				(22,021)
Interest income from bank deposits				84
Finance costs				(558)
Fair value gain on investment properties				3,295
Loss on early redemption of loan note payable				(3,495)
Other losses — net (Note 9)				(279)
Loss before taxation				(16,448)
Other segment information				
Capital additions (Note b)	42	294	69	405
Unallocated capital additions				19
				424
Provision for impairment of trade receivables	180	—	—	180
Goodwill impairment	—	—	258	258

Notes:

(a) Unallocated expenses mainly include unallocated employee benefit expenses.

(b) Capital additions to property, plant and equipment, investment property and goodwill.

7. Segment Information *(continued)*

Segment Assets

	Year ended 30 June 2011			
	Network solutions and project services HK$'000	**Aircraft leasing HK$'000**	**Property investment HK$'000**	**Total HK$'000**
Total segment assets	**10,676**	**68,640**	**19,643**	**98,959**
Unallocated:				
Cash and bank balances				**64,922**
Other unallocated assets				**3,991**
Consolidated total assets				**167,872**

	Year ended 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

The Group is domiciled in Hong Kong and is operating in two main geographical areas:

Hong Kong : Network solutions and project services
Mainland China : Aircraft leasing and property investment

7. Segment Information *(continued)*

Segment Assets *(continued)*

There are no sales nor other transactions between the geographical areas.

	Non-current assets		Revenue	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**3,659**	3,723	**26,395**	29,091
Mainland China	**88,227**	106,938	**4,075**	1,437
	91,886	110,661	**30,470**	30,528

The Group's revenue by geographical location is determined by the places/countries in which the customer is located. The Group's non-current assets by geographical location are determined by the places/countries in which the asset is located.

Revenue of approximately HK$5,626,000 (2010: HK$8,200,000) is derived from a single external customer in Hong Kong and which is attributable to the segment of network solutions and project services.

8. Other Income

	2011	2010
	HK$'000	HK$'000
Bank interest income	**255**	84
Sundry income	**80**	9
	335	93

9. Other Losses — Net

	2011	2010
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	**—**	19
Goodwill impairment	**(294)**	(258)
Loss on currency translation differences relating to deregistration of subsidiaries	**(987)**	—
Write off of property, plant and equipment	**—**	(62)
Others	**(72)**	22
	(1,353)	(279)

10. Expenses by Nature

Major expenses included in other expenses are analysed as follows:

	2011 HK$'000	2010 HK$'000
Cost of inventories (Note 22)	**9,555**	11,807
Subcontracting fees for project services	**8,311**	7,610
Auditor's remuneration	**790**	760
Direct operating expenses from investment property that generate rental income	**48**	64
Direct operating expenses from investment property that do not generate rental income	**94**	96
Exchange losses/(gains) — net	**24**	(62)
Provision for impairment of trade receivables	**—**	180
Operating lease rentals for land and buildings	**437**	437

11. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest expenses on borrowing wholly repayable within five years		
— Loan note payable (Note 26)	**—**	558

12. Employee Benefit Expenses (Including Directors' Emoluments)

	2011 HK$'000	2010 HK$'000
Wages and salaries	**6,716**	7,080
Equity-settled share-based payments	**—**	10,155
Pension costs — defined contribution plans	**340**	344
	7,056	17,579

The retirement benefit costs under MPF Scheme charged to the consolidated income statement represent the net contribution after netting off with forfeited contributions (2011: HK$Nil; 2010: HK$1,000). At 30 June 2011, no contribution was outstanding to the scheme and there were no unutilised forfeited contributions (2010: Nil).

13. Directors' and Senior Management's Emoluments

(a) Directors' Emoluments

The aggregate amounts of emoluments paid and payable to Directors of the Company during the year are as follows:

	2011 HK$'000	2010 HK$'000
Fees	**560**	560
Other emoluments	**—**	5,241
	560	5,801

None of the Directors of the Company waived any emoluments during the year (2010: Nil).

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

	Year ended 30 June 2011				
Name of Directors	**Fees HK$'000**	**Salaries and allowances HK$'000**	**Equity-settled share-based payments HK$'000**	**Pension costs HK$'000**	**Total HK$'000**
Executive Directors					
Mr. Lo Lin Shing, Simon	**100**	**—**	**—**	**—**	**100**
Mr. Ho Hau Chong, Norman	**100**	**—**	**—**	**—**	**100**
Independent Non-executive Directors					
Mr. Lau Wai Piu	**120**	**—**	**—**	**—**	**120**
Mr. Tsui Hing Chuen, William *JP*	**120**	**—**	**—**	**—**	**120**
Mr. Lee Kee Wai, Frank	**120**	**—**	**—**	**—**	**120**
	560	**—**	**—**	**—**	**560**

13. Directors' and Senior Management's Emoluments *(continued)*

(a) Directors' Emoluments *(continued)*

Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Equity-settled share-based payments HK$'000	Pension costs HK$'000	Total HK$'000
	Year ended 30 June 2010				
Executive Directors					
Mr. Lo Lin Shing, Simon	100	—	1,965	—	2,065
Mr. Ho Hau Chong, Norman	100	—	819	—	919
Independent Non-executive Directors					
Mr. Lau Wai Piu	120	—	819	—	939
Mr. Tsui Hing Chuen, William *JP*	120	—	819	—	939
Mr. Lee Kee Wai, Frank	120	—	819	—	939
	560	—	5,241	—	5,801

(b) Five Highest Paid Individuals

None of the Directors were included in the five highest paid individuals for the year ended 30 June 2011 (2010: three). The emoluments payable to the five (2010: two) individuals during the year were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and allowances	**2,750**	—
Equity-settled share-based payments	**—**	3,603
Pension costs — defined contribution plans	**63**	—
	2,813	3,603

The emoluments of the individuals fell within the following bands:

	Number of individuals 2011	2010
Emoluments bands		
— HK$1 to HK$1,000,000	**5**	—
— HK$1,000,001 to HK$2,000,000	**—**	2

14. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011 **HK$'000**	2010 HK$'000
Current tax		
— Hong Kong profits tax	**179**	260
— Overprovision from prior year	**(21)**	—
Deferred tax		
— Origination of temporary differences (Note 24)	**228**	355
Total income tax expense	**386**	615

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

	2011 **HK$'000**	2010 HK$'000
Loss before taxation	**(19,099)**	(16,448)
Calculated at a taxation rate of 16.5% (2010: 16.5%)	**(3,151)**	(2,714)
Effect of different taxation rates in other countries	**(163)**	(140)
Income not subject to tax	**(865)**	(483)
Expenses not deductible for taxation purposes	**4,191**	3,199
Utilisation of previously unrecognised tax losses	—	(69)
Tax losses not recognised	**395**	774
Overprovision from prior year	**(21)**	—
Others	—	48
Income tax expense	**386**	615

15. Loss Per Share

The calculations of basic and diluted loss per shares are based on following information:

	2011 HK$'000	2010 HK$'000
Attributable to owners of the Company, as used in the calculation of basic and diluted loss per shares		
Loss for the year	**(19,485)**	(17,063)
Number of shares	**'000**	'000
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted loss per share (Note), as previously disclosed	**1,410,043**	115,324
Adjustment for share subdivision (Restated as described in Note 2)	**—**	1,037,914
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted loss per share (Note) (Restated as described in Note 2)	**1,410,043**	1,153,238

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

16. Loss Attributable to Shareholders

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$21,385,000 for the year ended 30 June 2011 (2010: HK$18,100,000).

17. Property, Plant and Equipment — Group

	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Aircraft and engines HK$'000	Total HK$'000
Cost						
At 1 July 2009	20	646	132	367	—	1,165
Additions	—	61	—	—	—	61
Acquisition of a subsidiary	—	—	—	—	92,040	92,040
Disposals	(20)	(11)	(82)	—	—	(113)
At 30 June 2010 and 1 July 2010	—	696	50	367	92,040	93,153
Additions	**5**	**135**	**—**	**—**	**—**	**140**
Disposals	**—**	**(26)**	**—**	**—**	**—**	**(26)**
Written off	**—**	**(46)**	**—**	**—**	**—**	**(46)**
Impairment loss (Note)	**—**	**—**	**—**	**—**	**(12,961)**	**(12,961)**
At 30 June 2011	**5**	**759**	**50**	**367**	**79,079**	**80,260**
Accumulated depreciation						
At 1 July 2009	17	217	61	189	—	484
Charge for the year	—	202	11	76	2,610	2,899
Disposals	(17)	(10)	(22)	—	—	(49)
At 30 June 2010 and 1 July 2010	—	409	50	265	2,610	3,334
Charge for the year	**1**	**139**	**—**	**61**	**7,829**	**8,030**
Disposals	**—**	**(26)**	**—**	**—**	**—**	**(26)**
Written off	**—**	**(46)**	**—**	**—**	**—**	**(46)**
At 30 June 2011	**1**	**476**	**50**	**326**	**10,439**	**11,292**
Net book value						
At 30 June 2010	—	287	—	102	89,430	89,819
At 30 June 2011	**4**	**283**	**—**	**41**	**68,640**	**68,968**

Note:

In view of the continuous downturns in broad global economic trend exerts negative effect on the private jet industry, the Group performed an impairment test on aircraft and engines as at 30 June 2011, based on which an impairment provision of HK$12,961,000 (2010: HK$Nil) was made. The recoverable amounts were based on the fair value less costs to sell of the related assets, primarily determined by reference to estimated market value prepared by an independent valuer.

Subsequent to the year end, the Group has entered into a conditional sale and purchase agreement with an independent third party to sell the aircraft (Note 34).

18. Investment Properties — Group

	2011 HK$'000	2010 HK$'000
At beginning of the year	**17,214**	13,850
Additions	**102**	69
Fair value gain on investment properties	**2,268**	3,295
At end of the year	**19,584**	17,214

The Group's investment properties were revalued on an open market value basis at 30 June 2011 by Ascent Partners Transaction Service Limited, an independent professionally qualified valuer. Valuation was based on current prices in an active market, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The investment properties are located in Mainland China and are held on medium term leases.

19. Investments in Subsidiaries — Company

	2011 HK$'000	2010 HK$'000
Unlisted investments, at costs (Note a)	**122,659**	122,659
Amounts due from subsidiaries (Note b)	**110,168**	142,240
	232,827	264,899
Less: Provision for impairment	**(142,569)**	(153,874)
	90,258	111,025

19. Investments in Subsidiaries — Company *(continued)*

Notes:

(a) Particulars of the principal subsidiaries of the Company at 30 June 2011 are as follows:

Name	Place of incorporation	Particulars of issued share capital	Interest held by the Company	Interest held by the Group	Principal activities and place of operation
Cyber On-Air (Asia) Limited	Hong Kong	100 ordinary shares of HK$1 each and 100,000 non-voting deferred shares of HK$1 each	—	100%	Provision of network solutions and project services in Hong Kong
Glory Key Investments Ltd.	The British Virgin Island	1 ordinary share of US$1 each	100%	100%	Aircraft leasing
Jetco Technologies Limited	Hong Kong	1,250,000 ordinary shares of HK$1 each	—	100%	Property investment in Mainland China
Lipro Prosper Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Property investment in Mainland China

(b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20. Goodwill — Group

	2011 HK$'000	2010 HK$'000
At beginning of the year	**3,628**	3,592
Acquisition of a subsidiary	**—**	294
Impairment loss	**(294)**	(258)
At end of the year	**3,334**	3,628

Impairment tests for goodwill

The Group completed its annual impairment test for goodwill allocated to the Group's cash generating units ("**CGU**") by comparing the recoverable amount to the carrying amount at the end of the reporting period. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations are cash flow projections based on financial budgets approved by management covering 5 years (2010: 3 years). Cash flows beyond 2016 are extrapolated using the estimated growth rate stated below:

20. Goodwill — Group *(continued)*

Impairment tests for goodwill *(continued)*

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

	2011 Network solutions and project services	**2011** Aircraft leasing	2010 Network solutions and project services	2010 Aircraft leasing
Gross margin	**23%**	**N/A**	24%	N/A
Growth rate	**5%**	**0%**	5%	0%
Discount rate	**5%**	**5%**	5%	8.46%
	HK$'000	**HK$'000**	HK$'000	HK$'000
Carrying amount of goodwill	**3,334**	**—**	3,334	294

The Directors were of the opinion that impairment of goodwill was approximately HK$258,000 as at 30 June 2010. The goodwill in respect of property investment was impaired as future rental receipt was uncertain, and hence negative cash flow was expected in value-in-use calculation.

The Directors are of the opinion that the goodwill in respect of aircraft leasing business is impaired as future lease receipt is uncertain, and hence, negative cash flow is expected. Impairment loss of goodwill of HK$294,000 was recognised for aircraft leasing business for the year ended 30 June 2011.

21. Trade Receivables — Group

	2011 **HK$'000**	2010 HK$'000
Trade receivables	**5,269**	8,988
Less: Provision for impairment of trade receivables	**—**	—
Trade receivables — net	**5,269**	8,988

21. Trade Receivables — Group *(continued)*

The Group allows an average credit period of 30 to 60 days to its customers. The ageing analysis by invoice date of net trade receivables is as follows:

	2011	2010
	HK$'000	HK$'000
1–30 days	**2,458**	1,625
31–60 days	**1,177**	1,305
61–90 days	**643**	1,315
91–180 days	**463**	186
Over 180 days	**528**	4,557
	5,269	8,988

As of 30 June 2010, net trade receivables of HK$2,394,000 (2010: HK$6,459,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis by due date of these trade receivables is as follows:

	2011	2010
	HK$'000	HK$'000
Past due 1–30 days	**1,090**	587
Past due 31–60 days	**422**	1,315
Past due 61–90 days	**353**	—
Past due 91–180 days	**151**	392
Past due over 180 days	**378**	4,165
	2,394	6,459

As of 30 June 2011, none of trade receivables (2010: HK$209,000) were past due and written off. No provision for trade receivables was made for the year ended 30 June 2011 (2010: HK$180,000). The individually impaired receivables last year mainly related to several customers, which were in unexpected difficult economic situations, and the ageing of these trade receivables was over 90 days.

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

	2011	2010
	HK$'000	HK$'000
HK$	**4,792**	7,583
US$	**477**	1,405
	5,269	8,988

The carrying amounts of trade receivables approximate their fair values.

21. Trade Receivables — Group *(continued)*

Movements on the provision for impairment of trade receivables are as follows:

	2011 HK$'000	2010 HK$'000
At the beginning of the year	—	29
Provision for receivables impairment	—	180
Write off during the year as uncollectible	—	(209)
At the end of the year	—	—

The creation and release of provision for impaired receivables have been included in the consolidated income statement.

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. Inventories — Group

	2011 HK$'000	2010 HK$'000
Raw materials	8	41
Work in progress	3,206	1,664
Finished goods	666	152
	3,880	1,857

The cost of inventories recognised as an expense in the consolidated income statement amounted to approximately HK$9,555,000 (2010: HK$11,807,000).

23. Cash and Bank Balances — Group and Company

	Group		Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Cash at bank and on hand	64,922	61,378	57,066	57,090

The cash and bank balances of the Group as at 30 June 2011 included balances with Mainland China banks totalling approximately HK$63,000 (2010: HK$370,000) which were denominated in RMB and US$. The remittance of these balances outside Mainland China is subject to foreign exchange control rules and regulations of Mainland China.

The weighted average effective interest rate on short-term bank deposits was 0.39% (2010: 0.78%) per annum. The maturity days of the short-term bank deposit ranged from one week to one month.

24. Deferred Income Tax Liabilities — Group

	Accumulated depreciation HK$'000	Fair value gain on investment properties HK$'000	Total HK$'000
At 1 July 2009	—	286	286
Charge to consolidated income statement (Note 14)	26	329	355
At 30 June 2010 and 1 July 2010	26	615	641
Charge to consolidated income statement (Note 14)	**1**	**227**	**228**
At 30 June 2011	**27**	**842**	**869**

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$129,714,000 (2010: HK$139,239,000) to carry forward against future taxation income. Except for the tax losses of approximately HK$21,134,000 (2010: HK$32,979,000) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

25. Trade Payables — Group

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

	2011 HK$'000	2010 HK$'000
Past due 0–30 days	**5,278**	4,114
Past due 31–60 days	**398**	100
Past due 61–90 days	**305**	153
Past due 91–180 days	**1,076**	2,434
	7,057	6,801

The carrying amounts of trade payables approximate their fair value.

26. Loan Note Payable

On 1 March 2010, the Group completed an acquisition of the entire equity interest in a subsidiary (Note 31). The consideration of this acquisition is satisfied as to HK$50 million in cash, subject to adjustment, and as to the remaining balance of HK$46 million through the issuance of a loan note (the "**Loan Note**").

The Loan Note was issued on 1 March 2010 with a principal amount of HK$46,000,000, which was unsecured, interest bearing at 4% per annum and had a 2-year maturity period from the issue date. However, it can be redeemed from time to time before maturity at the discretion of the Company at the principal amount of HK$46,000,000 and accrued interest up to the redemption date. Interest on the Loan Note was payable on the maturity on 28 February 2012 or upon repayment, whichever is earlier.

The fair value of the Loan Note of HK$42,234,000 at initial recognition was determined by an independent valuer with an effective interest rate of 8.46% per annum.

As a result of the placement of 23,490,000 ordinary shares on 22 April 2010 with net proceeds received of approximately HK$76.7 million (Note 28), the Company early redeemed the Loan Note on 27 April 2010 at a total amount of HK$46,287,000 for better cash flow management. A loss on early redemption of the Loan Note of approximately HK$3,495,000 was charged to the consolidated income statement for the year ended 30 June 2010. As a result, the Group had no loan note payable as at 30 June 2010.

27. Amounts due from/(to) a Related Company — Group and Company

The amounts due from/(to) a related company are unsecured, interest-free and repayable on demand (Note 33 (b)).

28. Share Capital — Group and Company

	No. of shares	HK$'000
Authorised:		
At 30 June 2010 and 2011	20,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2009	97,892,069	97,892
Issue of ordinary shares — Placement of new shares (Note a and b)	43,068,000	43,068
Share subdivision (Note c)	1,268,640,621	—
At 30 June 2010 and 1 July 2010	1,409,600,690	140,960
Issue of ordinary shares — Exercise of share options (Note d)	780,000	78
At 30 June 2011	1,410,380,690	141,038

28. Share Capital — Group and Company *(continued)*

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 is approximately HK$76.7 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 year, share options to subscribe for 780,000 shares (2010: Nil) were exercised, of which HK$78,000 (2010: HK$Nil) was credited to share capital and the balance of approximately HK$18,000 (2010: HK$Nil) was credited 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 28 May 2002. 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.

28. Share Capital — Group and Company *(continued)*

Share option scheme *(continued)*

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2011 Weighted average exercise price per share	2011 Number of share options	2010 Weighted average exercise price per share	2010 Number of share options
Exercisable at beginning of the year	**0.4**	**62,780,000**	1.26	78,000
Granted	**—**	**—**	4.00	6,200,000
Exercised	**0.126**	**(780,000)**	—	—
Share subdivision	**—**	**—**	—	56,502,000
Exercisable at end of the year	**0.4**	**62,000,000**	0.4	62,780,000

Share options outstanding at the end of the year have the following exercise period and exercise price:

Date of grant	Exercise price: Before share subdivision HK$	Exercise price: After share subdivision HK$ (Note a)	Exercise period	Number of shares subject to options: 2011	Number of shares subject to options: 2010
28-1-2005	1.26	0.126	28-1-2005 to 31-12-2010	**—** **(Note b)**	780,000
13-4-2010	4.00	0.40	13-4-2010 to 12-4-2013	**62,000,000** **(Note a)**	62,000,000

Note:

(a) The exercise price and number of shares subject to share options were adjusted pursuant to the share subdivision of the Company's shares became effective on 28 May 2010.

On 13 April 2010, 6,200,000 share options were granted and fully vested to Directors and employees with an exercise price set at the market share prices on that date of HK$4 per share. The exercise price and number of these share options were further adjusted by share sub-division which became effective on 28 May 2010 to HK$0.4 and 62,000,000 respectively.

The weighted average fair value of options granted during the period determined using the Trinomial valuation model was HK$1.64 per option. The significant inputs into the model were weighted average share price of HK$4 at the grant date, exercise price shown above, volatility of 88.48%, dividend yield of 0%, an expected option life of three years, and an annual risk-free interest rate of 1.24%. The volatility is based on 156 weekly historical volatility of the Company. Total equity-settled share-based payment recognised in the consolidated income statement was approximately HK$10,155,000 for the year ended 30 June 2010.

(b) These options were exercised during the year.

29. Other Reserves

(a) Group

	Share premium HK$'000	Revaluation reserve HK$'000	Share option reserve HK$'000	Currency translation reserve HK$'000	Total HK$'000
At 1 July 2009	12,350	2,366	—	2,095	16,811
Issue of shares — Placement of new shares	91,570	—	—	—	91,570
Currency translation differences	—	—	—	(25)	(25)
Equity-settled share-based payments	—	—	10,155	—	10,155
At 30 June 2010 and 1 July 2010	103,920	2,366	10,155	2,070	118,511
Currency translation differences	**—**	**—**	**—**	**67**	**67**
Reclassified to profit or loss on deregistration of subsidiaries	**—**	**—**	**—**	**987**	**987**
Issue of ordinary shares — exercise of share options	**18**	**—**	**—**	**—**	**18**
At 30 June 2011	**103,938**	**2,366**	**10,155**	**3,124**	**119,583**

(b) Company

	Share premium HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 July 2009	12,350	—	12,350
Issue of shares — Placement of new shares	91,570	—	91,570
Equity-settled share-based payments	—	10,155	10,155
At 30 June 2010 and 1 July 2010	103,920	10,155	114,075
Issue of ordinary shares — Exercise of share options	**18**	**—**	**18**
At 30 June 2011	**103,938**	**10,155**	**114,093**

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

30. Note to Consolidated Statement of Cash Flows

Reconciliation of loss before taxation to net cash generated from/(used in) operations:

	2011 HK$'000	2010 HK$'000
Loss before taxation	**(19,099)**	(16,448)
Depreciation of property, plant and equipment	**8,030**	2,899
Gain on disposal of property, plant and equipment	**—**	(19)
Fair value gain on investment properties	**(2,268)**	(3,295)
Write off of property, plant and equipment	**—**	62
Impairment loss of aircraft	**12,961**	—
Loss on deregistration of the subsidiaries	**987**	—
Interest income	**(255)**	(84)
Provision of impairment of trade receivables	**—**	180
Provision for annual leave	**(22)**	—
Write off of other receivables	**72**	—
Write off of long outstanding other payables	**—**	(22)
Provision for inventories	**75**	—
Write off/(reversal) of over-provision of inventories	**2**	(41)
Finance costs	**—**	558
Impairment loss of goodwill	**294**	258
Equity-settled share-based payments	**—**	10,155
Loss on early redemption of loan note payable	**—**	3,495
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
— trade receivables	**3,719**	(3,091)
— prepayments, deposits and other receivables	**(100)**	(408)
— inventories	**(2,100)**	(142)
— trade payables	**256**	(1,343)
— accrued charges, other payables, deposits received and deferred revenue	**1,298**	1,168
— amount due to a related company	**(443)**	—
Net cash generated from/(used in) operations	**3,407**	(6,118)

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2011 HK$'000	2010 HK$'000
Net book amount	**—**	64
Gain on disposal and write-off of property, plant and equipment	**—**	(43)
Proceeds from disposal of property, plant and equipment	**—**	21

31. Acquisition of a Subsidiary

On 1 March 2010, the Group acquired 100% of the share capital of Glory Key, an indirect wholly owned subsidiary of Mongolia Energy Corporation Limited ("**MEC**"), for approximately HK$94,694,000. Mr. Lo, the Director and controlling shareholder of the Company, is also a Director of MEC. At that date, the fair value of the net assets and liabilities in Glory Key was approximately HK$90,633,000 and this gave rise to a goodwill amounted to approximately HK$294,000. The consideration were satisfied by (i) cash of approximately HK$48.7 million and (ii) a Loan Note with face value of HK$46.0 million issued by the Company at 4% interest per annum. Glory Key contributed revenue of HK$1,248,000 and net loss of HK$1,512,000 to the Group for the period from 1 March 2010 to 30 June 2010.

If the acquisition had occurred on 1 July 2009, the Group's revenue would have been approximately HK$32,920,000 for the year; loss before taxation would have been approximately HK$35,361,000.

Details of the purchase consideration are as follows:

Purchase consideration:

	HK$'000
— Cash paid	48,693
— Fair value of Loan Note issued	42,234
Total purchase consideration	90,927

The goodwill is attributable to broaden the revenue base of the Group from combining the operations of the Group and Glory Key.

The fair value of the Loan Note issued was based on the appraised value by an independent valuer, Jones Lang LaSalle Sallmanns Limited, in the valuation report as at 1 March 2010.

Acquisition-related costs amounting to HK$1,433,000 have been recognised as an expense in the consolidated income statement for the year ended 30 June 2010.

31. Acquisition of a Subsidiary *(continued)*

The assets and liabilities as of 1 March 2010 arising from the acquisition are as follows:

	Fair value HK$'000	**Acquiree's carrying amount** HK$'000
Property, plant and equipment (Note 17)	92,040	92,189
Trade and other receivables	1,553	1,675
Trade and other payables	(2,960)	(2,981)
Fair value of net assets	90,633	90,883
Goodwill (Note 20)	294	
Total purchase consideration	90,927	
Purchase consideration settled in cash		48,693
Cash and cash equivalents in a subsidiary acquired		—
Cash outflows for acquisition of a subsidiary		48,693

There was no acquisition during the year ended 30 June 2011.

32. Operating Lease Commitments

At 30 June 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2011 **HK$'000**	2010 HK$'000
No later than 1 year	**395**	77

The aircraft and one of the investment properties are leased to tenants under operating leases with rentals payable monthly. Subsequent to the year end, the Group has entered into a conditional sale and purchase agreement with an independent third party to sell the aircraft (Note 34). The Group has also terminated the aircraft lease agreement with the lessee on 12 September 2011. Minimum lease payments receivable on leases of the aircraft (up to the termination of the lease agreement) and investment property are as follows:

	2011 **HK$'000**	2010 HK$'000
No later than 1 year	**1,084**	2,210
Later than 1 year	**—**	141
	1,084	2,351

There are no contingent rents receivable from the leasing of aircraft and investment properties.

33. 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:

	2011 **HK$'000**	2010 HK$'000
Aircraft leasing income from 亞聯公務機有限公司 ("**亞聯公務機**")	**3,744**	1,248

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.

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

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
(Payable to)/receivable from a related company — Mongolia Energy Corporation (Greater China) Limited	**—**	(443)	**—**	224

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

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

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

	2011 **HK$'000**	2010 HK$'000
Salaries and other employee benefits	**1,216**	6,403

(d) Acquisition of a Subsidiary

On 1 March 2010, the Group acquired the entire equity interest in Glory Key from MEC, for approximately HK$94,694,000. Mr. Lo, a Director and controlling shareholder of the Company, is also a Director of MEC. Details of the transaction are disclosed in Note 31. There was no acquisition during the year ended 30 June 2011.

34. Subsequent event

On 12 September 2011, the Company announced that a subsidiary of the Company had entered into a conditional sale and purchase agreement to dispose of a G200 aircraft to an independent third party at a consideration of US$8,825,000 (equivalent to HK$68,835,000) (the "**Disposal Transaction**"). The Disposal Transaction is subject to fulfillments of certain conditions and shareholders' approval. The Disposal Transaction has not been completed as at the date when these consolidated financial statements are approved by the Directors.

Five-Year Financial Summary

The historical figures represent financial information of the Group for the period from 2007 to 2011.

CONSOLIDATED INCOME STATEMENT

	For the year ended 30 June				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Revenue					
Continuing operations	14,155	2,903	25,148	30,528	**30,470**
Discontinued operations	—	535	19	—	**—**
	14,155	3,438	25,167	30,528	**30,470**
Profit/(loss) attributable to owners of the Company	293,053	(11,649)	(4,459)	(17,063)	**(19,485)**
	(Restated)	(Restated)	(Restated)	(Restated)	
Basic earnings/(loss) per share (Note)	HK$0.30	(HK$0.01)	(HK$0.00)	(HK$0.01)	**(HK$0.01)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Non-current assets					
Property, plant and equipment	5,383	4,601	681	89,819	**68,968**
Investment properties	—	7,370	13,850	17,214	**19,584**
Goodwill	—	3,592	3,592	3,628	**3,334**
Total non-current assets	5,383	15,563	18,123	110,661	**91,886**
Net current assets	50,303	28,513	25,851	61,373	**62,041**
Total assets less current liabilities	55,686	44,076	43,974	172,034	**153,927**
Representing:					
Share capital	97,692	97,892	97,892	140,960	**141,038**
Other reserves	12,901	12,740	16,811	118,511	**119,583**
Accumulated losses	(54,907)	(66,556)	(71,015)	(88,078)	**(107,563)**
Total equity	55,686	44,076	43,688	171,393	**153,058**
Non-current liabilities					
Deferred income tax liabilities	—	—	286	641	**869**
	55,686	44,076	43,974	172,034	**153,927**

Note: As a result of the share subdivision in the year of 2010, figures for the years from 2007 to 2010 have been restated for comparison purpose.

Schedule of Investment Properties

INVESTMENT PROPERTIES

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